

**THE IMPACT OF THE SINGLE CURRENCY
UPON EUROPEAN IDENTITY**

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ABSTRACT

THE IMPACT OF THE SINGLE CURRENCY UPON EUROPEAN IDENTITY

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This thesis aims at evaluating the impact of euro upon European identity. By analyzing the theory of identity and the concept of money, this thesis reveals the relationship between currency and collective identity and applies this logic to the dynamics between euro and European identity. In order to grasp a better understanding, the thesis studies some selected member states in more depth and evaluates each one within their special circumstances. The findings of this thesis suggest that the constructive impact of euro upon European identity is determined by the level Europeanization or the strength of the sense of Europeanness in respective member states. To this extent the euro has a constructive impact upon European identity in member states in which Europeanization or European identity is perceived positively. On the other hand, in those member states in which Europeanization or European identity is perceived negatively, the euro has neither negative nor constructive impact.

Keywords: European identity, European Union, European Monetary Union, common currency, euro.

ÖZ

TEK PARA BİRİMİNİN AVRUPA KİMLİĞİ ÜZERİNDEKİ ETKİSİ

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Bu tez, avro'nun Avrupa kimliği üzerindeki etkisini incelemeyi amaçlamaktadır. Bu amaca yönelik olarak, tezde kimlik teorisi ile para kavramı analiz edilerek, para ve toplumsal kimlik arasındaki ilişki ortaya çıkarılmış ve elde edilen mantıksal ilişki avro ile Avrupa kimliği arasındaki dinamiğe uygulanmıştır. Konunun daha iyi kavranması amacıyla, bazı üye devletler üzerinde daha fazla durulmuş ve her üye ülke kendi özel durumu içerisinde değerlendirilmiştir. Bu tezin bulguları göstermektedir ki, avro'nun Avrupa kimliği üzerindeki yapıcı etkisi, söz konusu üye devletin Avrupalılaşıma ve Avrupa kimliğine karşı olan tutumu tarafından belirlenmektedir. Buna göre, Avrupalılaşıma ve Avrupa kimliğine karşı pozitif bir tutum içinde olan üye devletlerde, avro'nun Avrupa kimliği üzerinde yapıcı bir etkisi bulunmaktadır. Diğer taraftan, Avrupalılaşıma ve Avrupa kimliğine karşı negatif tutum sergileyen üye devletlerde ise avro'nun Avrupa kimliği üzerinde ne negatif ne de yapıcı bir etkisi bulunmaktadır.

Anahtar Kelimeler: Avrupa kimliği, Avrupa Birliği, Avrupa Parasal Birliği, ortak para, avro.

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ABBREVIATIONS

EU : European Union

EU25 : European Union before Bulgarian and Romanian accession with the member states of Austria, Belgium, Cyprus, Czech Republic, Germany, Denmark, Estonia, Greece, Spain, Finland, France, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, Malta, the Netherlands, Poland, Portugal, Slovenia, Sweden, Slovakia and the United Kingdom.

EU15 : European Union before 2004 expansion with the member states of Austria, Belgium, Germany, Denmark, Greece, Spain, Finland, France, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Sweden and the United Kingdom.

EMU : European Monetary Union

Eurozone : The European single currency area

Eurozone12 : The European single currency area with the member states of Austria, Belgium, Germany, Greece, Spain, Finland, France, Ireland, Italy, Luxembourg, the Netherlands and Portugal.

Eurozone13 : Eurozone 12 countries and Slovenia

NMS : New member states

NMS10 : New member states of 2004 expansion that include Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovenia and Slovakia.

NMS9 : New member states of 2004 expansion except Slovenia

NMS11 : New member states of 2004 expansion -except Slovenia-
and Bulgaria and Romania

AT : Austria
BE : Belgium
CY : Cyprus
CZ : Czech Republic
DE : Germany
DK : Denmark
EE : Estonia
EL : Greece
ES : Spain
FI : Finland
FR : France
HU : Hungary
IE : Ireland
IT : Italy
LT : Lithuania
LU : Luxembourg
LV : Latvia
MT : Malta
NL : Netherlands
PL : Poland
PT : Portugal
RU : Russia
SI : Slovenia
SE : Sweden
SK : Slovakia
UK : United Kingdom
USA : United States of America

CHAPTER 1

INTRODUCTION

The idea of monetary cooperation between European states has been a persistent wish of the European Union since 1960s. In the Treaty of Rome (1957), which might be viewed as the basis of today's European Union, although a monetary cooperation was not mentioned, approximating economic policies of the member states and establishing closer relations between them were among the common concerns of the member states. Throughout the history of European Union, several projects have been designed in order to reach those attempts.

The first attempt to create an economic and monetary union between the members of the European Communities goes back to the Barre Report of the Commission in 1969, in which the need for "greater coordination of economic policies and monetary cooperation" was set out. Werner Plan which was presented in 1970, was the first commonly agreed and comprehensive project, in which an economic and monetary union was devised among the member states in three stages.

However, genuine steps towards a European monetary integration and a single currency for Europe could only be taken at the end of 1991, during the European Summit held in Maastricht which was concluded with the Treaty on European Union – known as Maastricht Treaty in common. In accordance with the provisions of the Maastricht Treaty, those member states who could meet strict criteria set out in the Treaty- such as limited budget deficits and debt ratios, low interest and inflation rates-, could participate in the new currency system of the Community.

Following the signing of Maastricht Treaty in 1992, in order to converge the set up criteria and qualify for the single currency of Europe, the Community members had launched strict austerity programmes. After fulfilling the convergence criteria, in May 1998, 11 of the 15 then Community members – namely, Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain- were announced to be eligible to introduce the single currency as a book money by 1 January, 1999. Among the remaining member states, Greece, due to its failure in converging the set-up Maastricht criteria, was announced not to be eligible for the single currency then. Denmark and the United Kingdom were granted exceptions in the Maastricht Treaty from moving to the stage of monetary union and they still have not adopted the euro yet. Sweden, although is obliged to adopt the single currency, still has not replaced its Swedish krona with the single currency.

On January 1, 2002, 12 of the then member states physically replaced their national currencies with the euro (The initial member states of January 1, 1999 introduction and Greece). Both national currencies and the euro was to be used in daily transactions in the first 6 months of 2002, and from July 2002 to now on, the euro is the sole formal currency in eurozone countries.

The member states of 1 January, 2004 expansion –namely, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia- and Bulgaria and Romania, in accordance to their accession treaties are obliged to implement Community acquis which include Maastricht Treaty, and in consequence are obliged to adopt the single currency when they are eligible to do so. Among them, Slovenia has adopted the euro by January 1, 2007 and Cyprus and Malta are to adopt the single currency by January 1, 2008.

If the literature on the monetary unification of the Community is reviewed, several reasons that support the introduction of a single currency might be

found. Ensuring exchange rate stability after the breakdown of Bretton-Woods system, promoting trade between the member states, discarding transaction costs, assuring a perfectly functioning single market, and at the country level, lower inflation and interest rates, constraints upon budget deficits and government debts and in due a more stable economy are just a few of macroeconomic advantages that are expected from a common monetary economy that is based on the single currency. With this regard, from a broader perspective, the main aims of the European Union officials in introducing the single currency might be summarized as follows: to ease the daily economic transactions through reducing number of currencies in circulation, to expand economic relations between member states through increasing the economic prosperity of each and to strengthen peace in the continent through integrating each country via their economies.

Today, Euro is a currency unit that is successfully used in every day life in any economic transaction by anybody in eurozone area and in the European Union. It also stands out as one of the soundest monetary units in international trade system and is expected to be the most dominant international currency following the United States dollar. To this extent, the amazing success of the single currency project of the Union from a macroeconomic perspective is evident.

On the other hand, the European Union officials' aims in creating and adopting a single currency were not limited with macroeconomical reasonings but the realization of a more in depth and -possibly- a more spiritual dream was intended: to emphasize and nurture a common European identity. It might be argued that, using a single currency throughout Europe in everyday transactions, might cause the euro to become a European symbol and may empower European identity. In other words, using a single common monetary unit all over Europe may cause Europeans to incorporate more ideas and meanings about European identity in their representations of Euro (Meier-Pesti, Kirchler, El-Sehity, 2003). This thesis studies whether

the introduction of euro goes beyond those economic aims and whether it has any constructive effects upon European identity formation.

1.1. General Summary of the Thesis

This thesis aims to analyze the impact of the euro upon European identity. The existence of a common European identity has always been a vital point with regard to the history of Europe. One can find the most obvious and explicit form of this concept in the idea of the Crusades, in which Europeans from different kingdoms, principalities and/or regional authorities were gathered around 'Christianity' and marched against 'Muslim' Turks. To this extent structuring, emphasizing, promoting and nurturing a common European identity has been a major concern for those who tried to take advantage of continental unity: whether it was the protection of Christianity or a self- authentication of the colonial enlargement and imperial hegemony or taking a common stance against the Nazi threat and communism.

The European Union of today, with its 27 member states, approximately 500 millions of total population (European Commission, Eurostat), and its approximately %30 share in world's total Gross Domestic Product (World Bank), stands out as one of the most prominent economic powers of our globe. Enjoying such a great economic power, the Union also tries to emphasize and promote its global role in world politics as a political union. On the other hand, as it was the case in the past, in present, in order to take a common stance against world's realities, some form of unity is also required and in the case of European Union, this unity might be presented in the form of a common European identity which is -believed to be- the by-product of a hundred of years long of historical, cultural and political dynamics. In this regard, the question of European identity bears to be a phenomenon that should be evaluated within a wider scope and the design of the single currency project of the Union suggests that, the relevant importance to the

formation and promotion of a European identity is at least given by European Union officials.

By analyzing the identification process and drawing a connection between identification and money –which, as it will be showed, intrinsically exists -, this thesis aims at exploring the relationship between euro and European identity and evaluating the impact of euro upon European identity.

In order to provide a background for further analysis, the second chapter of this thesis is devoted to the concept of identity. In this chapter, the term ‘identity’ will be evaluated within a theoretical framework. In the first part of this chapter, the origins of identity theory will be explicated and it will be showed that identity is a social concept. The following part will deal with the social/collective identity and the formation of this type of identities. In this part, the requirements for and process of the formation of a social/collective identity will be explored – and they will be used as useful tools in the following chapters in order to grasp the relation between identity and money.

Having drawn a framework for ‘identity’, in the third chapter of this thesis, the concept of ‘money’ within a social context will be explored. In the first part of this chapter, a general and common definition for money will be given and the evolution of money in world history will be summarized. In this part, addressing the works of Eric Helleiner in general –whom is known as the veteran of the concept of -in his words- ‘one money-one nation’ - the creation of territorial currencies will be examined. In the following part, money will be presented as a social relation among the participants of a community that brackets time and space, and it will be explicated that more than designating merely a unit of exchange, money also promotes the sense of collectivity of masses.

In the fourth chapter, the connection between identity and money will be explored. In this chapter, keeping in mind that the euro represents the type

of a territorial currency of a nation-state, at first a theoretical definition of nation will be given. Following that, the concepts of national identity and nation-state will be examined. In this part, the origins of national identity and indicators of nation-state will be explored and these findings will be interpreted in order to suggest and clarify the relationship between money and identity. In the next part, a more in depth analysis will be conducted and referring the works of Eric Helleiner, the role of currencies in promoting the sense of collectivity of masses will be explored. In this section some historical examples will also be given and in the following, it will be showed that, in the course of history, currencies have actually been used as symbols of collectivities and employed as constructive elements in the process of identification.

In the light of these arguments, the fifth chapter will argue that, just like the use of territorial currencies in nation-states, the use of euro in European Union, creating a sense of belonging, promotes and nurtures the European identity. In doing so, using the tools depicted in the second chapter, at first the existence of a European identity will be defended and then the role of European project, that is the European Union, in this collective identity will be examined. Finally it will be concluded that, there exist a vast legacy of common experiences and in addition to that a there exist a conscious attempt by the Union for the formation and for the promotion of a common European identity. The section that follows will mainly analyse the iconography of eurobanknotes and eurocoins. Interpreting these imageries in conjunction with identity theory, it will be showed that, the single currency project of the Union has indeed consciously designed in order to promote European identity.

In the sixth chapter, a more empirical route will be followed and some Eurobarometer results will be examined. The use of Eurobarometer results is indeed a general application in those studies which deal with the European identity in general and euro-european identity relationship in

particular. On these grounds, in this section, the perceptions with regard to the single currency in European Union, in conjunction with the European identity will be examined. It will be shown that, among the peoples of Europe the euro represents more than a mere currency and it indicates the common symbol of the European identity. In the following section, a country based study will be conducted and the use of single currency in some member states as a proxy in promoting European identity will be explored. It will be revealed that, in those states in which Europeanization is considered to be advantageous and in which being a member of the Union is considered to be something to be proud of, euro is perceived to be a common symbol of the European identity and in these countries the adoption of euro meant participating and joining in this collective identity. On the other hand, it will also be shown that in those member states which opted out the single currency, the euro –again- is considered to be the symbol of European identity and the adoption of euro was refused because of these states’ reluctance in -again- participating and joining in this social collective identity.

CHAPTER 2

IDENTITY

Identity, in its most inclusive and ample form, might be put forward as a label of an individual. Identity might be described as the qualification, the definition, the exposition or the characterisation of an individual in particular and of a social group in general. Identity shapes the perceptions, the attitudes, the opinions, the goals, the social status, the needs, the fears and et cetera of individuals. Most of academicians admit that, even the formation of personality, the primary unit of social categorisation of human beings which is special and peculiar to each one, follows the same process as that of formation of an identity and it may also be said that these two categorisations mutually interact for the whole lifetime of individuals.

2.1. The Concept of Identity

In academic circles, one theory of identity is based upon the ideas of Sigmund Freud, who aimed at understanding the mechanism that suppresses the megalomania and self love of the child in the face of the family and the social realities. Freud explicates two kinds of mechanisms in the process of identification with regard to the infant. The defensive mechanism is based on the experiences of the infant boy. The boy takes on the attributes of father figure, which he finds himself in competition with, in order to earn the mother's affection. The emulative mechanism is based on the experiences of the infant girl. The infant girl's identification, who is not threatened by father, is based on an affectionate bond with mother. To this extent, Freud

considers the impetus from the parents as the start of identification (Bloom, 1990).

Freud explains identification as the original form of emotional tie with an object and notes that it may also arise with any new perception of a common quality shared with some other person. He claims the success of this identification to be more powerful, the more noticeable the importance of this common quality. He divines the type of mutual ties between members of a group to be an identification of this kind. In this regard, although Freud considers the impetus from the parents as the start of identification, he emphasize the importance of diffuse groupings, and suggests that impetuses by all other people around the individual's environment ensures the continuity of identification process (Bloom, 1990).

On the other hand, George Herbert Mead, known as the patron of behaviorist school of psychology, drawing attention to the existence of an ongoing social process around the self, emphasize the importance of environment in identification process. He claims that the personality of an individual emerges by a series of indirect experiences of the self with the other individual members of the same social group in particular and the social group he belongs to in general. According to Mead, it is the gestures, symbols and acts by means of which people communicate with each other that forms the personality. With this regard Mead explicits the formation of personality by the social roles that the individual takes. But he does not deny the importance of every individuals' biological background, his past and present either. He demonstrates the formation of personality in two stages. At first stage, which is based on one to one relationships, the individual's self is built upon individual's attitudes towards himself and the individuals' attitudes towards each other. At the second stage, the full development of the self realizes by the social attitudes towards the social group as a whole which he belongs to and social attitudes towards the generalised other. Mead views the dynamic source of identification as bio-

psychological. But he also suggests that, by identifying himself with the social group which he belongs to – by means of taking over the institutions of the community, taking the community's abstract language as a mean for communication, taking the organized attitudes, cults of religion, the process of education- the infant acquires acceptance in the social group, which he accepts, as the key for survival. With this respect, along with Freud, Mead also views personality as a social construct which may only form by social interaction (Mead, G.H., "*The Self*", in Alcoff and Mendieta, 1992, p. 32-9).

Erik Erikson's contribution to the identity theory is plausible. Erikson, who placed the concept of identity to the center of psychology, demonstrates that identity formation is an ongoing process starting from infancy to death. He suggested this process to be a progressive and adaptive one. Erikson explains the formation of identity as a combination of constitutional givens, idiosyncratic needs, significant identifications, effective defences, successful sublimations and consistent roles. Along with Freud and Mead, Erikson also suggests that in the framework of identity formation, one to one relations is of limited usefulness. With this regard, Erikson emphasizes the importance of social groups in the identity formation process. He also accentuates the importance of identity as he suggests the existence of a psychological dynamic that protects and bolster the identifications that are already made. Erikson introduces a cobweb relationship between identity, ideology and culture. With this regard he views dramatical changes in the external circumstances of the individual as major threats towards individual's identity, leading to an identity crisis. The individual in this situation, notes Erikson, either goes with the old identity and embraces it or, as he puts forward identity as an ongoing, adaptive and progressive process, forms a new identity, appropriate with the new external phenomena (Bloom, 1996).

Identities are the names that are foisted on individuals by the most dominant narratives upon the life of individuals, namely, their families and

communities. Identities are social and historical, and they develop evolutionary and de-evolutionary. An individual's category of identification has enormous impacts upon his life. One's identity determines his career opportunities, his social environment, his network, his friends and et cetera (Alcoff, 1992).

Jürgen Habermas, emphasize the dynamic characteristic of identity. According to Habermas, human beings try to locate themselves in the cosmic environment. Humans and society seek actively in order to find - both in terms of locating and creating- their proper and true identity and this process works within historical continuum. Within this framework, identification has necessarily a dynamic base. As circumstances change, individuals alter their identities, form new identities, or enhance their existing identities. With this regard, Habermas defines the process of identification as a dynamic one (Bloom, 1996).

To this extent, 'identity' of a self might be introduced as a name which the individual gives to different ways that he is positioned by, and which the individual positions himself within the narratives of the past. The identification process of an individual starts from the infancy. The infant, which is born into the most primary unit of society, the family, starts to build a self-identity through the mechanism that suppress the megalomania and self love of the child in the face of the family. Following the unit of family, the identity, which is an ongoing process from infancy to death, is then shaped by the social realities and the environment, of the self. Identification process of the self with the social environment, which is a progressive and adaptive one, is considered to be the key to survival. Identities are social, historical, and are shaped by both biological background as well as the past and present of the individual. To this extent they develop evolutionary or de-evolutionary. As circumstances change, individuals may alter their existing identities, form new identities, or enhance their existing identities.

On the other hand, it is very obvious from these very roots of identity concept that, neither identity nor identification is an isolated self-process. Even in the ideas of Sigmund Freud, whose works are accepted to root the identity theories, it can be found that at least one – and the most primary social unit known to the humanity, the family- is needed for the formation of an ‘identity’ and even a personality. Adherence to a social environment -a society, a community or a social group; or no matter what name it takes and what its extent is, allusion to a social unit, stands out as the common denominator in theories of all intellectuals whose ideas have tried to be revealed so far.

In this regard the indispensibility of social/collective units is apperant in the concept of identity. Therefore, instead of defining as a “sociological equivalent for much of the psychological concept of the ‘self’, and of the psychoanalytic concept of the ‘I’ ”, the term identity should be re-defined to “refer the interaction processes in which persons identify others and are identified by them” (Kohli, 2000).

To this extent, –no matter what their size or depth is- collective units constitute an integral part of the concept of identity. Hence it would not only be more appropriate but –regarding the scope of this thesis- it would also be more to the point to evaluate the concept of identity in a collective manner. In the following section, evaluation of the concept of identity as such will be handled and detaching the concept of identity from the individual self the concept of social/collective identity will be presented vis-a-vis ‘others’.

2.2. Collective-Social Identity

Social identities contain ideas describing and categorizing an individual’s membership in a social group including emotional and evaluative components (Risse, 1999). Identities provide “a system of orientation for

self reference, creating and defining the individual's place in society" (Oakes et al., 1994 cited in Risse, 1999).

Identity is a 'social' construct. One can form an identity only with others against 'the others'. Identity, by its nature, requires social interaction and communication. Even the personality -an individual identity category- is a social acquisition and this highlights the indispensability of society with regard to identity formation (Yurdusev, 1997).

Anderson defines social identity as a proxy which describes and categorizes an individual's belonging to a social category that includes emotional and affective components. The members of the group, according to Anderson, consciously accept that they have something in common with the social group that is perceived to be within. The process of social identification is based upon this something in common, which is used in order to both emphasize the commonality of the ingroup and accentuate the difference with or negate the outgroup (Anderson, 1991).

Tajfel states that, in social identity individuals find cognitive and emotional aspects that incorporate the individuals to the social group. He defines the social identity as the individual's awareness that he belongs to certain social groups together with the emotional significance and value that this has. Tajfel also notes the ingroup and outgroup interaction defining the favoritism as a response to the necessity to maintain a positive distinction of the group itself (Tajfel, 1975 cited in Luna-Arocas&Guzman, 2001).

According to Smith, collective identity is 'shared memories of earlier periods, events and personages in the history of the unit' and 'a collective belief in a common destiny of that unit and its culture'. There exists a line between individual and collective identities. Individual identities are situational and individuals identify themselves in different ways, depending on the situations they find themselves in. On the contrary, collective

identities are pervasive and persistent. Even large numbers of people do not identify themselves with, collective identities tend to be more intense and durable (Smith, 1992).

Identity may be based on a region, nation, ethnicity, religion or culture, each with a complex, ambiguous meaning and shifting according to circumstances. A collective identity, which might be national, religious or ethnic, is invariably one of many. There are different layers of identity and people have different labels all of which appeal to them (Verkuyten and Beckman, 1995).

A collective identity is comprised of common objective elements and subjective self identification process. The common objective elements refer to some common objective characteristics, such as, language, ethnicity, religion, history, customs, institutions, myths, symbols and et cetera that are believed to be commonly shared by the individuals. The subjective self identification process of the collective identity requires the consciousness of the individual of the common objective elements and a conscious will of the individual to internalize and share the so called objective elements and in due identify himself with the so called collectivity. To this extent, in order to speak of social collective identity, the individual should identify himself with a social entity which can be expected as a unit of identity (Yurdusev, 2003).

Yurdusev also emphasizes the importance of 'the other' in the identification process. He notes that, it is a commonplace view that the existence of an other is a powerful external factor that stimulates the identification process. With this regard, Yurdusev defines the other or the difference as an ingredient in the formation of subjective consciousness and noting that every identity exists together with its difference or the other, he views the other or the difference as a constitutive factor for both of the objective element and subjective element of the identification process. He explicits

the meaningless of identification in a social environment in which there exists no difference among the members. Within a social construct in which there exist no difference among social categories, he suggests, there would be no need for categorization for the individual and therefore there would be no identity. To this extent, difference exist in all units of identity. Yurdusev also notes that in addition to be a logical judgement, the power of ‘the other’ upon the identification is also a historical fact and throughout the history most of the known social groups had identified themselves via ‘the other’ and used the concept of ‘the other’ as a tool (Yurdusev, 2003).

So far, it has tried to be explicited that identity is the label, the definiton or the explanation of an individual. Our identities determine how we behave, how we act, how we respond and react to social realities and even how we feel against humane events. Our perceptions, psychologies, opinions, gestures, conduct of behaviours, dressings, accesories are all shaped by our identities. Our identities put forward who we are and at the same time we place ourselves within our social world in accordance to our identities.

We subjectively identify ourselves around those objective elements which we believe that we do commonly share with some others. In consequence, we assume the identities of collectivities and in due, we start to hold collective identities. Through our collective identities, we self reference ourselves and we create and define our place in society. But we live in complex societies in which cob-web relations frame our social interactions. We participate in innumerable social groups which might be based on, say: gender, region, village, city, country, region, ethnicity, language, religion, parental status, marital status, occupational status, economic status, social status; or even might be defined as pet raisers, automobile drivers, environmentalists, clubbers, bloggers and et cetera. Social identities always need to be set in the plural form. One occupies different social positions, is engaged in different fields of activity, and is a member of several different

groups at the same time. This is especially obvious in modern (pluralist) societies (Kohli, 2000).

Anthony Smith characterizes the cultural history of humanity as a successively differentiating and an enlarging identification process. In the primitive societies the number and scale of such identities were limited. But as the societies transformed themselves from agrarian into more complex and political ones, the number and scale of those identifications have multiplied. Village communities, city states, regions, religious communities, kingdoms, empires and nation states became the additional identification units to those old gender, age, clan and tribe identifications. In the modern era of industrial capitalism and bureaucracy, the number and in particular the scale of those cultural identities have multiplied again. Although gender, age, class, religious loyalties and as such have been retained; professional, civic and ethnic allegiances have proliferated, involving ever larger populations across the globe. In our contemporary world human beings retain a multiplicity of allegiances and they have multiple identities (Smith, 1992).

Identity is a multilayered, dynamic and continuous concept. There exist several identities for individuals to hold and individuals generally have more than one identity. An individual's gender, nationality, religion, language, occupation, education and et cetera, all categorizes the several layers of a multiple identity that an individual might have. (Yurdusev, 1997) "The empirical findings confirm the truism that people hold multiple identities" (Risse, 2003, p. 490). On the other hand, of those several identities that an individual might have, one of them might form the salient feature of the collective identity of the individual. Accordingly, an individual's identity might be formed according to the emphasis on, or priority of, a particular element (Yurdusev, 2003). To this extent, among several collective identities that an individual might hold, one of them might

be the dominant one and shape the identity perception of the individual by which the individual references himself in the society and defines the self.

There are several ways in conceptualizing multiple identities. First, identities can be nested, conceived of as concentric circles or Russian Matruska dolls, one inside the next. One's regional identity might be nested in his national identity, which again might be nested in his continental identity. Second, identities can be crosscutting. Some -but not all- members of one identity group might also be members of another identity group. One can feel a strong gender identity and a strong national identity. But his male-fellows might not feel that strong or even might not feel at all, a national identity. Third, identities might form like 'marble cakes'. There are instances in which people's multiple identities might not be neatly separated on different levels as the concepts of nestedness and of crosscutting identities suggest. In such cases, identity components influence each other, mesh and blend into each other like 'marble-cakes' (Risse, 2003). Finally, fourth, in the 'layer cake' model, identities are layered on several layers and they can be differentiated from each other (Risse, 2002).

So far, it has been argued that identity is a name that an individual gives to different ways that he is positioned by and which the individual positions himself within the narratives of the past. The process of self identification starts from infancy and evolves till death. Even for the self identification of the individual, at least the most primary unit of social collectivity, the family, is needed and to this extent, collective/social units are an integral part of the identification process. In this regard, social/collective identity can be defined as a self reference which creates and defines the individual's place in society and as a proxy which describes and categorizes an individual's belonging to a social category that includes emotional and affective components. On the other hand, as the cultural history of humanity is described as successively differentiating and an enlarging identification process in which the number and scale of those identifications have

multiplied by time, in our contemporary world human beings retain a multiplicity of allegiances and they have multiple identities. To this extent identity is a multilayered concept and individuals hold several identities. Among several collective identities that an individual might hold, one of them might be the dominant one and shape the identity perception of the individual.

On the other hand it has demonstrated that, no matter what their size, origin, depth and et cetera, all those several identities that an individual might have, are formed by means of subjective self identification of the individual with common objective elements which are believed to be commonly shared by the participants of the identification unit. In the process of identification, the individual consciously and willingly internalize the so called common objective characteristics of the society and identify himself with the collectivity.

In International Relations circles, academic studies or simply in our daily lives, national flag, anthem, language, geography and as such are generally adhered as the tangible and 'common symbols' of objective elements that a collectivity is believed to share. As a matter of fact, such symbols are used in order to nurture and emphasize the existing collective identities in general. However evaluating money as an identifier of masses is not a common practice even in those academic studies which directly address social/collective identity of masses.

In this thesis it is argued that, among other ones, 'money' also designates a well functioning proxy in identification process and consciously or unconsciously, it has been used several times as an agent in the identification process in the course of history. With this perspective, it is suggested that, the euro also designates a proxy agent in European identification and it might have a constructive impact upon European identity. In order to develop a better understanding and a sound basis for

this assertion, in the next chapter, the concept of money will be introduced and the relationship between money and identity –which is argued to exist intrinsically- will be clarified. In doing so, first money as a concept will be introduced in the following chapter and then a more in depth analysis about the role of currencies in signifying the collectivity of masses will be conducted in the framework of nation and nation-state building process. In consequence the role and ability of money in symbolising a collective identity will be clarified and this logic will be applied to the case of euro and European identity relationship.

CHAPTER 3

MONEY

Money can be defined as any kind of material that is accepted by the society for the exchange of goods and services. With this regard, money can not be solely defined in legal and/or physical terms, but rather than that, money should be defined in psychological terms: Anything that is accepted in return for delivery of goods and services by public can be classified as money.

Before the use of money, the exchange of goods and services was taking place in a barter economy where the double coincidence of needs was a prerequisite. One had to barter some amount of wheat in return for meat. In order to realize the trade, however, both parties had to agree upon what to be traded and the amount of the good to be traded. In time, in order to eliminate the difficulties of such kind of a barter economy, commodities started to be used as medium of exchange in the primitive stages of economy. Cattle, salt, slaves, tobacco and several kinds of commodities were used as use-values. However, using commodity money as a medium of exchange brought about a series of problems. For instance, it was hard to carry commodity money and some types of commodity money was perishable. Various types of commodity money could not be divided in appropriate proportions or if divided, the commodity money, or use-value, lost its value (Simmel, 1990).

In time, somewhere around 650 B.C. the Lydians, who lived in the western part of Anatolia used money for the first time in world history in the form of metal coins. This new type of medium of exchange was easy to carry and

store, durable and intrinsically valuable at the same time, since they were made from precious metals.

Following coins, paper money, a kind of money which was backed by the government or private banks' promise to exchange the paper money with gold or silver upon demand, was in use. The formation of this kind of money, which is known as 'representative money', ended an era in which the means of exchange was made directly made by precious metals. Money, with this regard, had no longer any implicit value, but it was the promise of the government or the private banks that created the value of the medium of exchange.

The representative paper money was followed by fiat money. Fiat money derives its validity from state –or the authority over political unit in general. On the other hand, as long as it is considered that democratic units of our contemporary world derive their powers from the inhabitants of its own political domain, it might also be said that, fiat money derives its validity indirectly from the subjects themselves. In case of fiat money, the authority in charge announces its own currency unit as the mere legal tender within jurisdictional domain, sets the value of the fiat money by a decree and backs and imposes both legally and practically the use of its formal currency within the borders. The authority, favors fiat money in its monetary relations, prefers its own legal tender to foreign currencies in its internal monetary transactions, performs its own payments and receipts in announced formal currency units and sometimes bans the use of foreign currencies within borders and even impose penalties upon those ones who do not obey these settled rules.

Before the nineteenth century, monetary systems in Europe or on any other part of the world were far from a homogeneous, uniform and exclusive monetary system. In the pre-nineteenth century, several foreign currencies along with the domestic ones circulated within the political borders of

authorities. In addition to that, the use of those currencies issued by foreign merchants or private banks was in common. Consequently, in many countries, the large proportion of the currencies in circulation were of foreign origin. Before the nineteenth century, this heterogeneity in monetary order was dragging the monetary systems away from a uniform and homogeneous one (Helliener, 1997).

On the other hand, despite the existence of multiple currencies, in the pre-nineteenth period, monetary relations was not in common among the poor majority of people who had few links with the monetary system. Among those ones who had regular relations with monetary economy, local currencies issued by local tradespeople were in use but they were not easily convertible into gold or silver coins issued by the relevant authorities either (Helliener, 1997).

The quality of money in the pre-nineteenth era was preventing the then monetary systems from being a homogeneous and functional one. In the relevant era, the use of old and worn coins were in common. Furthermore, those coins issued in the official mint were differing from each other. The coins issued varied depending on the date they were issued on, the mint they were issued in, and even the session they were issued at. This variance with regard to the currencies in use, avoided the formation of a homogeneous currency system in any political unit. Large scale counterfeiting and the use of ghost monies (abstract units of accounts which were employed in order to overcome the chaos resulting from a multiple currency system) were among the other reasons that disrupted the monetary systems (Helliener, 1997).

Having embedded their economic relations in multiple, heterogeneous and chaotic monetary systems, by the turn of the eighteenth century, starting from Britain, most of the west European countries introduced “territorially homogeneous and exclusive national” currencies, which are called in short, territorial currencies. The following waves included respectively, the United

States of America, Japan, eastern European countries and Latin America (Helliener, 1997).

However, even after the creation of territorial currencies, the supremacy of some strong currencies did not end. The reason for that might be found in the assertion that was previously made, that, money is any kind of material that is accepted as a means of exchange. To this extent, as long as it is accepted, no matter to which authority they are subject to or within which jurisdictional domain they live within, any kind of money including the fiat money might be used as a means of exchange by any society. As a matter of fact, this has been the reality of monetary relations in the history of humanity. Since the invention of money, for centuries, several monies dominated others over a large part of world geography or several monies were used as a means of exchange within a given geographical unit. The Roman Empire, the Chinese Empire, the Ottoman Empire or the British Empire have established a single currency standard for the regions over which they have ruled (Muzhani, 2004). The Greek coins were probably the first form of money to be used internationally for trading between different countries. With the rise of the Roman Empire, Roman coins came to replace Greek coins as the money used in trade between nations (CFEE, 1994). In between the sixteenth and the seventeenth centuries, Spanish dollars spread from Spanish territories to the Americas, Asia and West Europe. Many years later, as England was rising to be a world power, English coins came to be accepted as money on the European continent (CFEE, 1994). The Mexican piastre was used throughout much of the world in the first half of the nineteenth century (Helleiner, 1997). With the rise of the United States as a global power, the United States dollar dominated over world monetary relations and finally, with the introduction of the single currency, the euro stands as the sole rival of the dollar.

To this extent, it might be said that, even the territorial currencies of our contemporary world, which are only backed by their own issuer in legal

terms, are expected as a means of exchange in certain geographies. This aspect of money which goes hand in hand with acceptance, requires some further examination in order to put forward the social representation of money in human understanding.

3.1. Money is a social relation

Whatever form it takes, by whomever it is backed or whatever the name it takes, it is accepted that, any material that is used to be as money, has three main functions. First of all, money serves as a medium of exchange. People deliver goods and services to other people and accept money – the medium of exchange- in return. Second, money is used as an unit of account. People designate the value, in a more familiar term, the price, of their goods and services to be delivered. The third function of money is its role as a store of value. People, might store and accumulate their wealth in the form of money, which is the most liquid form of material wealth (Belk&Wallendorf,1990 cited in Mitchell&Mickel 1999).

Till the invention of representative money, those ‘things’ that were used as a medium of exchange always had an intrinsic value. With this respect, the use of representative money designates a milestone in world monetary history. This was the first time in world history that, a medium of exchange, which had no value intrinsically, was in use, and was generally accepted by people in return for the deliverance of goods and services. Georg Simmel (1990) argues that, it is possible to exchange the most valuable things in return for a printed form only when it provides us a guarantee that what is immediately valueless will soon help us acquire new values. Nobody would be stupid enough to exchange a value against something that is valueless, unless he is sure of being able to convert the other into new values again, he proposes. In fact, this manner of thought, brings us back to the assertion that was put forward in the beginning of this section: money can be defined

as any kind of material that is accepted by the society for the exchange of goods and services. From a broader perspective, not only representative and fiat money, but also those kinds of commodity money such as salt, cattle, tobacco and so on; and those kinds of money coins made up of precious metals, all of which have intrinsic values; are accepted as money because they are all 'believed' to be money. As Kaelberer (2004) suggests, their value is based on the belief among market participants that certain items have a generalisable exchange value. In other words, any kind of material, that are believed to be valuable today, might well be valueless tomorrow, if they are not believed to be so.

From this perspective, money is 'accepted' to be money only because it is 'believed' to be money by the people in general. There has to be a social agreement among the participants of a community upon the reliability of the means of exchange under question. Though, depending on the social agreement among the members of the community, money designates, in George Simmel's (1990) words, a 'social relation' among the community.

Simmel suggests in his work that, very few relationships are based upon those certainly known facts about another people and very few relationships would endure if trust is not as strong as rational proof. Without general trust that people feel towards each other, he argues, societies would disintegrate. In Simmel's (1990) words, monetary transactions can not develop without public confidence, or trust, in the issuing resort and in those people who attach the relevant value to money. Therefore the feeling of trust among the society with regard to the use and value of any kind of medium of exchange is essential for the 'thing' to be accepted as any form of money. An inscription on a Maltese coin –non aes sed fides: 'what matters is not the bronze but the trust'- puts forward very appropriately the essence of trust without which even a coin of full value can not perform its basic functions.

In this respect, it can comfortably be said that without trust, from the most primordial to the most modern ones, any kind of monetary system is about to collapse. It is the feeling of trust among people to the issuer of the relevant money and to the public who attach value to money, that can make money really 'money'. As it was also mentioned above, for a material to be accepted as a medium of exchange, that material should be believed to be a medium of exchange publicly. In this framework, the condition of trust that should exist among the members of a society in the context of a medium of exchange is exactly what makes money a 'social relation'.

In this regard, as money creates a social relation among the participants of a monetary system, it might be argued that, it also creates a social representation in the perceptions of those participants. It might well be suggested that, the social representation of the object in use as money, assures the participants of the community that, they would be able convert the object into another valuables. As was mentioned before, in the case of fiat money, the state or the authority in charge backs the value and convertibility of money and in due the state might well be suggested as the social representation of money regarding the perceptions of the participants.

The single currency of the European Union might well be evaluated within this framework. As the single currency of the European Union, the euro functions perfectly and is used as a medium of exchange, as a store of value and as a unit of account. The participants of the euro area believe that the single currency has a generalisable exchange value and this belief is shared by all participants in the system. To this extent, euro designates a social agreement among the participants of the euro area and with this respect constructs a 'social relation' among the participants of a community, who has never came and would never come face to face physically. On the other hand, as the euro is issued, backed and its convertibility is assured by the European Union, the participants of eurozone regard the Union as the social representation of the single currency. The social representation behind the

euro, the European Union, ensures the participants that, the issued money is the symbol of trust in monetary relations. As a matter of fact, the single currency is also used outside eurozone in particular and Europe in general. To this extent, this social relation is also perceived and trusted by those ones who do not live under the sovereignty of European Monetary System in the sense that, they also believe that the euro designates a social agreement which ensures its convertibility into another valuables. In this regard, it might well be suggested that, the designation of a social relation of euro among euroland participants is also empowered by the foreigners and the social representation behind the euro, namely the Union, which ensures the euro's functionality and convertibility is also shared by the foreigners.

In this regard, it might well be argued that, the meaning, in more proper words, the representation of the term 'money' in general and the 'euro' in particular, goes well beyond than a mere medium of exchange. As it denotes a social agreement and a social relation, money has affiliations with the social world of the humans. To this extent, it might be well suggested that, money might be used as a symbol or as a proxy with regard to human understanding. From this perspective, it might also be argued that, this 'social relation' might well be employed as a component in defining and distinguishing the identity of collectivities.

CHAPTER 4

MONEY AS AN IDENTITY COMPONENT

4. 1. Money as a Symbol of Proxy in Promoting National Collective Identity

The Treaty of Westphalia (1648) is considered as the genesis of a new political order, the nation-state system, which still shapes and dominates the political framework of our contemporary world.

The key principles which explain the significance of the Treaty of Westphalia in the context of its impact on the world today can be listed as follows:

- The principle of the sovereignty of states and the fundamental right of political self determination,
- The principle of (legal) equality between states, and,
- The principle of non-intervention of one state in the internal affairs of another state.

It is claimed that, these principles of the Treaty of Westphalia, which ensured the major European powers of the era to agree to abide by the principle of territorial integrity, led the emergence of the concept of nation states in world history.

However, the origins and early history of nation-states are still considered to be vague. The main dispute is accepted to be the paradoxical positioning of

the nation and the nation-state. Whether the nation or the nation-state came first is still under debate. To some academicians, the nation existed first, nationalist movements arose to present its legitimate demand for sovereignty, and the nation-state met that demand. England, Portugal and the Dutch Republic constitute the most known examples of this theory. On the other hand, some academicians believe that the national identity was a product of government policy, to unify and modernise an already existing state. Germany and Italy constitute the very reasoning of these academicians.

Anderson defines the nation as:

an imagined political community – and imagined as both inherently limited and sovereign. It is imagined because the members of even the smallest nation will never know most of their fellow-members, meet them, or even hear of them, yet in the minds of each lives the image of their communion (Anderson, 1991).

Anderson also suggests that, the objective properties of the community are less important than the imagined ones. With this regard, some nations might imagine themselves as old as history

Seton-Watson describes nation as an aggregate of people who have same customs, who speak the same language, and who are endowed with characteristics that separate them from other groups (Seton-Watson, 1977). According to Gellner a nation is composed by the inhabitants of a territory, who are considered as a whole and who recognize a supreme center of common government and the territory drawn by the state (Gellner,1983).

Bloom describes the nation building process, in its simplest form, as a process whereby the inhabitants living within the territory of a state come to be loyal to the state. He argues that, inherently it is assumed that a state has already been formed and nation building requires that a nation or a

community of solidarity is to be built within it. But he also admits that, although it is the power politics that creates the state, a psychological bond and a loyalty among the members of the nation state is the requirement for the endurance of the state (Bloom, 1990).

According to Bloom process of nation building requires the identification of mass of individuals with the nation state. He clearly explicits this process in two stages:

1. The actual experience of the individual of the state.
2. The evocation of identification by this experience.

He argues that, if the symbols of the state present a mode of behaviour, common attitudes, reactions, opinions etc. of which the adoption will trigger identity or the security of the individual, the evocation would realize. Then he gives a clear two stage process for the national identification:

1. Symbols of the state should present appropriate code of conducts, or mode of behaviours in case of a perceived threat.
2. The symbols should behave beneficently towards the individual (Bloom, 1990).

National identity describes a condition whereby a mass of people, internalising the symbols of a nation, make the same identification with national symbols. The mass, having internalised the symbols, act as one psychological group when there is a threat to, or the possibility of enhancement of the beneficent national symbols (Bloom, 190, p.52).

National identity can be considered to be a particular type of social identity, a definition of self that includes the nation to which individuals belong (van Everdingen & van Raaij, 1998 in Canova and Manganelli, 2003). This identity generates emotional attachment and reveals itself also in collective symbols, such as the currency, the flag or the anthem.

Smith gives a brief summary, and to some extent a formula, of the national identity. According to Smith, multiple dimensions of the nationhood, and thus of the national identity are:

1. Territorial boundedness of separate cultural populations living in their 'homeland',
2. Shared myths of origin and common historical memories,
3. A mass, standardized culture that binds individuals,
4. Mobility within homeland and ownership of resources by all members of the society.
5. A unified system of common legal rights and duties under common laws and institutions and the possession of the system by all members (Smith, 1992, p. 60).

Smith, stating the role of states in forming a national identity, argues that, in order to create a population with national identity, the population must be taught who they are, where they come from and where they are going (Smith in Billig, in Verkuyten and Beckmann, 1995). Billig, on the other hand, states the importance of collective remembering and forgetting in order to create traditions, myths, collectively shared histories, symbols and etc. in the formation of identity (Billig in Verkuyten and Beckmann).

A nation can be defined as an aggregate of people who (1) feel that they belong to each other not only in social and economic but also in cultural terms, and (2) take an active part in the political process in their state. In this sense a nation can be stateless, and a state can accommodate or include several nations. The idea of the nation-state combines the two concepts of nation and state to describe a political entity with representation in the international community, consisting of people who share a similar language, culture, ethnicity, and history (Aarts and Halman, 2006).

According to Giddens, nation states are territorially bounded administrative units which act as political power containers and have rigidly demarcated boundaries (Giddens, 1985).

In fact, a nation state, which has, in Giddens's words, 'no precedent history' with regard to numerous kinds of authorities formed today, is a political institution which ensures its existence by providing a sovereign territory for a particular nation and which derives its legitimacy from that assurance. The term nation-state is used in order to denote the coincidence of the concept of state, which is a political entity, and the concept of nation, which is a cultural/ethnic entity, at the same time geographical territories. As already mentioned before, the citizens of a nation state have common internalised symbols, same language, same customs and same characteristics and they recognize the supreme center of a common government and the territory drawn by the state. In this respect, nation states differ from the preceding political organisations that had ruled on the world before.

According to Yurdusev (1997), nation-state is a socio-political authority unit based upon: territoriality, centrality, nationality and sovereignty. It might be useful to explicit the –according to Yurdusev- the mentioned four pillars of nation state.

Territoriality refers to clearly demarcated boundaries that are stated by the authority. As was already mentioned before, nation-states derive their legitimacy from ensuring a sovereign territory for their nation living on within it. With this regard, nation states provide the security of their nation within demarcated boundaries, and ensure the continuity of those boundaries. Territoriality of a nation-state also refers the political domain of the nation-state, which is -or forcibly made- respected by other authorities. With this regard, nation states have sovereign powers within their demarcated boundaries, and they can exercise their jurisdictional powers upon their territories without permission of any other authority. The key point in here is that, beyond the territories of its own, a nation-state has no kind of power to exercise.

Centrality refers to monopoly, uniqueness, sovereignty and power of the state through its administrative and political institutions, within its territory. In most of the modern nation states, there exist central political and administrative units which embody the sovereignty of the nation-state. Centrality, in this respect, refers the centralized authority of the state with regard to its administrative, jurisdictional, legislative and executive decisions and actions. This characteristic of centrality makes it one of the most significant elements of the nation-state since it was lacked by preceding authorities that ruled before.

Nationality can be described as a chain that ties citizens each other via common legal rights and duties-formed as a consequence of sovereignty, centrality and territoriality of a nation-state. Nationality is the bind that links the individual to his state of origin. It is the association, affiliation and loyalty of the individual to his state. Nationality enables the state to use its jurisdictional power over the individual and enables the individual to demand security and protection from the state.

Finally, sovereignty might be defined as the exclusive right of the state to exercise supreme political, legislative, judicial, and executive authority over a geographic region or a group of people. Sovereignty refers the authority or the legitimacy of the nation-state in governmental actions. And this authority/legitimacy must be recognized by both subjects within territory and other political organizations. Sovereignty, which might be described as the supreme authority within a territory, might be viewed as the most distinctive component of the nation-states. This characteristic, which is possessed by all modern states, was lacked by emperors, sultans, popes, caliphs, kings, bishops, and most noble ones before the creation of nation states (Stanford Encyclopedia of Philosophy). The concept of sovereignty is also evaluated in the form of national sovereignty and the sense of collective sovereignty is also assumed to boost national identity. According to Hall

(1999), 'national sovereignty is a form of social institution distinct from that of state sovereignty'. In accordance to this idea, the nationalist era witnessed an extremely different mechanism of governance: national self determination. In this new era, the statesmen were no longer representing the interest of a dynastic house, or a kingdom or empire, but they were speaking on behalf of the sovereign people whom, in the context of domestic and international social interaction, possessed collective interests and goals and in turn a collective identity.

In order to explicate this idea, Hall (1999) draws an excellent framework between the development of collective identity and the source of sovereignty which masses attach themselves with.

Table 1

Systematic Changes with Changes in Collective Identity

	Dynastic-Sovereign	Territorial-Sovereign	National-Sovereign
Individual identity	Subject of confessional Prince	Subject of Sovereign State	Citizen or Subject of Nation
Collective Identity	1. Reformed / Unreformed people of Christendom 2. Subjects of Prince 'X'	1. Member of social class (aristocrat, Bürger or peasant) 2. Subject of Crown or State 'Y'	1. Member of national community by shared ancestry/culture/history 2. National citizen of 'Z'-land
Legitimizing Principle	Dynastic authority	Territorial authority	Popular or national authority
Institutional Forms of Collective Action	Kingdom and Realm	Territorial-state	Nation-state
Norms, Rules, Principles	Allegiance to Prince/Prince gives the domestic law	Allegiance to Sovereign in service of his-her state. / Sovereign gives domestic law / Emergence of civil society	Allegiance to imagined community of shared ancestry, culture or history. Welfare state gives domestic law with counsel of enfranchised citizenry.

Source: Hall, R. B., National Collective Identity: Social Constructs and International Systems, Columbia University Press, New York, 1999

The previous table illustrates that, in the course of history, as the source of sense of sovereignty changed, so did the identification of individual and identification of collectivity. The shifts in the source of sovereignty the masses attached to had created dramatic changes upon the legitimating unit, which has shifted from principalities to territorially sovereign states and to nation states.

In this regard, in the new nationalist era

the self-understanding, as a social collectivity, of a people who possess sovereign identity in their own name [was] very different from that of a people who ascribed sovereign identity exclusively to a prince who ruled over them in his own name (Hall, 1999).

In this context, Hall (1999) suggests that, the concept of national sovereignty which rose by the nationalist era, has also boosted the national collective identity of masses. In this manner, in addition to the identification of the individual with his nation upon common objective elements and over state sovereignty, the sense of sovereignty of the mass (national sovereignty) has also promoted the national identification process.

In accordance to this way thought, the collective identity of the masses did not only occurred at individual level and spread to society, but it has also developed at the collective level –by means of national sovereignty- and has transmitted from society to individual.

It is a commonly accepted idea that, the right/authorization to print money which merely belongs to the authority in charge, might be valued as an indicator of the sovereignty of the authority under question. Kaelberer, perceives the control of money in association with the notions of sovereignty and state power. He explicits this ‘control of money-indicator of sovereignty’ connection as a formula of ‘one nation/one money’. According to ‘one nation/one money’ perspective, coins and banknotes have frequently

defined the boundaries of political entities. Indeed, political elites have regularly used money to construct specific political identities and social boundaries (Kaelberer, 2004).

National currency is closely related with the concept of 'sovereignty' and with the spirit of nation-states and national identity. Breakwell explicits in his identity process theory that; currencies are symbols of (a) collective self-esteem of a nation, (b) national continuity, (c) differantiation, (d) efficacy (Breakwell, 1986 cited in Meier-Pesti, 2003). Collective self-esteem is provided by a highly sound national currency and national wealth. The desire for national continuity is assured by the currencies since they are envisaged as long-term projects. Since currencies are restricted to a specific geographic area and draw the borders of areas of sovereignty, they also serve to differentiate between social and political entities. Currencies are the symbols of sovereign power in monetary policy and efficiency and in due serve for efficacy.

Kaelberer (2002) suggests that, 'national currencies' helped governments to build 'nations' in the sense that it was partially the existence of a national currency that promoted the spirit of being a 'nation' and/or 'community'. Along with the other components of identity, namely: geography, language, descent, religion, common history, common culture, lifestyle and common symbols... money has been another way for people to identify themselves and differantiate others.

Any successful social entity needs some kind of glue that keeps it together. Identity is one of many glue sticks political scientists have identified for this purpose. The problem seems to be that, identity does not fall from heaven. In so far as societies can be interpreted as systems of exchanges, it seems to be intuitively clear to analyze the central mediator of exchange, namely money, as the main mechanism that as a by product also creates social and political identity (Hübner, 2005).

To this extent, money -in more precise and explicit words, national currencies- defining the territories of nation-states and being highly in relation with the sovereignty concept, might be interpreted as one of the most significant symbols of nation-states. Common symbols of a nation, as already mentioned before, constitute the common objective elements that are required for the identification. With this regard, as national identity is interpreted as a condition where masses -the nations- internalise the symbols of a nation, and make the same identification with national symbols, it can be argued that national currencies enable the members of nations to identify themselves with their nation-state. And finally, bearing in mind the multiplicity of collective identities and the dominant role of nation states in our contemporary era, the national identity, which constitute one of the most significant identities of the urban individual, is nourished by one of the most predominant national symbols: the national currencies.

So far, the relation between the nation-state and money as a symbol of it has clarified. It is shown that, money symbolises the sovereignty of the nation-states and in due is symbolised with the nation-states themselves. On the other hand, currencies' role as a proxy in identification is not limited with the use of sovereignty of nation-states as a symbolism of the collectivity. Currencies also work at the level of society – as well as it works at the level of nation states- and as was also mentioned before, create a social relation among the participants of the community who are not in direct contact. Emphasizing the sense of collectivity among the members of society, currencies work as a common symbol of collectivism at the level of society. They work as a sense of collectivity at the symbolic level, they create a psychological link among the participants of the nation-state system, their functionality serves for this purpose and they merge different societal levels.

First of all, currencies promote the sense of collectivity at the symbolic level. The use of currencies at the symbolic level by the authorities is not a

new phenomenon in the world history. Throughout the ages, the emperors, sultans, kings and monarchs had used several symbols on coinage in order to remind the subjects and the others of the authority of the land. In the case of nation states, it can be said that the same logic is used, this time, in order to remind the citizens of the national unity, values and symbols (Helleiner, 1997).

The creation and the use of currencies means the formation of a psychological link among the participants of the nation-state system. The intrinsically worthless fiat monies issued in the official mints of a nation state, requires a political power that is able to manage the value of it. On the other hand, in addition to the existence of a political power, a feeling of trust among the community members towards the political power in its ability to manage and back the currency's value is also needed for the survival of currency system. Therefore, it might be said that, a perfectly functioning currency system means a link between the society and the state based, on trust (Helleiner, 1997). However, a feeling of trust from society to the political authority can not be said to be enough for the functioning of currency system. The participants of the society should also trust each other regarding their beliefs in the value and future of the currency and regarding their trust and loyalty to the political authority. In this sense currencies also create a psychological link between the members of the society. With this scope, the feeling of trust leads to the acceptance of currency among the community members, which in turn leads to the emergence of a sense belonging among the citizens, to a common political structure.

Currencies bolster the sense of collectivity merely by means of that functionality. Currencies are the mere formal legal tender units that are announced to be valid within the territory of the nation state. To this extent, any kind and any amount of economic transaction is to be made in the announced currency unit. Currencies are homogeneous and are used on a daily basis. Thus, currencies are everyday reminders to the community

members that they are members of a homogeneous community which has common values. In this respect, they are much more effective reminders of national unity compared to flags and anthems (Helleiner, 1997). After all, coins and banknotes are ‘the most mass-produced projects in the world, painstakingly designed for millions of people to use’ and for this reason, they offer ‘an unparalleled opportunity for official sanctioned propaganda, to color the recipient’s view’ (Hewitt, 1994 cited in Helleiner, 1997).

Currencies are accepted to homogenize diverse social groups across the nations (Helleiner, 1997). Similarly, Simmel states the communal character of money which derives it from its colorless character and its ability to become a denominator for all values (Simmel, 1978 cited in Helleiner, 1997). With this regard, currencies might be viewed as an imagined link that ties the members of a society regardless of their gender, education, intelligence, mentality, income level, social status and etc. Currencies can be presented as one of the mere devices that reach to any member of a community in any part of the country.

So far, it has been theoretically tried to be explicit that, currencies serve as the symbols of sovereignty of nation states and in due, they work as the symbols of sovereign nation states. They are perceived as the national symbols in the process of identification of the self with the collective group –the nation. It has again been suggested that, currencies also work at the societal level and promotes the sense of collectivity among the members of society. In the following part, a more empirical study regarding the role of currencies as an identity component and as a proxy that highlights the collectivity of groups will be conducted.

4.2. Building State-Society Relations in the Context of Money as an Identity Component

In international relations circles, the formation of nation states and the rise of territorial currencies are generally accepted as the by-products of 1648 Westphalian Peace Agreement. However, the rise of territorial currencies, which designate the demarcated boundaries and sovereignty of the nation state dates back to nineteenth century, an era that has long passed the Westphalian age (Helleiner, 1997).

The creation of territorial currencies, on the contrary to prevalent beliefs, had not followed a natural course of history. It had been a product of -in Viviana Zelizer's words- 'painstaking and deliberate activities of public authorities' and 'the creation of a centralized, homogeneous, uniform legal tender, took enormous and sustained governmental effort'.

Helleiner (1997), within the historical context, accepts the importance of Westphalian age and admits the necessity of nation states for the emergence of territorial currencies. However he also suggests that, territorial currencies themselves had also been so important for the establishment and realization of nation states and in most cases the creation of territorial currencies had remarkable impacts regarding the sense of collectivities of the masses.

According to Eric Helleiner, the nation building motive was one of the primary motives for the nineteenth century nation states in creating territorial currencies. In the nineteenth century, with the onset of industrial capitalism, creating a national economic community with homogeneous rules and regulations had been one of the primary objectives. With the integration of small scale local economies towards a national market economy, introduction of territorial currencies was seen as a requirement in order to reach an efficient transactions system and hence a smoothly-well functioning nation-wide market. In addition to that, the creation of territorial

currencies was perceived and used as a useful tool in incorporating the lower social stratum to the nation via monetary economy. As in the pre-nineteenth century the poor majority had few links with the monetary economy, and the use of the formal coins issued by the authority was limited, the formation of territorial currencies helped the integration of different and various social classes into a single monetary economy (Helleiner,1997).

These nation-wide improvements in monetary transactions, facilitating the expansion of commercial relations, extended the markets in time and space (Zelizer, 1994). Likewise, with the introduction of territorial currencies, the integrated national market created a space beyond an individual's immediate territorial location (Kaelberer, 2004). And finally following Giddens (1991), being a means of credit and a standardised value which enables people to make transactions even they are psychically not connected, it well might be said that by the nineteenth century money has fulfilled its mission and territorial currencies bracketed time and space.

Through creating territorial currencies the nation states of the era built economic territorial cohesion. Territorial currencies, integrated small scale, local economies into a national one, created an inclusive monetary economy among various social classes and eliminated transaction costs and uncertainties associated with currency conversions. In consequence, the nation states of the era built and sustained an internal economic coherence. Territorial currencies also supported nation states in marking their economic territory externally (Helleiner, 1997). With the use of an exclusive and homogeneous currency along with the banning of foreign currencies, nation states could be able to designate their jurisdictional territories better than ever. The result of this process was merely the enhanced ability of the state to insulate itself from the outer world, that could never been achieved to this extent before.

With this perspective, it is appropriate to say that the formation of territorial currencies extended the domain of social relations among the members of the society via monetary transactions, to an extent that had never experienced before. After the formation of territorial currencies, thanks to the enhanced policing and ruling structures of the nation states of the era, subjects living within the political domain of the authority were now able to make transactions merely in the formal currency units. Using the same currency in their daily lives in any kind and any amount of economic transactions, an organic bond might have been established among the members of the society from the poorest to the richest, no matter in which part of the country they lived.

According to Eric Helleiner, fiscal pressures which were triggered by warfare expenditures had served as another primary motive in creating territorial currencies for the nineteenth century nation states. The nation states of the era, regarded the creation of territorial currencies as a mere opportunity to finance their huge military expenditures, as it meant free seignorage gains and enhanced taxing capacity (Helleiner, 1997).

The emergence of territorial currencies helped the nineteenth century nation states in expanding the extent of monetary economy within their jurisdictional domains. As the monetary economy expanded and increased nominally, the taxing capacity of the state widened which in turn helped the states to cover their warfare expenditures. On the other hand, the extension of monetary economy and being taxed by the authority monetarily and merely in formal currency units, might be presented as a milestone in empowering the awareness of the subjects of the existence of a common supreme authority within the demarcated territory which they live within. It can be argued that, living under an authority and being ruled and taxed together in same the currency units might have formed some sort of emotional bonds among the society members. The existence of a common supreme authority that governs over a group of people, that applies taxes to

society, and accepts tax payments only in formal currency units, well might have created a sense of collectivity among the people living within the relevant political domain.

In addition to that, the state's monopoly power over issuing money, left a space for the seignorage gains in favour of the states which in turn created an implicit monetary link between the state and society. Territorial currencies are to be used only within the jurisdictional domains of the states in which subjects, who are allowed to use only the formal currency within the borders of the state, live in it. Seignorage gains, which can be described as the gains of the authority earned from solely issuing money, might only be under question if the issued money is demanded in that country. With this respect, seignorage gains reminds an implicit relationship between the state and the society. The enhanced taxing capacity and the emergence of seignorage gains together, meant an increase in the ability of state to extract resources directly from individuals (Helleiner, 1997). And this enhanced ability, from the perspective of the citizens, meant the existence of a political power which was now more effective and influential in their daily lives.

With the territorial currencies, states acquired a new policy tool, the monetary policy, to reach national goals of the community, which could never be used this efficiently for the interest and fate of communities before. Within this scope, the society living under the rule of state, became the subject matter of monetary policies run in the countries (Helleiner, 1997). Experiencing common monetary events collectively that served for the interest of the nation, helped the creation of a new form of link between the state and the society, that could never been felt at this extent before. In this sense, by the rise of the territorial currencies, the community members started to feel the existence of a state via monetary policies, which could never had been achieved before.

The hyper inflation experienced by German citizens in the early 1920s is considered as a good of example of the role of the monetary policy working as a proxy to enhance the allegiance of a community to a political structure in a nation state. Around 1920, due to the high inflationary pressures upon Deutsch Mark, Germans felt more than ever the existence of a common destiny and the existence of a state which is largely responsible from the direction of that destiny from a monetary perspective.

To this extent, territorial currencies empowered the relations of states with the society that they govern. As a matter of fact the link between the state and the society forms the key aspect which distinguishes nation states from previous historical forms of states (Helleiner, 1997).

So far, the 'social relation' aspect of money have tried to be explicated. It has been shown that, in order for 'something' to be accepted as money, that thing should be 'believed' to be so publicly. With this respect, it was suggested that the social agreement among the society upon the reliability and the employability of the issued money by the authority, was what made money a 'social relation' without which the monetary system would collapse. Then the role of money as an identity component was tried to be explicated and it was suggested that, as money designates the sovereignty of the state, it might well be introduced as a symbol of nation-state it can be used as a symbol of identification of the self with the national collectivity either. Following Helleiner (1997), the importance of currencies have tried to be revealed within the context of a sense of collectivity. It was argued that, a feeling of trust towards the society members and toward the issuer authority should have existed in order for a currency system work smoothly and it was suggested that these two preconditions were exactly the ones which made money a social relation. It was suggested that functionality of currencies also could serve as a propaganda tool for the process of identification and currencies have been introduced as useful instruments in merging several societal levels. Finally, it was briefly argued that, the

political symbols printed on the coins reminding the authority of the land to the subjects created psychological bonds between individuals and the intrinsically valueless fiat monies symbolised a connection between the individuals and both themselves and the state.

Following these theoretical explanations, the experiences of the nineteenth century nation states have revealed within the context of a sense of collectivity. It has been suggested that, the authority's need for financing warfare expenditures by seignorage gains or by directly taxing subjects only in formal currency units, might have enhanced the awareness of individuals of the existence of a common fate and future with the rest of the citizens that shared the common land on which the so called authority is in rule. Likewise, it has been suggested that, with regard to the nation building motive, having constructed a nation wide economy with homogeneous rules and regulations with smoothly functioning monetary markets, and having integrated various social classes into the monetary system, territorial currencies had bracketed time and space and extending social circles, created a new forms among the society members no matter which social class they belonged to or on which part of the territory they lived on. Then it was suggested that, the enhanced state-society relations through the contribution of enhanced taxing capacity of the state and the rise of the seignorage gains, had their effect in daily routine lives of the individuals powerful enough to remind the existence of a political power and with the onset of monetary events that started to be experienced commonly rather than regionally or by certain social classes, a new form of link was created between the state and the society reminding the role of the state upon the future and destiny of individuals from a monetary perspective.

On the other hand, this link between the money and identity has long been known by the authorities and has long been used in order to enhance the loyalty and increase the awareness of the subjects about the existence of an

authoritative power. The traces of this way of thought can be found in the formation process of many units of money.

The first signs of a nationalist currency trend can be found in the late eighteenth and early nineteenth centuries in France. During the mentioned era, in order to enhance the awareness of the French people of a unitary France, the Latin wording was replaced with inscriptions written in French and the coins and paper money was covered with allegorical images of French people and of liberty, equality and fraternity (Helliener, 1998).

Similarly, in the newly independent United States, the Congress refused to put the President Washington's face on the coins on the grounds that it was a monarchical practice and instead a figure of liberty was put on the coins (Helliener, 1998).

In 1863, when the United States created its single national banknote, the images that were to be printed on the banknotes were carefully devised in order to ensure that they contain a sentiment of nationality. The first single national banknotes of the United States, to this extent, contained vignettes of personalities (Columbus, Franklin, Washington), events (The Declaration of Independence, Battle of Lexington, Pilgrim's landing, the baptism of Pocahontas, the surrender of Burgoyne) and symbols (the flag, the eagle, the Capitol) that were as the symbols of the newly formed nation (Helliener, 1998).

Canada, a country which had welcomed thousands and millions of immigrants in its formation stages, covered one note with a figure in which the place of country is pointed on a world map, reminding the new immigrants where their new home country could be found on the globe (Helliener, 1998).

A letter given by the chief clerk in the United States Treasury, S.M.Clark to Secretary Chase on 28, March, 1863, perfectly explicits the national sentiment-national currency relationship within the context of identity formation:

[the banknotes] would tend to teach the masses the prominent periods in our country's history. The laboring man who should receive every Saturday night, a copy of the 'Surrender of Burgoyne' for his weekly wages, would soon inquire who General Burgoyne was, and to whom he surrendered. This curiosity would be aroused and he would learn the facts from a fellow laborer or from his employer. The same would be true of other National pictures, and in time many would be taught leading incidents in our country's history, so that they would soon be familiar to those who would never read them in books, teaching them history and umbuing them with a National feeling (Clough, 1964 cited in Helleiner, 1997).

Clough also notes that after the unification of Italy, Italian politicians hoped that the introduction of a common monetary standard would act as “an ever-present reminder of political unification” (Clough, 1964 cited in Helleiner, 1997). In fact, the main drive that the Italian politicians sought in creating a national currency could never been better explicited than Massimo d’Azeglio’s famous statement: “we created Italy; now we must create the Italians”.

The Deutsche mark was the base of regained self confidence of Germany and Germans after world war II. The beloved Deutsche mark of Germans had also played a prominent role during the process of German unification in 1989. The slogan “If the Deutsche mark does not come to us, we will come to the Deutsche mark” used by East Germans as a tool of political pressure but at the same time it was also the expression of a deep feeling of Germanness (Hübner, 2005).

The imagery on currencies are also viewed as identification proxies in modern era. For instance with regard to the opposition against euro, the

archbishop of Canterbury noted, “I want the Queen’s head on the banknotes. The point about national identity is a very important one” (Goodhart, 1995, p.455 cited in Helleiner, 1998, p. 1413). Similarly Dickinson notes:

Messing about with the currency...is deeply unpopular because, at a gut level, people feel [it is] organic to our national identity-veins and arteries to our consciousness. The Queen’s head on our coins...says something reassuring to the average person (Dickinson, 1994 cited in Helleiner, 1998, p.1413).

Within this context, opponents of the euro have declared that, the abandonment of their national currencies will dilute their national identities (Heatcoate, Amory, 1994 cited in Helleiner, 2001). On the other hand the supporters of the euro have recognized that, exchange of national currencies for the euro may “feel almost like a change of identity” (European Commission, 1995 cited in Helleiner, 2001).

Along with other currencies, the single currency of the European Union has also recognised as a common symbol of the European identity and this idea had suggested in a speech of Dr. Willem F. Duisenberg, the President of the European Central Bank:

With a single currency, our citizens now have a common symbol of European identity which they use in their daily lives. Indeed, the euro has created the foundations that may stimulate further integration – in both the political and the economic and financial fields. In this sense, “the euro, our money” can provide a new and more solid basis on which to build an “ever closer union” (Dr. Willem F. Duisenberg, 2001).

There is also evidence that the single currency, the Euro, has already left a substantial mark in people’s mind as a symbol of European integration. The introduction of Euro bills and coins in people’s pockets has already begun to affect citizens’ identification with the EU and Europe in general (Brewer, 2003).

To this extent, if the European Community's attempts of introducing a European flag, a European anthem and a Europe Day in order to develop a European identity among its citizens following the recommendations of Adonnino Committee -a committee which was set up in 1984 in order to prepare the Single European Act and named after the Italian member of the European Union Parliament who headed a working group for the European Council which aimed at identifying to develop people's European identity- are interpreted within a greater scope, it can be argued that the introduction of Euro, a common monetary denominator, is another stage for or way of the Community which serves for the purpose of creating a common European citizenship that roots from the common European identity. With this regard, the introduction of a common monetary unit which has a positive effect upon identity formation in general, can also be said to have a positive affect upon a European identity formation in particular.

With this regard, it might well be suggested that, the single currency of European Union, the euro, just like other currencies that have/had been created, represents the Union as a collective unit and represents the monetary unit of peoples which live within that collective unit. To this extent, again just like other monies that has/had been created, it might well be suggested that, the euro constitutes a common symbol of a collective identity that defines and categorizes that collective unit, that is the Europeans.

But in order to suggest that something designates a common symbol of a collective unit and works as a constructive element in the identification process, first, at least at the conceptual level it should be clarified that, the collective unit under question has a collective identity to be identified with. In this regard, in order to suggest that the euro designates a common symbol for Europeans and hence works as a constructive element in the process of European identification, the existence of a collective European identity will be tried to be evaluated in the following chapter.

CHAPTER 5

EUROPEAN IDENTITY AND THE EURO

Whether there exist a European identity that is perceived commonly by Europeans or not, has been an -almost- historic argument that has not reached a conclusion yet. Some academicians propose that there exists a collective European identity that has been constructed for years. According to other academicians, an European identity that is shared commonly does not exist, or at least, remains trivial in comparison with national identities of peoples.

On the other hand, as was previously mentioned, it is a commonly agreed idea that identity is a multiple concept and it can not be evaluated in zero-sum terms. Individuals have multiple identities and 'people can easily live with multiple identities' (Aarts and Halman, 2005). To this extent, although in our contemporary era national identity is accepted to dominate other collective identities, holding a national identity does not necessitate the disappearance of other collective identities, and the question of European identity should be evaluated within this framework. Most people are perfectly happy with multiple identities, including being a member of both a nation and a wider European community (Smith, 1992). Most of Europeans are proud to be 'Europeans' and even more of them are proud to be 'citizens' of their country and national and (quasi-) national European identities thus they do not have to conflict (Aarts and Halman, 2005).

As a matter of fact, there exist a vast legacy of common historical, social, economic and political experiences for Europeans which lays the basis that is required for the formation of a collective identity. The basis for an

European identity may be traced back to ancient Greece and it might be suggested that those common experiences of Europeans such as the Roman Empire, Christianity, the humanism movement, the Crusades, the Renaissance, the Reformations, the Enlightenment, the French revolution, the common nation-state experience, common 'others'; many collective memories that have not been mentioned here explicitly, such as world wars, the cold war, capitalism, transition to welfare state system, the socialist threat, transatlantic relations; and many common symbols such as emperors, commanders, gods, goddesses, myths, stories, renowned artists, philosophers, scientists and etc. constituting the common history, common culture and common social memory for Europeans, creates and nurtures a common European identity. Although it might be argued that, these social and historical changes had not been experienced homogeneously throughout the continent, it should also be taken into account that, it is not a common experience for the history of world that peoples with different languages, traditions, customs, descents and pasts, share this much of objective elements with regard to their social and emotional world. Drawing the geographical boundaries of European continent or determining those peoples of Europe which had been experienced these common elements and which had not, is beyond the scope of this thesis. But, keeping in mind that, collective identity bears a multiplicity, it might be said that European people have historical, economic, social or political experiences in common which lays the basis for a European identity and to this extent no matter it is a strong or a weak one there exist a European identity.

On the other hand, it might be argued that the European project constitutes the most recent –and one of the most intense- collective experience of Europeans among those other collective memories. The European Economic Community/European Community/European Union might be suggested as the most influential factor in the formation of contemporary European identity. To this extent, in the next section contemporary European identity in the framework of European project will be evaluated and it will be shown

that, in our world it stands out as the most effective constituent of collective European identity.

5.1. Contemporary European Identity

After the end of second world war, both the economy and the social order in European continent was devastated. In such a political, economic and social environment, the Foreign Minister of France, Robert Schuman, on 9 May, 1950 suggested:

that Franco-German production of coal and steel as a whole be placed under a common High Authority, within the framework of an organization open to the participation of the other countries of Europe. The pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development as a first step in the federation of Europe, and will change the destinies of those regions which have long been devoted to the manufacture of munitions of war, of which they have been the most constant victims.

Belgium, France, Italy, Luxembourg, Netherlands and West Germany reacted positively to Robert Schuman's statement. The main aim of the plan was twofold. First, in economic terms, the plan sought to increase European coal and steel production in order to boost economic growth generally and allow France to meet her own needs for raw materials particularly. Second, in political terms, the plan aimed at smoothing Franco-German relations on the basis of shared interests while creating a climate of cooperation in Europe which in due course would guarantee peace in Europe, and integrating Germany into a permanent European structure in order to stop its threat to its neighbours through ensuring that the machinery and military power of Germany kept limited. To this extent, from the very beginning of what we know today as the European Union, more sophisticated aims were sought rather than merely creating an economic commonwealth.

What we know today as the European Union, is rooted by Rome Treaties, consisting, the Treaty establishing the European Economic Community; the Treaty establishing the European Atomic Energy Community (Euratom); and a Convention on certain institutions common to the European Economic Community, the Euratom and the European Coal and Steel Community, which were signed in Rome, Italy on 25 March 1957 by the representatives of Belgium, France, Germany, Italy, Luxembourg and the Netherlands. The Treaties entered into force on 1 January 1958.

The treaties (known as the Treaty of Rome in common), aimed at creating a Customs Union among the member states through eliminating customs duties and quantitative restrictions in regard to the importation and exportation of goods, as well as all other measures with equivalent effect, the establishment of a common customs tariff and a common commercial policy towards third countries, the abolition of the obstacles to the free movement of persons, services and capital between member states, and the inauguration of a common agricultural policy and transport policy.

On 8 April 1965 the Treaty establishing a Single Council and a Single Commission of the European Communities was signed in Brussels which entered into force on 1 July 1967. Henceforth, the Commission of the European Communities was the single body of the three European Communities of European Economic Community, European Coal and Steel Community and Euratom.

The European Community enlarged from 6 to 9 in 1973, to include Denmark, Ireland and the United Kingdom and in 1980s, from 9 to 12 to include Greece, Spain and Portugal.

In February 1986, the Europe of the twelve adopted the Single European Act. In so doing, the Community gradually discarded its purely economic character and moved towards a more closely-knit Community equipped with

greater powers in the political and social spheres. Designed to accelerate the completion of the Single Market, the Single European Act also envisaged the establishment of a European area without internal frontiers and provided for the establishment of a single market for the free movement of goods, persons, services and capital by 31 December 1992. It arranged for the creation of the European Community, a political as well as economic unification of Europe.

The European Union was formally established when the Treaty on European Union, known as the Maastricht Treaty was signed on 7 February 1992 and came into force on 1 November 1993. The Treaty is called 'Treaty on European Union' and not 'Treaty establishing the European Union'. It is not a definitive constitution but merely one stage in the evolutionary process of European integration. The established objective is 'an ever closer union among the peoples of Europe'. The institutional structure of the Union is made up of three distinct pillars: the first pillar, which works through community method, is composed of the European Community (a term that has replaced European Economic Community), the European Coal and Steel Community and Euratom, the second pillar is composed of common foreign and security policy and the third pillar is composed of justice and home affairs both of which works through intergovernmental cooperation method. By establishing the designation 'European Community' to replace the European Economic Community, the Treaty on European Union formalised the fact that since the Single European Act, the Community had adopted a character that went beyond the economic field alone. The European Community enjoyed new responsibilities, particularly the promotion of environmentally friendly economic growth, but also responsibilities in fields such as employment, social welfare, quality of life and economic and social cohesion.

In 1995 the European Union had enlarged from 12 to 15 to include Austria, Finland and Sweden.

The Amsterdam Treaty, which was signed in 1997, amended the Maastricht treaty in areas such as democracy and foreign policy. The most innovative features of the Treaty of Amsterdam are to be found in the field of relations between the European Union and its citizens. Explicit reference is made to human rights and to the principles of freedom, democracy and rule of law of which compliance therewith became a condition for accession to the Union. Community policies on the environment, health and consumer protection were strengthened.

The process of enlargement of the European Union to include the countries of Central and Eastern Europe, Malta and Cyprus, which began at the end of the 1990s, brought with it a need for more substantial institutional reforms than those introduced in 1997 by the Treaty of Amsterdam. Treaty of Nice which was signed on 26 February 2001, revised the Rome and Maastricht treaties to allow the European Union to cope with further enlargement to the east.

In 2002 euro notes and coins replaced national currencies in 12 of the member states.

In 2004 , the European Union had enlarged from 15 to 25 to include, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Later in 2004, the Treaty establishing a Constitution for Europe was adopted by the European Council in Rome on 29 October 2004. It had to be ratified by each of the Member States on the basis of either parliamentary procedure or a referendum. The European Constitution was to replace all previous treaties with a single document, however it never completed ratification after rejection by French and Dutch voters in referenda.

At the start of 2007, the European Union has enlarged from 25 to 27 to include Bulgaria and Romania.

All these instances which have rooted with the formation of European Coal and Steel Community in 1951 show that, the nations of European continent have been commonly experiencing a series of political, social and economic changes for the half century, which have been emanating from the European integration project. The project of European integration has had enormous impacts upon the lives of ordinary citizens in Europe. But the most important issue to be emphasized in here is that, these political, social and economic changes had been experienced commonly by the peoples of Europe. This argument does not hold only for the peoples of member states, but keeping in mind that the European integration project has been a colossal one which has shaped the economic, social and even political framework of the continent, it also holds -although in a limited extent- for the peoples of those non-member and subsequent member states either.

As a matter of fact, this argument which suggests that, the European integration project constitutes one of the common experiences of the European continent, and has a constructive impact upon European identity is also supported by the Community itself. The Community continually has tried to emphasize and promote the existence of a common European identity, and acting as an integral part in the cognition and nurturing of this identity, has worked also as an constructive element in this process.

The first and most obvious form of Community's conscious attempts in trying to emphasize and nurture European identity has been expressed in the 'Document on European Identity' passed by the foreign ministers of the European Community in 1973. In the document, the European identity was broadly defined as a collective identity that is based on a 'common heritage' and 'acting together in relation to the rest of the world' while the 'dynamic nature of European unification' was to be respected (Wiener, 1997).

Since 1977 the Commission, with the steadfast support of Parliament, has developed a 'cultural policy' which has helped to boost people's awareness of a European cultural identity. This policy was given formal recognition by the Heads of State or Government at the Stuttgart and Milan European Councils in 1983 and 1985 respectively (Commission of the European Communities, 1988).

In the 70s, promoting an European consciousness and creating an European identity has been a crucial policy goal for the supporters of European integration. In the early seventies, the development of a supranational identity has been placed on the top of European Community's political agenda regarding the debates on the future of European integration. In the eighties, the priority was given to creating a single European economic field and single market in favor of the idea of a political union which was although not abandoned. In the late eighties, large scale European public relations campaigns introducing a wide variety of Eurosymbolism were handled. In the early nineties, after the Single Market had actually come into effect, the call for ongoing political integration and the promotion of European identity firmly regained momentum. A next important step in the process of mobilizing and creating European consciousness would undoubtedly be the introduction of the common currency (Jacops and Maier, 1998).

The presence of Europe is increasingly manifest in tangible and symbolic forms (from building works and student exchange schemes, to supermarket shelves and patterns of consumption) even in those communities farthest from the centres of European decision making (Varenne, 1992).

Treaty establishing a Constitution for Europe which was signed in Rome by representatives of the member states on 29 October 2004, but remains unimplemented due to the rejection of it which should had to be ratified by all Union states, was a conscious attempt aiming at considerably to contribute to create a common European identity with regard to

contemporary realities –or ambitions- of Europe, on the basis of a European citizenship. In Article I-8 of the Treaty, common symbols of the Union has been addressed:

Article I-8

- The symbols of the Union
- The flag of the Union shall be a circle of twelve golden stars on a blue background.
- The anthem of the Union shall be based on the ‘Ode to Joy’ from the Ninth Symphony by Ludwig van Beethoven.
- The motto of the Union shall be: ‘United in diversity’.
- The currency of the Union shall be the euro.
- Europe day shall be celebrated on 9 May throughout the Union.

There is much to suggest that Europe has significant meaning for the peoples of Europe. A glance at the books regarding European Studies will reveal a host of new titles in which the term Europe appears prominently with regard to not only the emergence of the European Community - now European Union- but the very nature of the ‘idea of Europe’ as well. At the same time, the organization of life and work in contemporary Europe increasingly brings peoples of different nationalities together in ways that promote transnational thinking. Developments such as the issuance of European Union passports and the adoption of regulations that permit European Union citizens to exercise defined citizenship rights throughout the Union are encouraging people to think about Europe as a significant political-territorial entity .And the very fact that Europe is treated as a cultural-cum-political construct in a variety of contexts—ranging from international trade associations to area studies programs—helps to fuel the idea that Europe has some meaning in the context of developments that has been realizing for the last half century (Murphy, 1999, p. 60-1).

European Union membership has significant constitutive effects. European states are increasingly defined in accordance to their membership situation as members, non-members, or would-be members. Their status in Europe and to some degree in world increasingly depends on these categories. There is no way that European states can ignore the European Union, even such devoted non-members as Switzerland (Risse, 2004 cited in Brewer et.al, 2004).

The impact of European integration project upon European identity is far more than symbolising the entrance to a European club. The European Union has achieved identity hegemony in the sense that 'Europe' increasingly denotes the political and social space occupied by the European Union. In the context of Eastern enlargement, Central Eastern European states want to "return to Europe," as if they were currently outside the continent. When Italy prepared itself for entering the eurozone, the main slogan was "entrare l'Europa" (entering Europe) as if Italy – one of the six founding members of the European Community – had ever left it. In these contexts, Europe is used synonymously with the European Union. To the extent that people identify Europe with the European Union, this would be a remarkable achievement of forty years of European integration. If Europe and the European Union are used interchangeably, it means that the latter has successfully occupied the social space of what it means to be European. One could then not be a "real" European without being European Union citizen (Risse, 2004 cited in Brewer et.al, 2004).

It has previously mentioned that, the common objective elements play a vital role in the process of identification. In this regard, the existence of common historical experiences of European continent might be suggested as the objective elements that are needed in the identification process. On the other hand, the importance of the 'other' has also been introduced as an ingredient in the process of subjective consciousness emphasizing that the concept of 'other' is used as a tool through differentiating the ingroup from

the outgroup. As it has been explicated, the European identification process has also enjoyed the advantages of otherization as well. To this extent, it can be claimed that, throughout history, the required elements with regard to a collective identification has existed in the continent of Europe and it is possible to claim the existence of a collective European identity.

On the other hand, it has been also mentioned that, the European integration project, which stands for the last common yet major experience of Europe for the last half century, takes the question of European identity seriously. The Union, has formally defined European identity and has taken actions in order to promote and boost it. With this regard, the single currency project had offered the Union a peerless opportunity that enabled the Union – bracketing time and space- to propagandate of the unity and of the commonness of Europeans together with the pursuit of macroeconomic ambitions.

5.2. The Architecture of Euro as a Tool of Propoganda

When the imageries on coins and bills are carefully examined, it can be found that, in a visual manner, imageries on currencies implies several aspects of collective identities. For instance: Europe map on Euros (geography); monuments of Anıtkabir on Turkish Lira, Independence Hall on American Dollar (common history); Hellenic figures on Euros (commonly shared culture); “In God we trust” phrase on American Dollars, god/goddes imageries on ancient Roman coins (religion); Atatürk’s image on Turkish Lira (national heroes), iron and steel imageries on Euros-regarding industrialization (common experience) and et cetera are just a few examples from innumerable currencies of different nations and of different ages.

From this point of view, it might be suggested that, the imageries on euros are not coincidental. Putting aside the functionalist view of monetary integration –that is, introduction of Euro was a further and natural step in an attempt to create a single market and was a must for ‘European Integration’ project- Euro was issued to construct a ‘European’ identity. The imagery of euro and the European Central Bank’s statements about those imageries can serve as an evidence for this attempt (Kaelberer, 2004).

The name of the European Union’s new currency was negotiated at the meeting of the European Council in Madrid in December 1995. Suggestions including the ‘ducat’, ‘ecu’, ‘florin’, ‘franken’, or using the euro as a prefix to existing currency names – ‘euromark’, were rejected because of their national connotations. During the council meetings, it was agreed that the name should be the same in all official languages of the European Union, taking account of different alphabets, and easy to pronounce. Above all, it had to be simple and representative of Europe. At the end of the meetings, the leaders decided on the name: the ‘euro’ (European Central Bank, 2007).

Attempts of creating a name for the new currency which would not have a national connotation might be interpreted as the Council’s conscious purpose which aims at creating a name for the common currency that would denote the collective and inclusive European identity, apart from national identities.

On the other hand, Council’s taking into account decision, of different alphabets and all official languages of the European Union, might show that, in creating the name ‘euro’, the national characteristics of each member state –in this case languages- are also taken into account and by this way, a name that is apart from national identities, yet familiar with national languages could be created for the common single currency.

The internationally accepted symbol of Euro “€” is inspired by the Greek letter epsilon (€) The € points back to the cradle of European civilisation

and symbolises the first letter of Europe and is crossed by two parallel lines to indicate the stability of the euro (European Commission).

The symbol “€” also refers to the first letter of the word ‘Europe’. It can be argued that this -some sort of- abbreviation is used in order to address the uniqueness of the continent which reminds the geographical aspect of identity.

5.2.1. Eurobanknotes:

In November 1994, the Council of the European Monetary Institute asked the Banknote Working Group to make proposals for design themes for the euro banknote series. The group, worked closely with an external advisory body, the Theme Selection Advisory Group, which consisted of experts in the fields of history, art, psychology, general design and banknote design. The Advisory Group was asked, first, to suggest themes that would create a sense of unity or form a “family” of the seven banknote denominations, and second, to select the three best themes and rank them. In the end, the Advisory Group proposed the following three themes:

‘Ages and styles of Europe’: one side of the banknote would show portraits of ordinary men and women taken from European paintings, drawings and sketches across the ages; the other side would show architectural styles. The idea was to choose a theme that stressed the common cultural heritage of the nations of Europe and carried a clear European message worldwide. After all, Europe’s most famous buildings or landmarks are better known than the continent’s leaders.

‘Heritage of Europe’: one side of the banknote would show illustrations of famous men and women from the past; and the other side would show achievements in fields such as music, painting, science, architecture, literature, medicine and education. However, striking a balance between the

countries and also between the depiction of men and women was found to be difficult.

‘Abstract theme and security’, later renamed ‘Abstract/modern design’: involved geometric shapes and non-figurative design elements. It offered a high degree of design flexibility and would make it easier to include a wide range of security features, such as holograms and colourshifting inks (European Central Bank, 2007).

In June 1995 the European Monetary Institute Council approved two of the three proposals: ‘Ages and styles of Europe’ and ‘Abstract/modern design’. By all the central banks in the European Union (except Denmark’s) designers were nominated and a total of 29 designers or teams submitted 27 proposals with the ‘traditional’ theme and 17 with the ‘modern’ theme. Towards the end of September 1996, a jury of independent experts in marketing, design and art history met under the chairmanship of the European Monetary Institute in order to select the five best designs for each theme. The selected ten design series shortlisted by the jury were shown to a cross-section of the public in October 1996, in the countries likely to be participating in the euro area. A market research company spent a week interviewing 1,896 people about the designs (European Central Bank, 2007).

The poll revealed that in Robert Kalina’s design:

- the architectural drawings were the main eyecatcher, but people said they quickly noticed that Europe was a key element;
- the European identity that was depicted was multiple, unique and dynamic, and it combined the continent’s past with its future (European Central Bank, 2007).

In December 1996, all 44 designs were presented to the Council of European Monetary Institute. The traditional design of Robert Kalina was

approved by the Council members; they found the message conveyed so striking. This decision was announced on 16 December 1996 at two parallel press conferences: one at the European Monetary Institute in Frankfurt by the Institute's President, Alexandre Lamfalussy, and the other at the Dublin European Council by the Governor of the Netherlands' central bank, Willem F. Duisenberg (European Central Bank, 2007).

Having summarized the designing history of the eurobanknotes, it is worth to make some interpretations upon the Council of European Monetary Institute's decision preferences regarding the eurobanknote designs. At the very beginning of the design adventure of the eurobanknotes, three themes were proposed by the Advisory Group all of which were developed in a manner that emphasize the known to be 'common' values of the European civilization. Among three proposals, the theme entitled 'Heritage of Europe' was dismissed by the European Monetary Institute as this theme was found to be difficult in setting a balance among the nations of European Union. With this regard, it might be suggested that, from the very beginning, a monetary denominator was tried to be created which on the one hand touches the commonness and which on the other hand eliminates the national singularities of the participant nations of the denominator, with its name and with its design.

The results of the polls conducted by a market research company revealed that, in the designs of Robert Kalina it was perceived that Europe was the key element and there was a depiction of a European identity on the eurobanknotes. After evaluating all of the results of the interviews conducted by the market research company, the Council of European Monetary Institute, possibly sharing the same notions with the interviewees, approved Robert Kalina's designs. In this regard, the depiction of a common European identity and of a sense of Europe, might be suggested as another component of the decision preference of the Council.

The euro banknotes depict the architectural styles of seven periods in Europe's cultural history: classical (Greek and Roman) period, starting from eighth century BC and ending at fourth century AD, Romanesque period of eleventh and twelfth centuries, Gothic period of thirteenth and fourteenth centuries, Renaissance period of fifteenth and sixteenth centuries, Baroque and Rococo period, starting from 1600s and ending by 1750s, the age of iron and glass, starting from 1850s and ending at 1914 and from the 1930s onwards the twentieth century's modern architecture (European Central Bank, 2007).

In this respect, the Euro-bills are completely designed to include values that are accepted to be common for Europeans. Usage of architectural themes on the bills serve for emphasizing the common European experience. There is an ancient Roman arch and aqueduct depicted on 5€ bill –common Roman Empire experience-; a Romanesque church door and bridge on 10€ bill – the common Romanesque experience-; a Gothic church window and the bridge is depicted on 20€ bill –the common Gothic experience; a Renaissance architectural style on 50€ bill –common Renaissance experience-; on the 100€ bill Baroque and Rococo architectural constructions are printed – common Baroque and Rococo experience- ; iron and glass architecture depicted on 200€ bill –the industrialization experience-; and finally on the 500€ bill modern twentieth century architecture is placed. As mentioned, the imageries on Euro-bills are selected in order to emphasize the relation between the 'modern Europe' and the 'European tradition'. The imageries go back to the history, remind the common historical experiences Europe faced from period to period and stresses the common European memory. Thus the selected symbol for Euro is a conscious attempt, aiming to emphasize a common historical background of Europe

There exist three main architectural elements used in eurobanknotes which are, windows, gateways and bridges. The windows and gateways on the

front of each banknote are said to symbolise the spirit of openness and co-operation in Europe. (European Central Bank, 2007) Open-mindedness to different opinions and tolerance against various views constitutes the vision and mission of modern Europe. This vision -which calls for many candidate countries to implement new legislations and synchronise its own laws along with the European Union- is said to be originated from Europe's common culture which is formed in centuries. Therefore the 'windows and gateways' on Euro-bills symbolize the modern European vision of openness and co-operation where the commonly shared culture –another aspect of identity- of Europeans is referred.

These design elements are complemented on the reverse of each banknote, which features a bridge typical of the respective age of European cultural development. These bridges range from early constructions to the sophisticated suspension bridges of the modern era and are used as a metaphor for communication among the people of Europe and between Europe and the rest of the world (European Central Bank, 2007).

It might be argued, consciously or unconsciously, the metaphoric design and to a more extent explanation of the bridges reminds the subjective 'we' ('the people of Europe' in terms of European Central Bank's jargon) vis a vis 'others' (the rest of the world in European Central Bank's jargon). Thus, the design but more than that, the reminder of the design among the European elites, might be introduced as an another clue of an attempt which aims at positioning the single European currency in the the common European identity.

To conclude, it might comfortably be suggested that there has been a conscious attempt to create a common currency with a name and symbol which gives the participant countries a sense of 'commonness' and a sense of 'Europeanness'. In doing so, although the national components such as the alphapets or the languages were taken into account, strong national

characteristics were tried to be avoided in order to feed and preserve the the ‘created’ commonness via the design of the banknotes.

The European Monetary Institution’s last touch to the banknotes in revising the figurative bridges, windows and gateways in order to make sure that they did not closely resemble real ones, taking into account that otherwise there would have been comments about a national bias, might be suggested as an indicator which clearly exposes the aims pursued by the Institution with regard to creating a ‘common’ European identity via using the design of the banknotes as a proxy.

5.2.2. Eurocoins:

The design selection for the eurocoins was coordinated by the European Commission where each coin would have a “common European side” and a “national side”. For the common European side, each designer had to propose a complete series of coins based on one of these three themes:

- architectural and ornamental style
- aims and ideals of the European Union
- European personalities (European Central Bank, 2007).

In March 1997, during a European panel which was chaired by the Secretary-General of the European Commission nine series were selected from among the 36 entries. In June 1997, the Amsterdam European Council selected the winning series, designed by Luc Luycx from the Royal Belgian Mint (European Central Bank, 2007).

Each country had its own selection procedure for the design of the national side. The only common elements were the date of minting and the 12 stars symbolising the European Union. For historical, and often constitutional, reasons, the reigning monarch is depicted on coins minted by countries that

are monarchies. Coin design in republics tends to show greater continuity (European Central Bank, 2007).

On one side of the euro coins there exist national symbols of the country in which the coin is issued and on the other side there exist European symbols.

The European side of the coins... depicts a map of the European Union against a background of parallel lines linking the 12 stars of the European Union flag. The 1, 2 and 5 cent coins show Europe's place in the world and the 10, 20 and 50 cent coins depict Europe as a group of individual nations. A united Europe without frontiers is represented on the EUR 1 and EUR 2 coins. (European Central Bank, 'Euro Bank Notes' in Kaelberer, 2004).

Regarding the imagery on euro coins, an inspiration from the European flag –which constitutes a tool, devised in order to stress the collectivity of European citizens- was used. The use of a devised tool, the European flag, in order to assure the collectivity sense of another devised tool, the euro, might be explicated as a conscious attempt which aims at creating a collective European identity.

The designs on the common sides of the coins feature the continent of Europe depicted in different ways. They are intended to symbolise the unity of the European Union (European Central Bank, 2007).

On Euro-coins, a map of European Union is depicted. Both 'the Europe as a group of individual nations' and the 'the place of Europe in the world' are shown on coins. This can be regarded as another attempt trying to define European identity in terms of geography. Putting a world map and showing the place of Europe might be evaluated as an attempt which tries to enhance the identification of the Europeans with regard to geographical boundaries. On the other hand, the image of Europe as a group of individual nations, might be explicated as an effort which aims at designating the Europeans

and the others. The imagery of the united Europe, as the name suggests, signifies the unity of Europe, adding to the collective identity of Europeans.

To this extent, it might be suggested that, as it was the case for the eurobanknotes, the imagery selection of eurocoins by the European Commission officials was done again, neither unconsciously nor coincidentally. The whole attempt was undertaken in order to stress the commonality of 'Europeans' in terms of those elements which is believed to be the components and the constituents of a collective European identity.

So far it has been shown that there exist a vast legacy of common experiences that offer the appropriate conditions for the formation of a common European identity and among them the European project stands out as the most recent one that shapes, nurtures, emphasizes and promotes this identity. It is demonstrated that European identity is given a noteworthy weight in the policy formulations of the Union and the single currency constitutes one of the most substantial projects developed by the Union officials that aims at emphasizing and nurturing a common European identity. In this respect, the architecture of the euro in the framework of European identity has been explicated and by means of applying the logic that has been introduced in the fourth chapter –entitled 'Money as an Identity Component'- it has shown that there has been a conscious attempt in the formulation of the euro which aimed at increasing the awareness of the peoples of Europe of the existence of an European identity.

However, explaining money as an identity component and underlying those attempts which aims at using the euro as an identity agent, although suggest the existence of a relationship between the euro and European identity, does not necessitate the existence of a constructive impact of euro upon European identity. To this extent, in order to grasp a better understanding of the impact of euro upon European identity and in order to ground the arguments of this thesis to empirical data, the next chapter is devoted to the analysis of

Eurobarometer results. In the next chapter, at first, some selected Eurobarometer reports will be studied and some interpretations in the framework of euro-European identity relationship will be presented at collective level. Second, in order to avoid fallacy of composition the collective approach will be abandoned and the euro-European identity relationship will be examined in some member states within their own circumstances.

CHAPTER 6

ATTITUDES TOWARDS EURO: A COMPARATIVE STUDY

Since Autumn 1973, a public survey throughout the members of the European Communities/European Union, called Eurobarometer public opinion surveys (Standard Eurobarometer surveys), have been conducted. The aim of these surveys can be stated as to collect information about public awareness, knowledge and attitudes towards the European Common Market and the various institutions of the European Economic Community/European Community/European Union. From 1974 onwards these studies have been conducted on a regular basis twice a year, spring and autumn, with face-to-face interviews and thematic telephone interviews to collect information on attitudes and assessments of social, economic and political conditions of the population in the member countries. They have included Greece since Autumn 1980 (Eurobarometer 14), Portugal and Spain since Autumn 1985 (Eurobarometer 24), the former German Democratic Republic since Autumn 1990 (Eurobarometer 34), Austria, Finland and Sweden from Spring 1995 (Eurobarometer 43), Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovakia and Slovenia from Spring 2004 (Eurobarometer 61), Bulgaria, Croatia, Romania and Turkey from Autumn 2004 (Eurobarometer 62), onwards. From Autumn 2001, they have been conducted on behalf of the Directorate-General Press and Communication (Opinion Polls) of the European Commission (Standard Eurobarometer 60, February 2004).

Eurobarometers bears a critical importance for most of the academic studies. The data that the Eurobarometers present are of great importance in the sense that, Eurobarometers offers the simplest and in most cases the

only way to reach a Europe-wide information regarding an area of interest. The Eurobarometers serve as an elusive reference in most of the academic studies which scope Europe-wide subjects and the data that Eurobarometers present are revealed, explicated or interpreted in most of such studies (For instance: Engelmann-Martin et.al, 1999; Risse, 2002, 2003; Jonas, 2003, Canova and Manganelli, 2003; Kaelberer, 2005; Jonung, 2004; Aarts and van der Kolk, 2006; Doherty and Miles, 2005 and others).

Eurobarometer surveys also offer useful data regarding the scope of this thesis. Some of the results that are revealed in the following directly address the perception of European identity of the peoples of the European Union and the candidate states. Some of the results, although do not expose a direct relationship, can still be used in order to explicitly designate the representation of the single currency among the peoples of member and candidate states which in turn, might be evaluated as the denominator of the impact of the single currency upon European identity.

In this regard, it would be most wise to reveal some of the Eurobarometer surveys in order to directly reveal the position of the single currency upon European identity and in order to grasp the representations of the single currency among the peoples of European Union, which might in turn can be suggested as a proxy of the impact of the euro upon European identity. To this extent, in this part of this thesis, some Eurobarometer results will be revealed and tried to be interpreted.

6.1. Euro and Sense of Europeanness

The Flash Eurobarometer 193, November 2006, is a special report which aims at understanding and revealing the impact of and the perceptions about the euro in its fifth year in twelve member countries (Austria, Belgium,

Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain).

In the survey, the respondents were asked, among others, whether they felt themselves more European or not by using the single currency, and the position of the euro within the perceived European identity of the respondents was tried to be revealed.

According to the report, 78% of the peoples of eurozone area do not consider the euro to have either positive or negative effect on their sense of being European. The report notes that, this figure has not changed in the past three years (78% in 10/2005, 78% in 11/2004 and %80 in 11/2003). The percentage of those people who feel themselves more european after the introduction of euro is 19%, and it is only 2% of the peoples of eurozone countries who claim that the euro makes them feel a little less European.

In the report, the difference of the percentage of citizens feeling a little more European and the percentage of those feeling a little less European by using the euro is computed at country level and hence the net effect of euro upon european identity is reached.

According to these results, the net effect of euro upon european identity is largest in Ireland, by 56%. Ireland is followed by Italy with a net effect of 28%. The rest of the percentages of the eurozone countries are as follows: 19% in Luxembourg, 18% in Portugal, 18% in Eurozone-12, 17% in France, 17% in Spain, 16% in Belgium, 15% in Finland, 13% in Austria, 12% in Germany, 11% in Greece and finally 10% in the Netherlands.

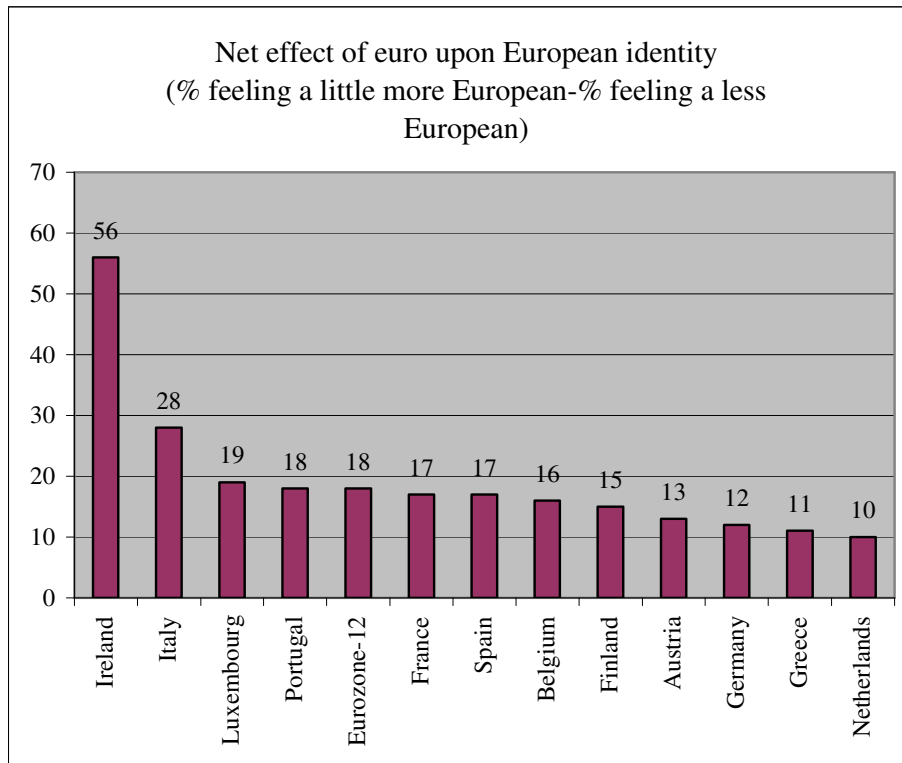


Figure 1. Net effect of euro upon European identity
(% feeling a little more European - % feeling a little less European)
(Source: Flash Eurobarometer 193, The eurozone, 5 years after the introduction of euro coins and banknotes, Analytical Report, November 2006)

The Flash Eurobarometer 191, November 2006 is a special report devoted to understand and reveal the impact of and the perceptions about the euro in the new member states (Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovakia and Slovenia). In the report, the respondents were asked whether they would feel themselves more European if they used euro in their daily lives. The results reveal that, more than half of the peoples of European Union's 2004 expansion, would feel themselves more European by using the the single currency.

The respective ratios for each member state are as follows: 68% yes and 30% no for Slovenia, 67% yes and 28% no for Czech Republic, 63% yes and 30% no for Malta, 62% yes and 29% no for Poland, 59% yes and 32% no for Slovakia, 47% yes and 44% no for Latvia, 43% yes and 48% no for Estonia, 42% yes and 46% no for Lithuania, 41% yes and 54% no for Cyprus and 30% yes and 66% no for Hungary.

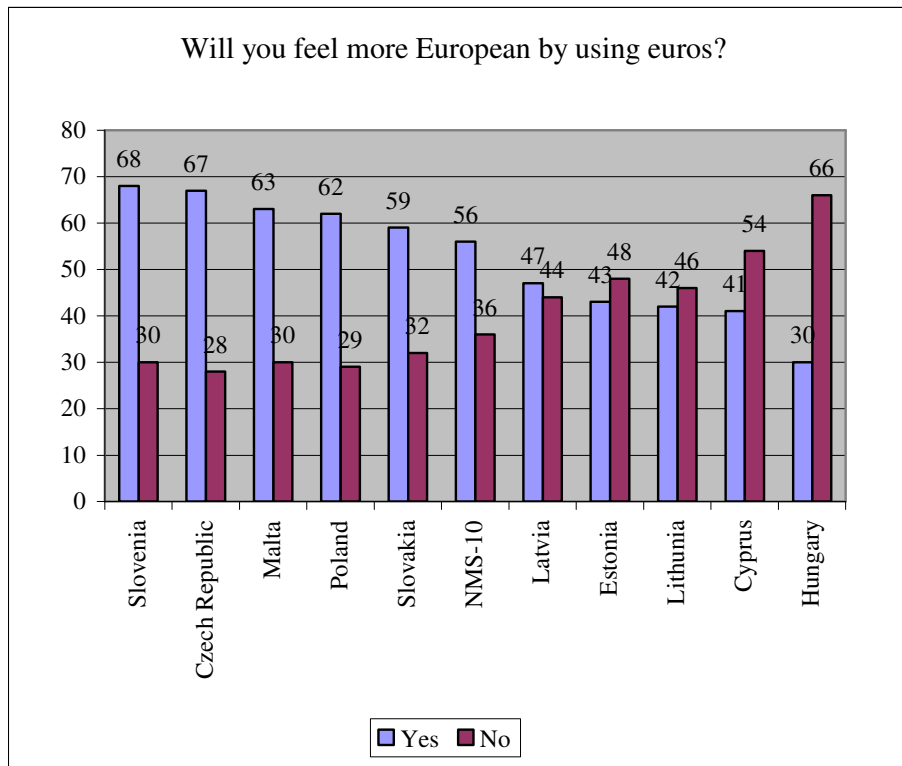


Figure 2. Will you feel more European by using euros?

(Source: Flash Eurobarometer 191, Introduction of the Euro in the New Member States, Analytical Report, November 2006)

The preceding graph reveals that, there is a general tendency among the peoples of especially –in descending order- Slovenia, Czech Republic,

Malta, Poland and Slovakia that, by using euros, they would feel themselves more European in comparison with their national currencies.

Comparing these two Eurobarometers, it can be seen that there exist a contradiction between the results of each relevant Eurobarometers. Although both Eurobarometers aim at revealing the impact of same currency upon –to some extent a same European- identity, there exist a huge difference among the two country groups. The peoples of the member states of the eurozone area, among which the newest members enjoy the opportunities offered by the Union for 11 years and the oldest ones for 49 years at the time of the survey, claim not to perceive much change in their identity conception after the introduction of euro. On the other hand, the peoples of the new member states, which have been members of the Union for 2 years at the time of the survey, claim to perceive the single currency as an identity component in their conceptions.

To this extent, it might be argued that, the difference between the two groups of countries could be attributed to the peoples of old member states' years of experience of the common values of the Union such as the common market, common policies, common flag and anthem. In this regard, it might be suggested that, as the peoples of old member states have been experiencing such historic changes triggered by the Union in their identity conceptions for years by now, their eventual conception of European identity has not changed that much by the single currency project. On the other hand, for those new member states, the ingredients of the European Union's membership package comes -relatively- on the same time and any ingredient of the membership designates a bright new value for the new member states, all of which represent major changes in the identity conceptions of the peoples of the new member states.

Therefore, in order to analyse the impact of the single currency upon European identity, a much more in depth analysis should be conducted at

country level. In this respect, rather than aggregating the countries, and working on collectivities, a country oriented study should be handled and each country's special circumstance vis-a-vis the introduction of the single currency should be evaluated in order to reveal the perceptions towards the euro and its possible effects upon identity formulation. As a matter of fact, this low percentages issue of respondents who regard the single currency to have a direct affect upon their European identity, is a concept which was drawn attention before by Risse (2003), and in his study, he also follows the same way of conducting country study in order to draw a better and satisfactory picture of euro within the European identity.

In addition to that, Risse (2003) suggests those Eurobarometer results which although do not focus directly on the European identity, but expose the representation of the euro in new member states, as indicators of the single currency's performance in affecting collective identities in Europe. To this extent, in the following sub-sections, a number of other Eurobarometer results which are believed to reveal the representations of the euro in the member and candidate states will be revealed and tried to be interpreted.

6.2. Support for Euro

The results of Standard Eurobarometer 66, September 2007, comprises the responses given to the question 'Are you for or against a European Monetary Union with one single currency, the euro?'. The results reveal that, nearly 5 years after the introduction of euro, 60% of all respondents of the peoples of European Union members (regardless of whether they are part of the eurozone or not) state that they are in favour of euro. On average, support for the single currency continues to be highest in the 12 eurozone countries, compared to EU15 as a whole and the new member states. The relevant past averages of the support for the single currency percentages in the European Union are as follows:

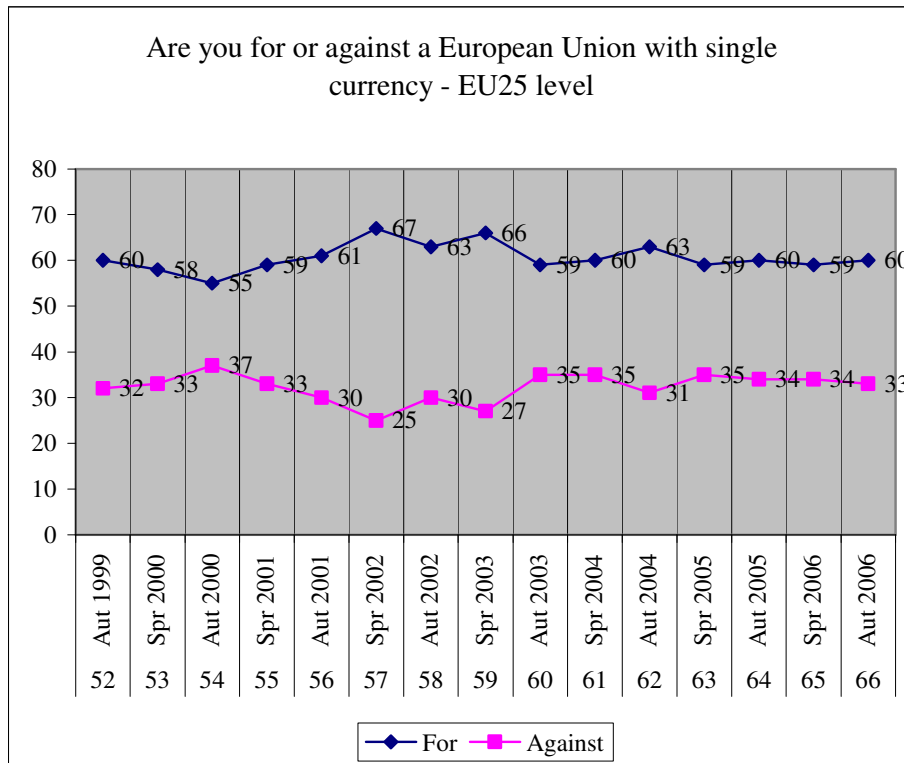


Figure 3. Are you for or against a European Union with single currency?
 (Source: Standard Eurobarometer; 66, September 2007 – 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005 – 61, July 2004 – 60, February 2004 – 59, July 2003 – 58, March 2003 – 57, October 2002 – 56, April 2002 – 55, October 2001 – 54, April 2001 – 53, October 2000 – 52, April 2000)

The results of the preceding graph reveal that, at the European Union level, there exist a remarkable and more or less a steady support for the euro. The support for the single currency reaches its peak in May 2002 (Standard Eurobarometer 57), after a few months following the physical introduction of the single currency. On the other hand, the averages of the support levels reveal large variations at country level.

According to the Standard Eurobarometers that are conducted, the support levels for the single currency can be generalised in accordance with different socio-demographic groups of the peoples of the European Union.

To this extent, support for euro is most widespread among:

- managers and citizens with the highest education level,
- citizens who feel most well-informed about the European Union,
- opinion leaders, people to the left political scale and,
- students.

The opposition is most widespread among:

- people who have negative image towards the European Union,
- people who are opposed to a European Constitution,
- people who left full-time education and,
- the unemployed people.

6.3. Meaning of European Union Personally

In the Standard Barometer 65, January 2007, which was conducted between March-May 2006, the respondents were asked what the European Union personally meant for them. It might be suggested that, as the respondents' answers are shaped in accordance with their conception of the European Union, the emergent categories of this survey might be presented as the primary representatives of the European Union in people's mind.

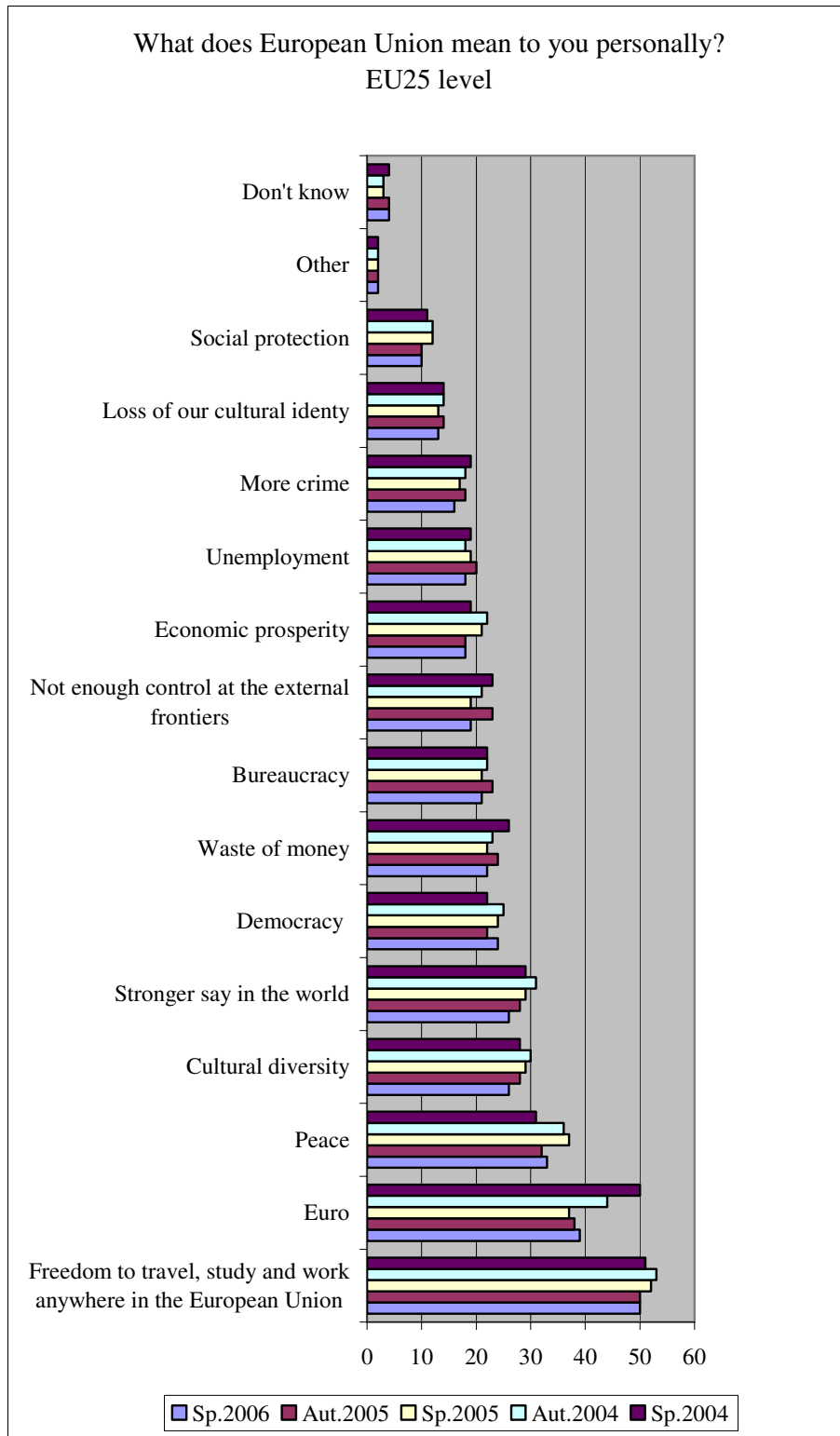


Figure 4. What does European Union mean to you personally?
 (Source: Standard Eurobarometer; 65, January 2007 – 64, June 2006 – 63, September 2005)

The results given in the preceding graph reveal that, following ‘Freedom to travel, study and work anywhere in the European Union’, the ‘Euro’ is mostly associated with the European Union. At this point, it should be reminded that, the category ‘Freedom to travel, study and work anywhere in the European Union’ is the goal of priority of the Union since the signing of the Rome Treaty in which it had been clearly specified in the ‘Principles’ entitled Article-3, under Part One of that, the activities of the Community shall include the abolition, as between member states, of the obstacles to the free movement of persons, services and capital. In this respect, the remarkable percentage of the association of the euro with the European Union -which bears to be a spiritual union as well as it is political and economic-, might be evaluated as a striking evidence of the weight of the single currency upon european identification.

This way of thought is also followed by Thomas Risse, who suggests in his study that, the high frequency of the ‘euro’ category answers, is a strong indicator that the euro has quickly become an important symbol of European integration: “When citizens think the European Union, they appear to also think the ‘euro’. In this sense the new currency has already reached the status of an identity marker” (Risse, 2003, p 493).

6.4. Ensuring Future of Europe

In Eurobarometer 66, the respondents had asked about their opinions for possible alternative ways to ensure the future of Europe and given six options out of which only two could be chosen. The result for this survey at EU25 level is presented below:

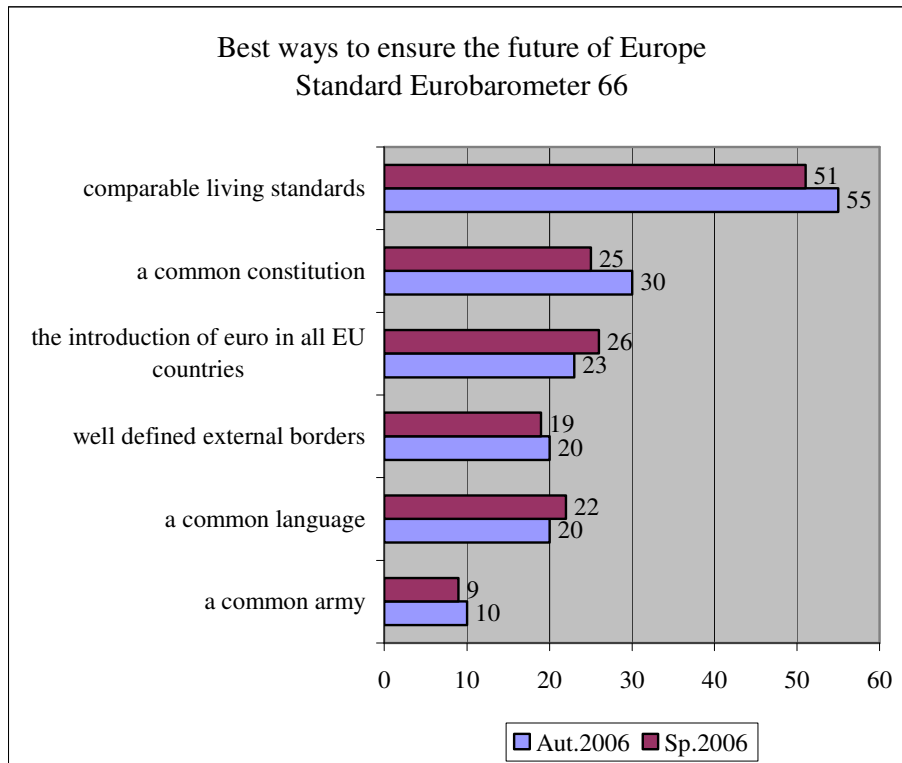


Figure 5. Best ways to ensure the future of Europe
(Source: Standard Eurobarometer; 66, September 2007)

The results indicate that, there has been a remarkable tendency towards the perception of a single currency as a the ensurer of Europe in future. It is worth to note that, as was explicated before, a defined territory, a common language, common institutions (that are to be adopted by a common constution), a sense of commonness (comparable living standards of europeans vis a vis the ‘others of europe’) and a common currency compose the main ingredients of a perfect identification. With this regard, it might be suggested that these identity markers are believed to be ensurers of the continuity of European project by Europeans at EU25 level and among them, common currency has a remarkable place.

6.5. Perceived Advantages of Adopting the Single Currency

The Flash Eurobarometer 207, May, 2007 is one of the special reports devoted to understand the place of euro in newly acceded and candidate states. The Flash Eurobarometer 207 report is conducted in new member states of the Union (Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Romania and Slovakia. Slovenia, due to the adoption of euro by January, 2007 is not included in the report).

In the Flash Eurobarometer 207 survey, the respondents were asked to reveal economic and political advantages that they perceive to be realized following the adoption of the single currency. The results are given below:

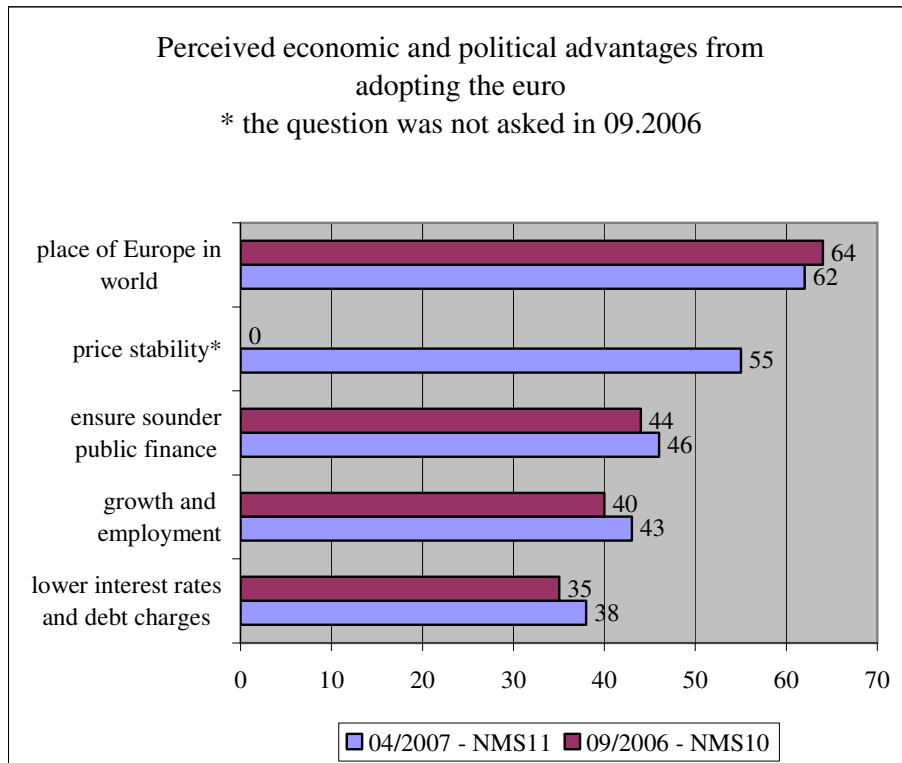


Figure 6. Perceived economic and political advantages from adopting the euro
(Source: Flash Eurobarometer 207, Introduction of the Euro in the New Member States, Analytical Report, May 2007)

The results shown in the preceding graph indicate that, the main expected political and/or economic consequence after the adoption of euro in respondents' countries is associated with the place of Europe in world. The respondents believe that, with the accession of their country into the Union with others, the enlargement of eurozone would enhance the global significance of the European Union in world issues. 'The place of Europe', which is believed to be the most perceived advantage after the adoption of euro as of approximately 65% of the respondents believe in so, is followed by 'price stability' by 55% in new member states. The remaining expected consequences are believed to realize only by less than half of the respondents in each country.

These results might be interpreted in a manner that, the most perceived advantage that is expected to realize after the adoption of euro is related with a social category, Europe, rather than an economic category –as in the following categories- by the respondents. The adoption of a single currency throughout European Union states, is believed to enhance the global position and say of the Union. Economic expectations are given a less importance compared to this political potential consequence.

6.6. Perception Towards the Single Currency

In the Flash Eurobarometer 191, November 2006, the respondents were asked to reveal their perceptions with regard to the single currency of the European Union. The results indicate that, in the new member states of the 2004 expansion, the euro is perceived as a tool which would boost the place of Europe in world and as a proxy which would enhance Europeanness.

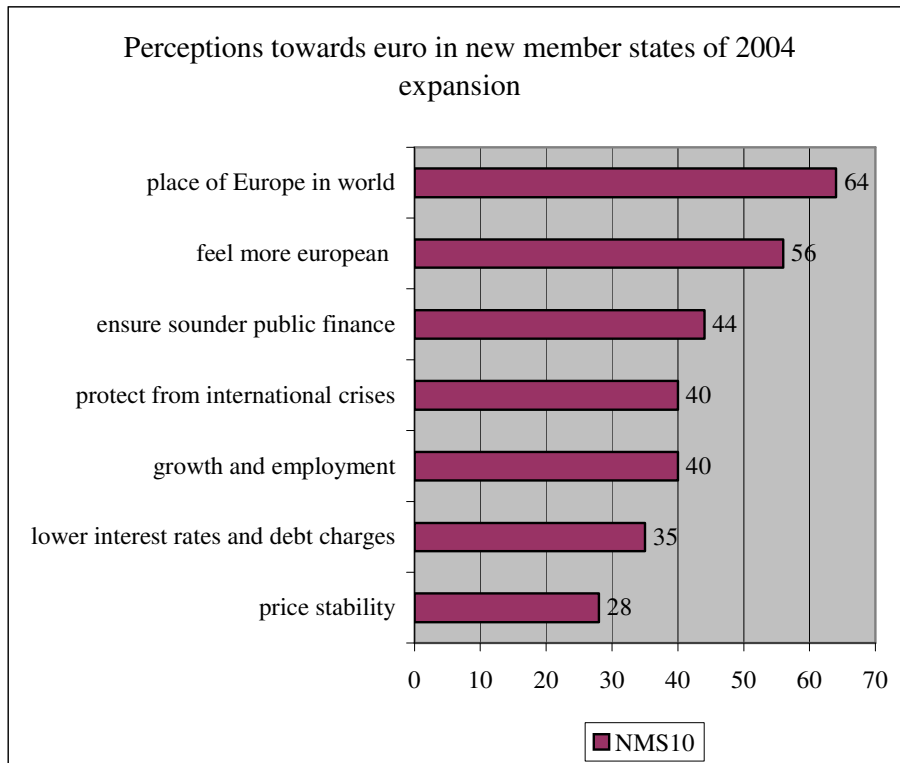


Figure 7. Perceptions towards euro in new member states of 2004 expansion
 (Source: Flash Eurobarometer 191, Introduction of the Euro in the New Member States, Analytical Report, November 2006)

According to the results revealed in the preceding graph, 64% of the peoples of new member states think that the euro will reinforce the place of Europe in world and 56% think that euro will make people feel more European. Surprisingly, only 44% of the peoples of new member states think that the euro will ensure sounder public finance, 40% think that euro will improve growth and employment; 40% think that euro will protect the country from international crises; 35% think that the euro will ensure lower interest rates and lower debt charges and finally 28% think that the euro will help to maintain the price stability.

To this extent, 'the place of Europe in world' and 'feel more European' categories are agreed to a larger extent than other categories with regard to the representations of the euro in new member states. In this regard, these perception levels might be introduced to suggest that a huge part of the support behind the euro is related with the 'Europe' as a category –as in 'place for Europe in world'- and with the 'European identity' as a social collectivity –as in 'feel more European'- rather than a 'Union' as merely an economic saviuor. Thus, it might be argued that the prospective introduction of the single currency in the new member states does reinforces the sense of Europeanness among the peoples of these states.

6.7. Benefit from the Single Currency

In the Standard Eurobarometer 66 the respondents were asked of what achievements of the European Union they have benefited from. The results are presented below:

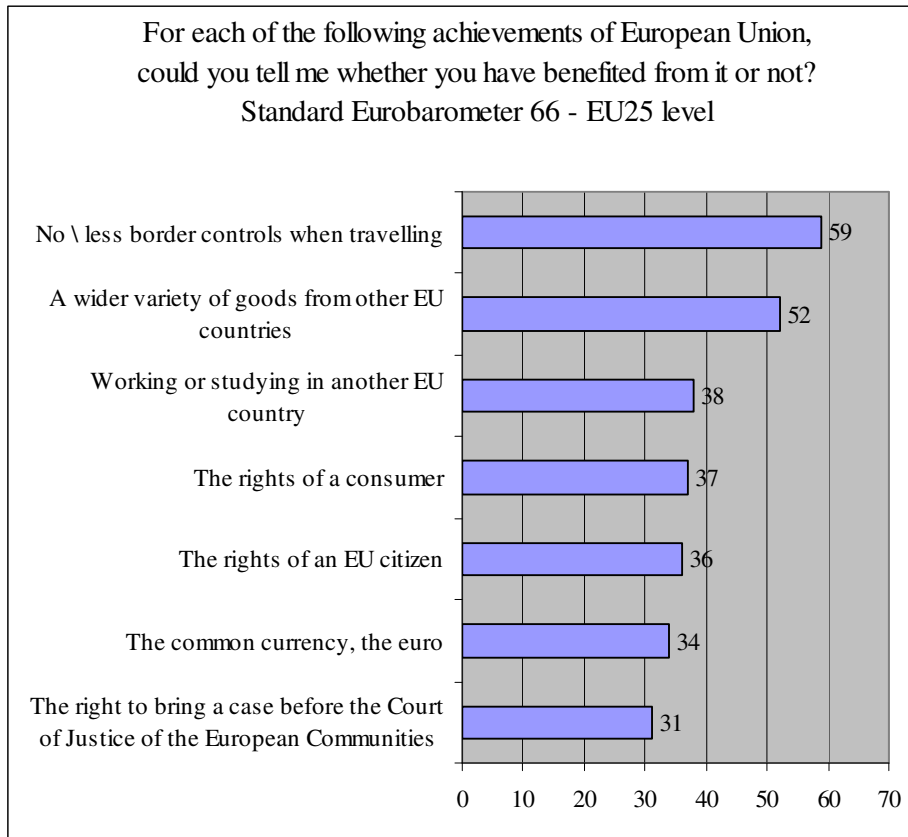


Figure 8. For each of the following achievements of European Union, could you tell me whether you have benefited from it or not?

(Source: Standard Eurobarometer; 66, September 2007)

The results reveal that, the single currency, euro, is not regarded as one of the favorite projects of the Union when the issue of ‘benefit’ is under question. On the other hand it should also be taken into consideration that, the percentage of the Union project, which is perceived to be most beneficiary, ‘no/less border controls when travelling’, is no more than 60%. The ‘working or studying in another country’ project, which is one of the primary goals to be achieved by the Union since the foundation of European Economic Community, has chosen only by 38% of the respondents. Therefore, the 34% percentage attached to the benefit level from ‘the common currency, the euro’ option should not be that belittled by the readers.

The answers revealing the benefit level of the peoples in each of the member states from the common currency, the euro, is presented below:

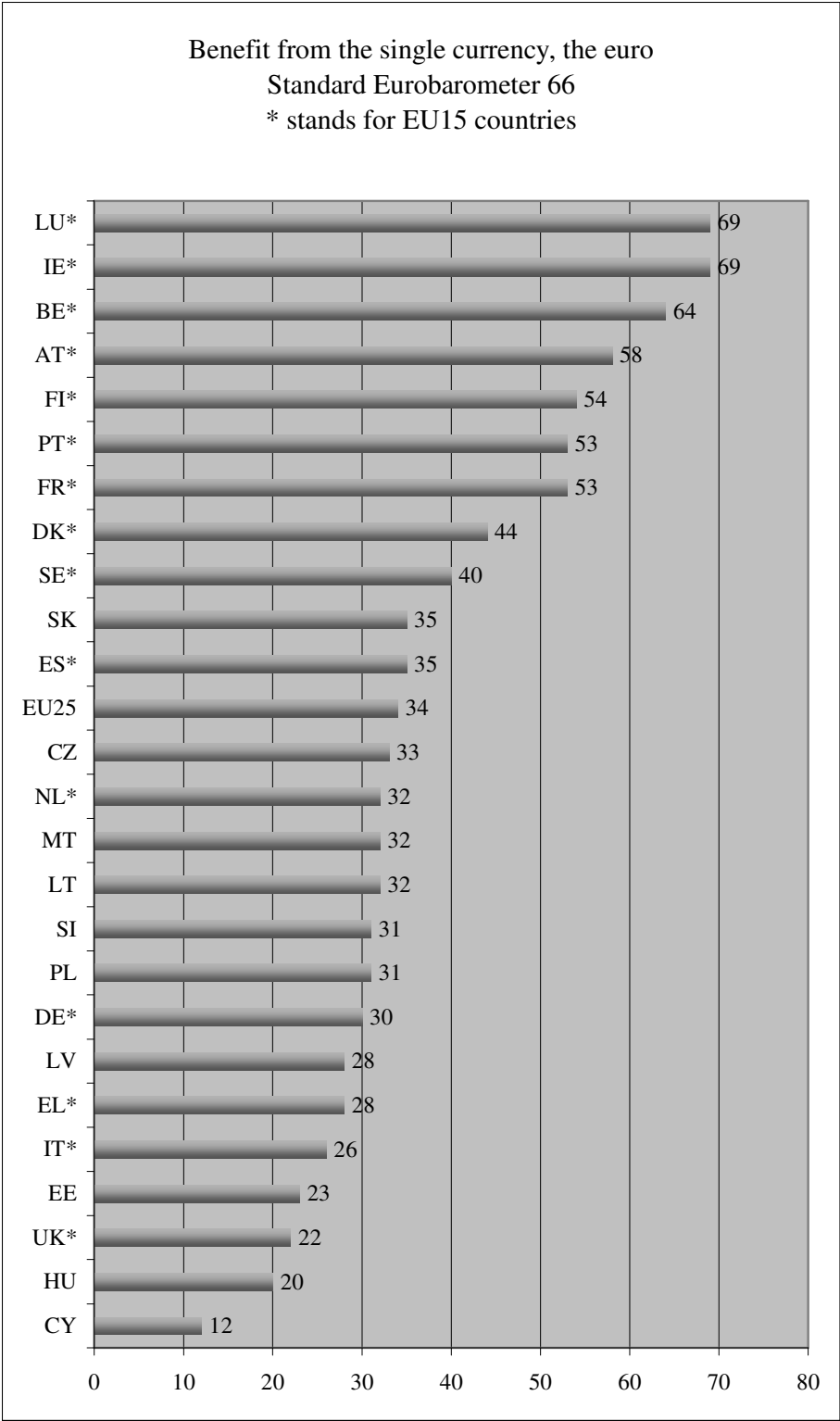


Figure 9. Benefit from the single currency, the euro
(Source: Standard Eurobarometer; 66, September 2007)

According to these results, more than half of the peoples of – in descending order- Luxembourg, Ireland, Belgium, Austria, Finland, Portugal and France all of which belong to EU15 and eurozone countries, perceive benefit from the single currency. More than or equal to 40% of the peoples of –in descending order- Denmark and Sweden, both of which belong to EU 15 but not a member of eurozone, perceive benefit from the single currency. On the other hand, among eurozone countries, Greece and Italy are the countries which perceive lowest benefit from the single currency. It is also remarkable that, Cyprus, a country which is to adopt the single currency by January 2008, perceive the lowest benefit from the euro among all European Union states. It seems that, Malta, the other member state of the 2004 expansion which is also to adopt the single currency by January, 2008, does not perceive much benefit from the euro as of only 32% of the Maltese respondents gave an affirmative response.

In the comparative graph below, the ‘perceived benefit from euro’ levels and the ‘support for euro’ levels for each member state is presented.

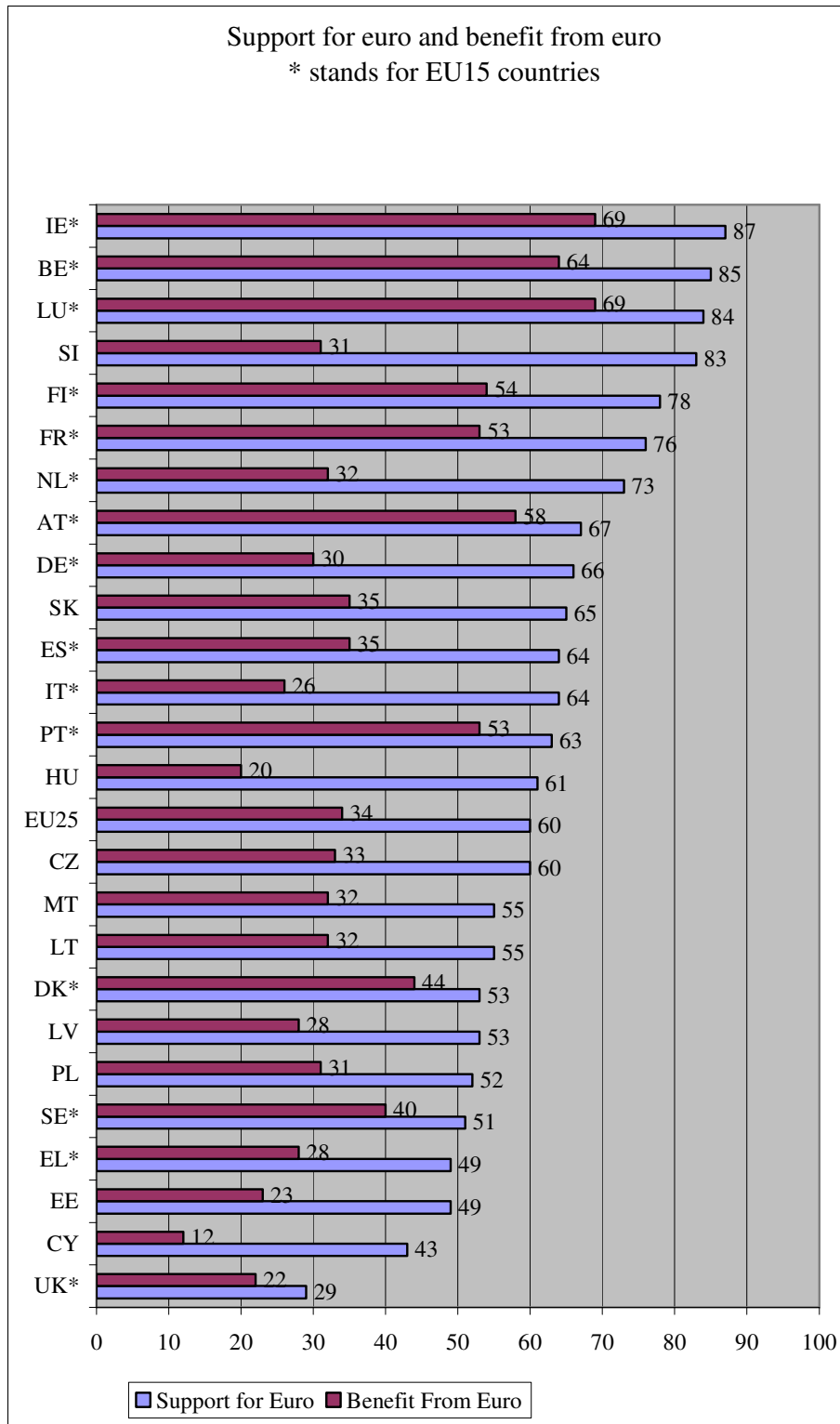


Figure 10. Support for euro and benefit from euro
 (Source: Standard Eurobarometer; 66, September 2007)

The comparative data reveals that, there exist huge difference between the perceived benefit from euro and support for euro levels among some of the EU25 states. The largest difference among them is seen in Slovenia, a country, which also was not a member of eurozone at the date of survey (August, 2006), was to introduce euro in four months. Some of the other largest differences between two responses are observed in –in descending order- Netherlands, Hungary, Italy, Germany, Cyprus, Denmark, Spain, Slovakia, Czech Republic, Estonia and Latvia. These countries, although strongly support euro, do not perceive much benefit from the single currency.

Some of the mentioned countries, which show remarkable difference between two variables, are new members from 2004 expansion, some of them are among the oldest members from the foundation, some of them are in the eurozone and some of them are not. Though, at first sight it seems impossible to make a generalisation in order to explain this difference.

On the other hand, the lowest difference between the perceived benefit from euro and support for the euro levels can be observed –in ascending order- in the United Kingdom, Austria, Denmark, Portugal and Sweden. Among them, Denmark, Sweden and the United Kingdom have refused to be member of the eurozone area whereas Austria and Portugal are in the eurozone. Among those countries, the United Kingdom, which opted out euro, has a very low level of support for euro but also has a very low level of perceived benefit from euro either. On the contrary, the remaining countries, among which Denmark and Sweden had opted out euro, have high levels in terms of both perceived benefit from euro and support for euro.

From a different perspective, in those countries, namely Germany, Hungary, Italy, the Netherlands and Slovenia, although the perceived benefit from euro tends to be at very low levels, the support for euro levels are among the

highest levels through the Union. Belgium, Finland, France and Ireland, seem to have both high levels of perceived benefit from the euro and they show high levels of support for euro at the same time. Cyprus, Greece, Estonia and the United Kingdom are the lowest supporters of the euro. Greece, Estonia and the United Kingdom, on the other hand, show noteworthy amounts of perceived benefit from euro whereas Cyprus has the lowest perceived benefit from euro among all member states.

6.8. Perceived Consequences of Adopting Euro

In the Flash Eurobarometer 207, May, 2007 the respondents were asked whether they perceived positive or negative consequences after the adoption of euro without signifying any specific consequence.

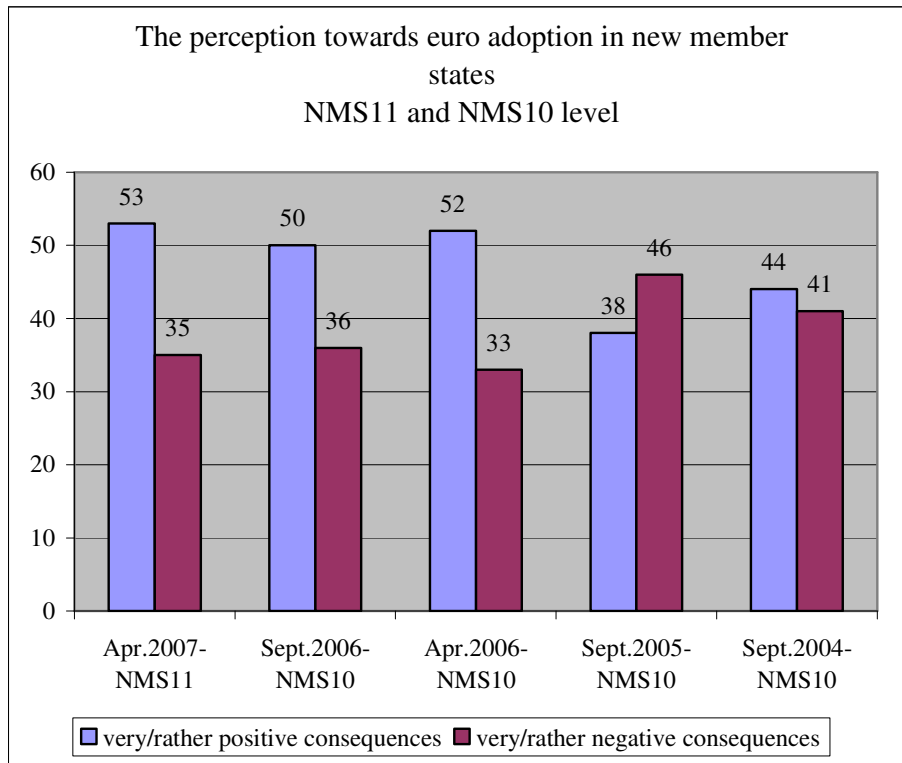


Figure 11. The perception towards euro adoption in new member states
(Source: Flash Eurobarometer 207, Introduction of the Euro in the New Member States, Analytical Report, May 2007)

The data explicit that, the general perception is positive towards euro among new member states and this positive attitude has slightly increased recently. However, notes the report, it is not a universal trend observed across the new member states, as the ratio of citizens expecting positive consequences ranges between only 38% in Cyprus (a country which is to adopt euro as of January, 2008) to 65% in Romania (relatively far from adopting it). The overall positive attitude in new member states towards euro is 53%.

6.9. Individual member state evaluations

6.9.1. The Italian Case: ‘Missing the European Train’

According to those Eurobarometer results, that have been conducted since the introduction of euro as a book money on January 1, 1999, a relatively high but recently declining support for euro exists among Italians.

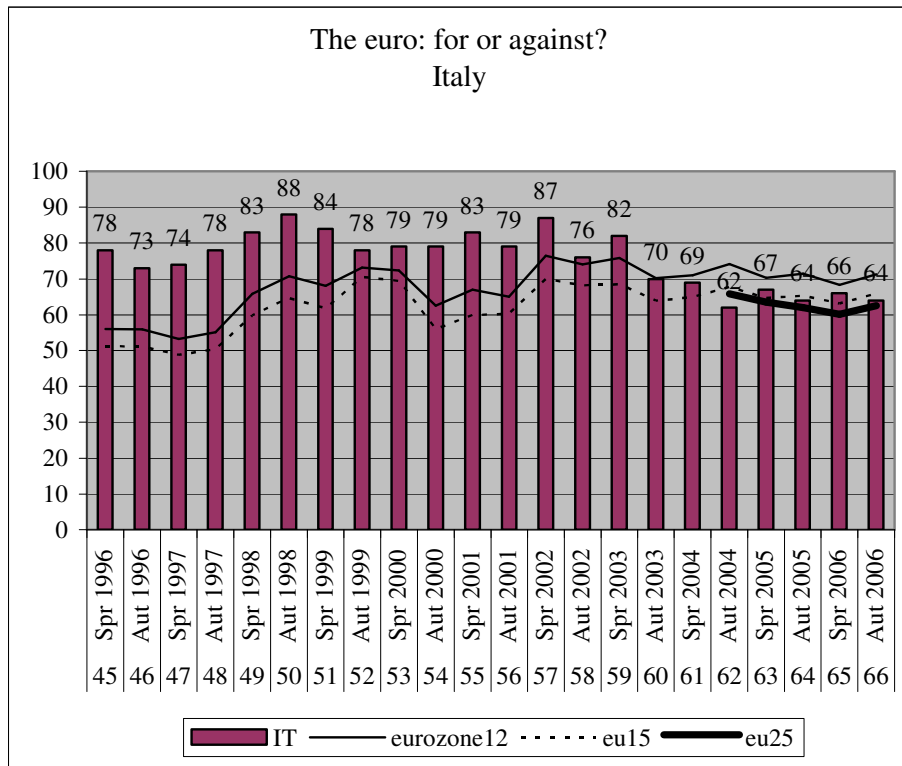


Figure 12. The euro: for or against?

Italy

(Source: Standard Eurobarometer; 66, September 2007 – 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005 – 61, July 2004 – 60, February 2004 – 59, July 2003 – 58, March 2003 – 57, October 2002 – 56, April 2002 – 55, October 2001 – 54, April 2001 – 53, October 2000 – 52, April 2000 – 51, July 1999- 50, March 1999 – 49, September 1999 – 48, March 1998 – 47, November 1997 – 46, May 1997 – 45, December 1996)

There had been a much higher support for euro among Italians compared to eurozone and EU15 countries till mid-2003. From that date on, the support for euro among Italians tend to decline.

According to the Standard Eurobarometer 51, which was conducted in between March-April 1999, right after the introduction of euro as a book currency, the support level for euro among Italians was 84%. Back in 1999, Italy was the most ambitious state after Luxembourg (by 85%), when it came to supporting euro. The support for the single currency among Italians did not precede that level till the circulation of the euro as a physical money on January 1, 2002. The Standard Eurobarometer 57 results reveal that, by May 1, 2002, five months after the circulation of the euro, the support level among Italians was at its peak by 87%. Since then, a steady decline in the support levels have been observed. The most recent results of the Standard Eurobarometer 66 reveal that, currently 64% of the Italians support the single currency whereas 28% are against it.

Either it has declined or not, support levels for euro among Italians are one of the highest ones among the member states (75,5% on average). The preceding graph reveals that, for over a decade, even before the introduction of euro, Italian citizens have been showing a strong support for the single currency project of the Europe. As a matter of fact, this strong support towards the single currency project is expected to be common among countries of southern Europe (Greece, Italy, Portugal and Spain). The attitude of the center-northern European countries (Germany the Netherlands, Sweden and the United Kingdom) on the other hand, always have considered to be more critical. (Canova, Manganeli 2003).

Groups are thought to define their social identity on dimensions in which they fare well. With this regard, it is commonly expected that, southern european countries, namely Greece, Italy, Portugal and Spain express their national pride through their historical and cultural achievements. In these

countries the national identity, is created by focusing on dimensions, other than economic-politic ones, such as history, culture and landscape and on where these nations consider themselves superior in comparison to other European nations. (Cinnirella, 1997 in Canova and Manganelli, 2003) Consequently, economic standing or the strength of national currency had not been a part of the respective national identities in southern European countries. To this extent, in these states the introduction of the euro and the replacement of national currency with the euro had not been regarded as a threat to national identity. Instead, a national and European identity coexisted in these countries after the introduction of the euro. Hence, from the beginning, these countries had been expected to favour the euro more likely in comparison with other and especially with center-northern European countries (Pepermans and Verleye, 1998).

Risse (2002) presents the Italian peoples' lack of confidence to their own political institutions as the primary factor behind the strong support for euro among Italian citizens. Only 29% of Italians, notes Risse, trust Italian political organizations in Italy. This level of confidence turns out to be the lowest among the 15 European Union member states (Commission of the European Communities, 2002). In consequence, Italian people constitute the sole nation in the Union who prefer European democracy managed through Brussels, to their own democracy managed through the capital.

The high dissatisfaction of Italians with their political institutions, Italian way of democracy and national economy cause the Italians to perceive Brussels as a cure to Rome's problems. Italian thinking about the future of Europe constitutes; altering the bad own governance with a good European one and overcoming the economic problems at home. Thus for Italian politicians and public, 'missing the European train' is a nightmare (Risse, 2002).

Pepermans and Verleye, revealed in their study that, Italians, along with Spainards, expected travelling to be easier by the introduction of euro. In addition, 49% of Italian people are reported to claim to spend more after the adoption of single currency compared to Lira economy (Risse, 2002). These phenomena turn out a somewhat positive attitude toward the euro.

Sbragia (Sbragia 2001, cited in Risse 2002), shows how the introduction of Euro completed the 'Italian way of thinking Europe' framework and why Italy as a whole nation shouldered the burden of Euro transformation so willingly. First, Spanish decision to be a part of the Eurozone constituted the primary motive for the Italians. It was for sure that, if Spain, the most important Mediterranean rival of Italy, decided to fulfill the Maastricht criteria, then would Italy. The Italian nightmare –missing the European train- was the main fear behind this attempt. Second, was the willingness of great majority in Italian Finance Ministry and Central Bank to alter the existing financial system with a new and healthier one. The transition from Lira to Euro had been viewed as a financial reform the country needed for. Thus fulfilling the Maastricht criteria was a golden opportunity for Italian politicians. The public support behind European integration eased the work of politicians in implementing harsh policies. Finally, the third motive was the consensus between the Italian elites and public which eased the burden on politicians as mentioned before (Risse 2002).

Canova and Manganelli (2003), suggest in their study that, after the introduction of the single currency as physical monetary unit in 2002, the respondents were so enthusiastic about the new currency that they were willing to accept negative consequences at the economic level. The increase in the national self-esteem among Italians in that era is explained by the result of having achieved the goal of taking part in the Euro project. Since, in order to satisfy the Maastricht criteria Italy had to adopt austerity programmes, being successful in the work of economic balancing represented something of which it can be proud of as a nation.

In this context, the single currency in Italy, from the very beginning, drew a noteworthy support in public. As traditionally the national identity in southern-european countries are tried to be explained by these countries' historic and cultural achievements, in Italy, the introduction of a new currency was not expected to threaten the existing national identity.

On the other hand, the introduction of euro and the fulfillment of Maastricht criteria had much more meanings in Italy than a mere currency adoption. As it has been already mentioned, Italian people perceive their own bureaucracy as an obsolete one and they do not have confidence in their own institutions. A Brussels based democracy is preferred to Italian democracy. Therefore, in Italy there exist a wide skepticism towards the Italian way of governance. With this regard, in Italy the introduction of euro and as a prerequisite to fulfill the Maastricht criteria was seen, both among the people and the elites, as a proxy by means of which the economy and the administration could be transformed into more productive and transparent ones. Thus, the preference of a monetary policy held by European Central Bank and a the common currency of this central bank might be viewed as the denominators of the years long wish of Italians of europeanistic governance.

Besides, Italian response of adoption of euro against the Spanish decision of fulfilling Maastricht criteria might be suggested as to serve as an indicator of the Italian way of thinking of European project. It might be proposed that, the single currency is considered as a natural constituent of the today's 'Europe', a value which is equalized with strong economy, transparent administration, respect for the human rights, the rule of law and the democracy, in which the Italians are highly ambitious in participating.

6.9.2. The Spanish and Portuguese Cases: ‘Integrating with Europe’

According to the Standard Eurobarometer results starting from February 1996, there has been a higher support for the single currency among Spaniards compared to eurozone and EU15 countries till mid-2004. From then on, the support given to euro, also tends to decline slowly, remains lower than the eurozone and EU average.

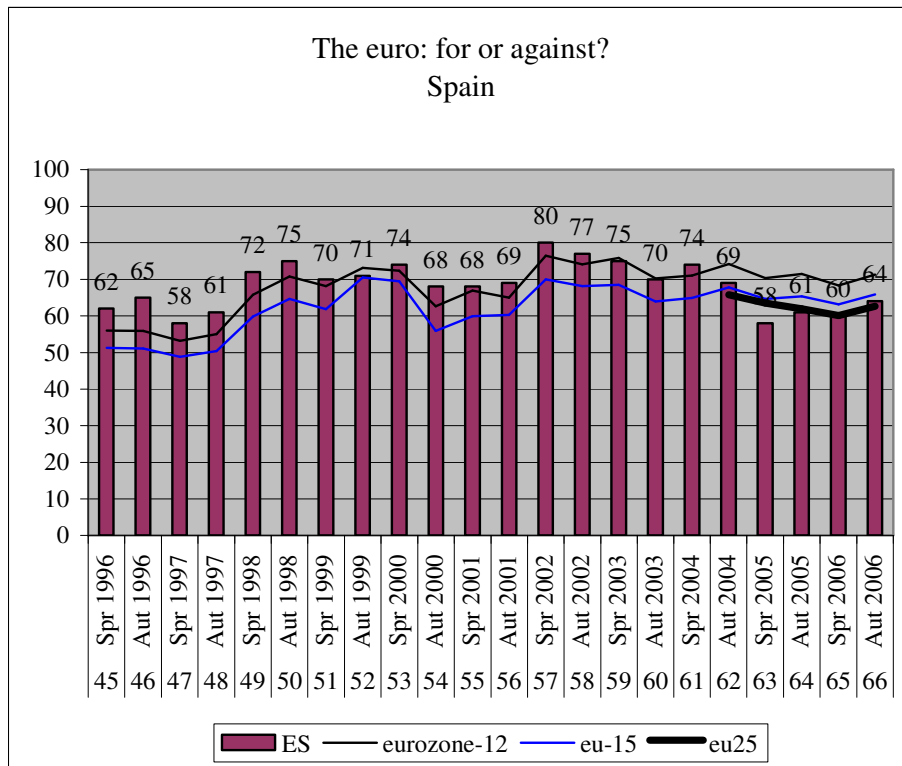


Figure 13. The euro: for or against?

Spain

(Source: Standard Eurobarometer; 66, September 2007 – 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005 – 61, July 2004 – 60, February 2004 – 59, July 2003 – 58, March 2003 – 57, October 2002 – 56, April 2002 – 55, October 2001 – 54, April 2001 – 53, October 2000 – 52, April 2000 – 51, July 1999- 50, March 1999 – 49, September 1999 – 48, March 1998 – 47, November 1997 – 46, May 1997 – 45, December 1996)

The preceding graph reveals that, the support for euro in Spain follows the general support trend observed in eurozone and EU15 countries, but from mid-2004, Spain, deviates from the trend. The support reaches its peak regional peak levels just before the introduction of euro as a book money in 1999 and just after the circulation of it as a physical currency in 2002 as might be expected.

The following graph, reveals the support level for euro in Portugal since February 1999. As it can be seen from the graph, there has been a lower support in Portugal for euro in comparison with eurozone and EU15 countries.

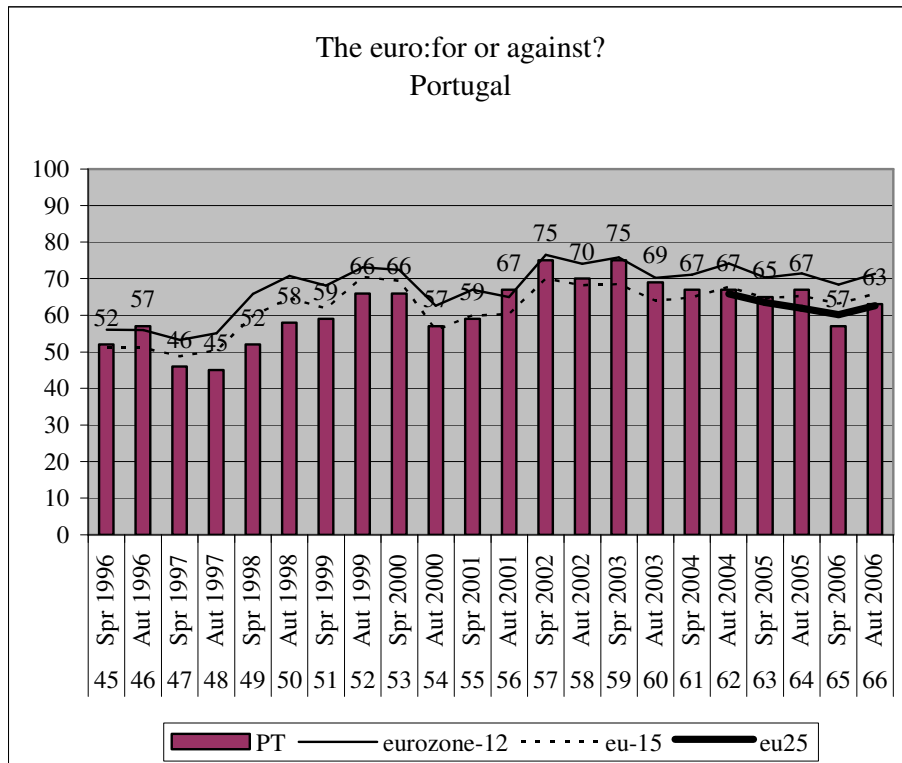


Figure 14. The euro: for or against?
Portugal

(Source: Standard Eurobarometer; 66, September 2007 – 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005 – 61, July 2004 – 60, February 2004 – 59, July 2003 – 58, March 2003 – 57, October 2002 – 56, April 2002 – 55, October 2001 – 54, April 2001 – 53, October 2000 – 52, April 2000 – 51, July 1999- 50, March 1999 – 49, September 1999 – 48, March 1998 – 47, November 1997 – 46, May 1997 – 45, December 1996)

The support for euro in Portugal reaches its peak level in 2002, just after the circulation and in 2003, after one year of circulation of the euro. Since then, there has been a more or less steady decline in the support levels. However the most recent Standard Eurobarometer 63 results reveals that, the support level by May 2006, has increased from 57% to 63% by October 2006, just in 5 months. Although there has not existed a huge support for euro in Portugal, it can still be said that, for over a decade, more than half of Portugese people favor the introduction of euro.

When on July 28 1977, Spain formally requested an accession into European Economic Community, the country had been experiencing democracy for just two years then. Likewise, when Portuguese government requested the incorporation of Portugal to the European Economic Community in March 1977, the country had been under democracy for just one year. Luna-Arocas, Guzman and friends (2001) suggest in their article that, although being young democracies, to have been accepted to the then European Economic Community was a common denominator for both countries and it showed the willingness of these countries' citizens to be accepted as Europeans. Europe, argues Luna-Arocas, Guzman and friends (2001), symbolised a role model for democracy and economic and social well being.

From a historical point of view, since modern Spain had come up with the unification of several kingdoms, it can comfortably be said that Spain is a country that is made up of different ethnic groups. The country's citizen profile is composed of different ethnic groups with different languages, different customs, different attachments and even different historical backgrounds. These vast differences among the Spainards can be suggested as a consequence of today's political system in Spain where the autonomous communities, the '*Autonomias*', have certain powers in internal affairs apart from Madrid. As a matter of fact, although there exist a vast difference between the Spainards, these differences and autonomous freedoms can also be proposed as the core value of the modern Spanish identity (Luna-Arocas, Guzman and friends 2001).

Portugal on the other hand, had historically been a homogeneous society which shared and still shares a common language, religion and historical background. It was built upon an autonomous kingdom that was erected in part of the Iberian peninsula. Portugal, with this respect, in contrast to its neighbour Spain, has always been a centrally governed autonomy with a top-down pattern of governance which reflects constitutional monarchy that

already existed in the nineteenth century's Portugal (Luna-Arocas, Guzman and friends 2001).

What makes these countries in common with regard to their euro adventure is their willingness to integrate with the rest of Europe. In this sense Spain and Portugal are countries which are more committed to the European integration when compared to most of the member states. This reflects the importance of belonging to the new identity in these two countries, which might be suggested to be developed by the foundation of European Economic Community. European identity stimulates the integration of these two countries with the rest of European Community and euro constitutes a symbol that forms part of this cohesion (Luna-Arocas, Guzman and friends 2001).

On the other hand along with Greece and Italy, Spain and Portugal, two of the southern-european countries, as mentioned before, express their national pride through their historical and cultural achievements and their landscape rather than a strong economy or a sound currency. With this regard, the replacement of national currencies with the euro in these countries, is not expected to be perceived as a threat to national identity along with other southern european countries. This helped Spainards and Portugese, to strengthen their existing European identities by the introduction of euro, in a way that is apart from any economic depressions that might risk the strength of this new currency upon this relatively new identity and that is centered at the integration clause.

6.9.3. The German Case: 'A European Germany Dream'

The Standard Eurobarometer results show that, in Germany the support for euro has fluctuated among Germans. The support for the single currency

reaches its peak in November 1999 (Standard Eurobarometer 52), almost one year after the introduction of euro.

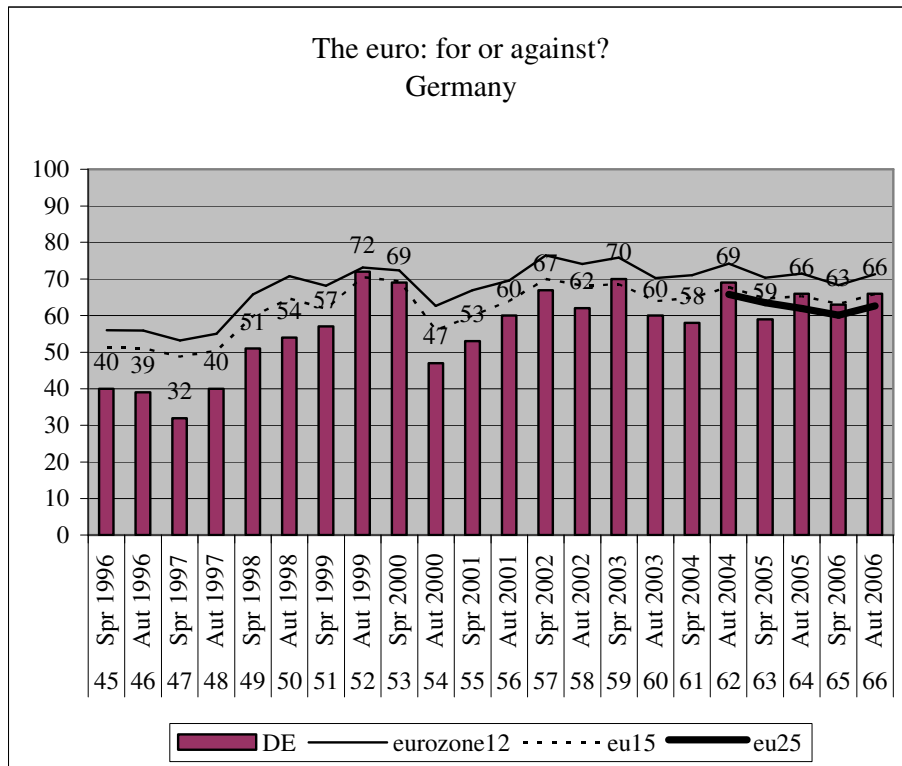


Figure 15. The euro: for or against?
Germany

(Source: Standard Eurobarometer; 66, September 2007 – 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005 – 61, July 2004 – 60, February 2004 – 59, July 2003 – 58, March 2003 – 57, October 2002 – 56, April 2002 – 55, October 2001 – 54, April 2001 – 53, October 2000 – 52, April 2000 – 51, July 1999 – 50, March 1999 – 49, September 1999 – 48, March 1998 – 47, November 1997 – 46, May 1997 – 45, December 1996)

On the other hand there exist a stable and remarkably high support for the euro among Germans since March 2004 (Standard Eurobarometer 61). The German support for the euro had been under that of eurozone12 and EU15

averages in general. However, recently the German support follows the general support trend of EU15, although it is still below the eurozone averages.

Throughout the past two centuries, the territories of Germany have so fluctuated that, in Germany a stable identification between state, nation and territory could not be formed. From Prussia over the Bismarckian and Wilhelmian empire, the Weimar Republic, Nazi Germany, the two Germanys of the Cold War to the 1990 reunification, Germany had to be redefined repeatedly (Kaelberer, 2005, p.288).

The relative weakness of a historically grown political identity meant that Germans had to define themselves as a group through pre-existing cultural and linguistic relations. Before the second world war, the German national identity was centred around the idea of ethnicity *-ethnie-*, in the sense that all Germany was a community whose members were bound with blood based ties and a culture-nation *-Kulturnation-* in the sense that Germans shared a common language and/or a common culture. In 1933, the National Socialist party redefined ethnicity aspect of German identity in terms of race (Merlingen, 2001).

After the defeat of Germany in second world war, the German national identity was redefined again. The new German mass identity was defined through a unique economic culture, of which Deutsche mark was the central symbol (Merlingen, 2001). The Deutschmark served as the most important symbol for Germany's economic accomplishments. (Kaelberer, 2005) Massive changes in the economic standing and power of the country after the introduction of Deutsche mark, caused the Deutsche mark to acquire a national, mythical and powerful symbol. Deutsche mark symbolised the construction of a powerful and new Germany on the ruins of second world war. This Deutsche mark patriotism needed in German identification process in overcoming the pre-second world war memories; dramatically

rising inflation, world economic crisis and governance of Nazis as a consequence (Risse, 2002).

Deeper European integration has been the top priority of the post-second world war politicians of then Federal Republic of Germany and today's unified Federal Republic of Germany. Due to the supranational European identity which has emerged and persisted after the second world war, the governments and the opposition in Germany came to view Federal Republic of Germany inextricably bound with the supranational community. The emergent European identity, which persisted after the unification of Federal Republic of Germany (West Germany) and German Democratic Republic (East Germany), informed a particular conception of German interests. Consequently, this tendency among German politicians has shaped the German state identity in the post-second world war period, and the support for deeper economic and political integration formed the backbone of German state identity (Banchoff, 1999).

After the emergence of a supranational European identity, 'Europe' has been a vital part of German identity construction and a German dream was formed which aimed at creating a 'European Germany' rather than a 'German Europe'. Only the realization of this dream could prevent extreme militarist and national movements in the country. The mission of European integration in preventing extreme movements constituted an elite consensus in the country.

It is, therefore, not a surprise that Germans were inclined to identify with the project of European integration instead of a problematic German national identity. (Kaelberer, 2005, p.288) From this point of view, euro was the cornerstone of integration process in Europe (Risse, 2002).

Although placement of Euro was clear in the minds of German politicians and elites, public support did not associate with this political project.

Majority of German public –in support of Chancellor Kohl- was considering the introduction of the single currency, as a process which would realize the ‘European Germany’ dream through strengthening European institutions. But on the other hand there still existed a vast scepticism about the euro among people (Risse, 2002).

The Germans believed that, those countries which were to adopt the single currency were so heterogeneous and divergent in their economic structures that, a single monetary policy and anti-inflationary policies would be very difficult to formulate. In addition, the single monetary union was believed to lower the cost of expansionary fiscal policies in every member state, which would put every member state in a free rider position and eventually would eradicate the European Monetary Union at all (Merlingen, 2001). Merlingen, in his study explicates this national attitude as the primary reason behind the low support levels for euro in 1990s.

On the other hand, it is a common view that the peoples of central-northern countries of Europe (Germany, the Netherlands, Sweden, the United Kingdom), express their national pride through their national currencies and the success of their respective economies (Canova and Manganeli 2003, Pepermans and Verleye, 1998). In these countries, as the national self-esteem was defined through a sound currency and is defined through a strong economy, the introduction of the euro and the replacement of national currency with the euro was regarded as a threat to national identity (Pepermans and Verleye, 1998, Müller-Peters 1998).

In some countries of central Europe, in particular in Germany, with the introduction of the Euro, an important symbol of positive distinctiveness (as in the case of the deutsche mark) disappeared. Therefore a negative correlation between national and European identity was found, suggesting a degree of incompatibility between the two identities (Canova and Manganeli, 2003, p.1).

Müller-Peters et.al. (1998) suggest a relationship between the attitude towards euro and the expected gain of the country in its membership in the euroland. To this extent, they present the Dutch's and Germans' strong currencies as the underlying factor behind the relative negativity towards the euro.

As mentioned before, German identification went through a reconstruction and aimed at creating a European Germany and a German identity centred at a unique economic culture, of which Deutsche mark was the symbol. To this extent 'the other' of Germany was the German past itself. Therefore the powerful Deutsche mark in the country is what slowed/slowes down the identification process of euro in becoming a component of German-European identity (Risse, 2002).

On the other hand, Kaelberer (2005) suggests that Deutsche mark does not form a constraint on German acceptance of the euro. Unlike language or ethnicity, he notes, economic pride does not function well as a distinguishing criterion in alienating the others, as economic pride can be shared with the others. To this extent, Kaelberer presents the Deutsch mark nationalism as an obviously constructed one and therefore suggest that it was open to alternative constructions as well.

To this extent, it might be argued that, a supranational European Germany identity of which the eruo is the cental symbol, might has well be constructed in Germany, keeping in mind that, the German nation had repeatedly defined self identity in its history. With this regard the high levels of support for the euro following low levels might be interpreted as an identity reformulation path of Germany. It might be suggested that before the introduction of the single currecny, the low support levels might be reflecting the beloved deutsche mark of the Germans whereas, the recent high levels reflect the position of the deutsche mark in Germans' identity definition of 'a supranational European Germany'.

6.9.4. The French Case: ‘In search for the French national interest’

The Standard Eurobarometer results reveal that there has been a strong support for the single currency among French.

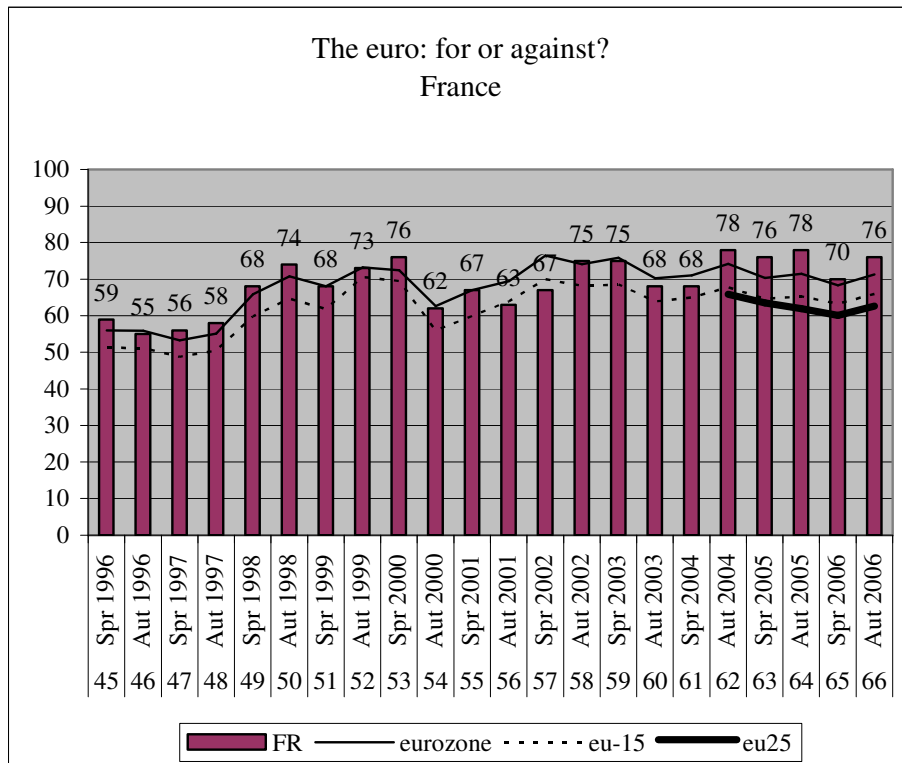


Figure 16. The euro: for or against?

France

(Source: Standard Eurobarometer; 66, September 2007 – 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005 – 61, July 2004 – 60, February 2004 – 59, July 2003 – 58, March 2003 – 57, October 2002 – 56, April 2002 – 55, October 2001 – 54, April 2001 – 53, October 2000 – 52, April 2000 – 51, July 1999 – 50, March 1999 – 49, September 1999 – 48, March 1998 – 47, November 1997 – 46, May 1997 – 45, December 1996)

As it can be seen from the preceding graph, the support levels in France, fluctuates between 55% and 78 % indicating that more than half of the French support the single currency since February 1996. In addition that, the recent support levels for the euro seem to more stable and high in comparison with the preceding periods which might be suggesting that the euro has a more conventional and even traditional position in the lives of the French people.

In case of France, building Europe or what we know today as the European Union, dates back to the Fourth Republic (1946-1958) and it was an idea of an imperative or lack of an alternative for the French. In those years, the 'community' option for building Europe was the only possible means of reaching France's primary foreign policy objective: national security via reconciliation with Germany. Around those days, the 'community' method was perceived to be the strategy of the best luck and it had the most supporters and the fewest opponents (Drake, 2003).

It is a commonly agreed idea that the French perceive themselves as the motivator and the patron of Europe in general and of the European Union in particular. Since 1950, French political leaders have felt themselves compelled to drive European integration forward in a mainly continuous manner, and have chalked up many successful initiatives to their names (Drake, 2005).

Having failed to match macroeconomic policies with a strong franc desire, leaders from DeGaulle to Mitterrand wrestled how to use European monetary integration to enhance French control over the franc whose value increasingly depended upon cooperation from the Bundesbank. The economic realities of the 1970s and 1980s along with the geopolitical events in Europe of 1989-1990 convinced French leaders that German economic and financial influence would continue to reduce France's national monetary interests. To this extent, the French leadership decided that a monetary partnership within the European Union institutions upon

which France had influence, would better serve to French national interests (Howarth, 2001).

Kaelberer (2005) suggest that, in France the link between the national currency of France, the franc, and French national identity was broken long before the introduction of the euro. Before the introduction of the euro, in the European Monetary System all member countries had pegged their currencies to the Deutsch mark. Germany set the macroeconomic standards and all other member states obeyed. But within a larger scope, France, one of the weak currecny countries in Europe, started to import the German model in the 1980s. In France this policy became known as franc fort – a play with words that symbolized both the French commitment to a strong franc, and the dependence of that strategy on Frankfurt, the seat of the German central bank. The words of the governor of the Bank of France: ‘the only economic sovereignty France has today is the time it takes to relay a telephone call from the Bundesbank’, puts forward in an extensive manner the perceived dependency of the French to the Germans.

To this extent, Kaelberer (2005), suggests that, the French franc and the Italian lira were not symbols of national pride. In France, years of high inflation, episodes of capital flight and frequent devaluations had eroded the trust in French franc and the French were ready to abandon the franc. In addition to that, participation in the single currency project was considered as an opportunity in France, to regain some of the effective policy-making authority that had been lost in favor of the Bundesbank. As the design of the European Central Bank in the Maastricht Treaty gave each national central bank a vote in the policy making process, participating in the European Monetary Union meant a joint participation in the decision making process for the French, rather than having to follow the command of the Bundesbank.

France only accepted to participate in the European Monetary Union in order to contain the influence of German Bundesbank and in order to advance its monetary interests (Howarth, 2001). In some sense, the euro represented an opportunity for weak currency France to recapture some lost national pride and influence (Kaelberer, 2005). Thus, deeper economic and financial integration paradoxically offered more monetary control for the French, through supranational political structures than an autonomous and nationalistic policy.

As a matter of fact, Roland-Lévy's (2003) study, which tries to explicit the representations of the euro among French reveal that, after the introduction and the circulation of the single currency, the euro is to be perceived as the money of Europe by the French public. The euro for the French represents 'unity' and 'community' and there is a shared representation formed around the idea that euro is the European currency of the Monetary Union.

To this extent, it might be argued that, the French leadership's political movement, which aimed at protecting the monetary and financial interests of France through recapturing policy making capability via European Central Bank and the European Union upon which France had influence, did not only served the French national interests, but in addition to that, it helped the French people, who were eager to abandon their franc, to build a common sense with the peoples of Europe, around the single currency which was believed to be architected by the French leaders in order to protect French national interests.

6.9.5. The British Case: 'Beloved Pound'

Traditionally, the British support for the single currency has been one of the lowest ones in Europe.

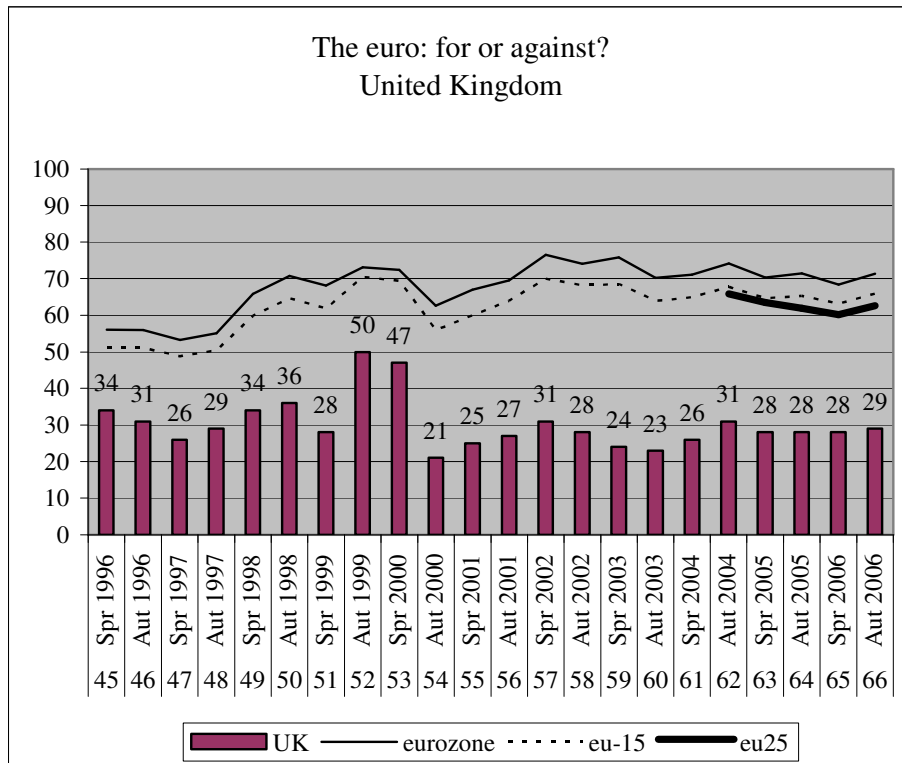


Figure 17. The euro: for or against?
United Kingdom

(Source: Standard Eurobarometer; 66, September 2007 – 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005 – 61, July 2004 – 60, February 2004 – 59, July 2003 – 58, March 2003 – 57, October 2002 – 56, April 2002 – 55, October 2001 – 54, April 2001 – 53, October 2000 – 52, April 2000 – 51, July 1999- 50, March 1999 – 49, September 1999 – 48, March 1998 – 47, November 1997 – 46, May 1997 – 45, December 1996)

The preceding graph reveals that, the British support has never reached to the eurozone¹² and EU15 averages, it has never come closer. The Britons have always been skeptical about the single currency project as they have always been skeptical about the project of European Union either.

The British national identity has four essential and interrelated components. The first component is the British parliamentary sovereignty –with an

exception of devolution of power to Wales and Scotland-. The House of Commons is the personification of the people of Britain; the parliament's independence is synonymous with the Britons' independence and parliamentary sovereignty is the core of British national identity. The second component is Britain's individualist society which always cherish the rights and liberties of the individual. This characteristic of the Britons is more true compared to any other society, its roots goes as far back as the beginning of Britain's history and is deeply embedded in the character of the British people. Third is the ethnic aspect of the Britons. The British are a cohesive people, who are aware of their ethnic identity, and bound each other by deep ties of kinship and loyalty to those of their kind at home and abroad. They have a strong sense of 'homogenous we'. Fourth component is the distinctiveness and singularity of the British identity due to the Britain's geography and history. Britain is a part of Europe but it is not a European country because of the differences in Britons' experiences during the last war and Britons' manner of articulating British identity. Britain has wisely invested its national character in its political institutions. This is why, tourists in Paris are headed for the Eiffel Tower or the Louvre rather than the Assemblée Nationale, whereas tourists in London prefer Big Ben, the Houses of Parliament and Buckingham Palace. Britain is an island, and consequently is detached from the continental Europe. Britain, for long periods of its history had stood with her face to the oceans, and her back to Europe (Parekh, 2000).

According to Risse, British attitude towards European Integration has always been peculiar compared to other European nations. Being a union member for more than twenty years, British still identify themselves with their nationality, parliament and Crown. Being believed to hold European values&judgements on a semi-detached island, UK is regarded as being 'with Europe' rather than being 'in Europe' (Risse, 2002).

This being with but not in Europe logic can be captured in Winston Churchill's own words (1953):

“...we are with them but not of them. We have our own Commonwealth and Empire”.

Britain is not a European nation. Britain's history had always been in touch with the high seas but never with Europe. Other European nations would not feel threatened by the European community, because their identities are different from the British. Other European states' have democratic institutions of more recent origin. As those other states' institutions are of more recent origin, they do not have deep historical roots and in consequence peoples of other nations can hardly feel deeply attached to them. The continental states are also quite similar to one another, because they had sprung from the Napoleonic wars and subsequent historical events, because they have a common social basis in peasant agriculture and because they have similar legal and administrative institutions. In consequence, a federal Europe idea would come naturally to other European nations because such would not damage their national identity. However, since Britain is quite different from continental Europe, its destiny lay elsewhere (Parekh, 2000).

The British stance towards the continental Europe, and towards the singular and distinctive British identity finds its place in the former Prime Minister Margaret Thatcher's words in a conference held by the Conservative Party in 1999:

In my lifetime all our problems have come from mainland Europe and all the solutions have come from the English-speaking nations across the world

In Britain the general tendency among the public and press is that participation in the European Monetary Union will lead inevitably to participation in deeper political integration and ultimately a 'federal super-

state'. Among Britons, there is a great anxiety over the issue of a 'federal Europe' and which is believed to demolish the British sovereignty. The Britons believe that, the European integration process is a federally inspired one and this process is managed by a small group of pro-federal core states which will led the European states into a European 'superstate' in which no single state would preserve its prior sovereignty powers. To this extent, the European Monetary Union is seen nothing but the another stage leading to a federal super state (Doherty and Miles, 2005).

The European Monetary Union process is perceived by the British, to be driven by Franco-German led core which is keen to pursue further integration with or without the support of peripheral EU members. This perception leads to a British euroscepticism towards the single currency project (Doherty and Miles, 2005).

This political view can be observed since 1950s: -although it did not come into effect- the United Kingdom had not considered joining in the European Defence Community, refused to attend in Eurozone and is not intended to merge in a European Federal System. British people are still faithful to their 700 year old parliamentary tradition, beloved Pound Sterling, and Buckingham. For British elites, the dominant view for the European Union is as follows; immunity of sovereignty within nation-states, incorporation with market integration and an intergovernmental order. From this point of view it seems to be hard for euro to capture the crown of Pound Sterling in terms of European-British identification. (Doherty and Miles, 2005)

6.9.6. The Greek Case: 'The Greek Security and the Euro'

The graph below, summarizes the support given to the euro among Greek citizens for the preceding decade.

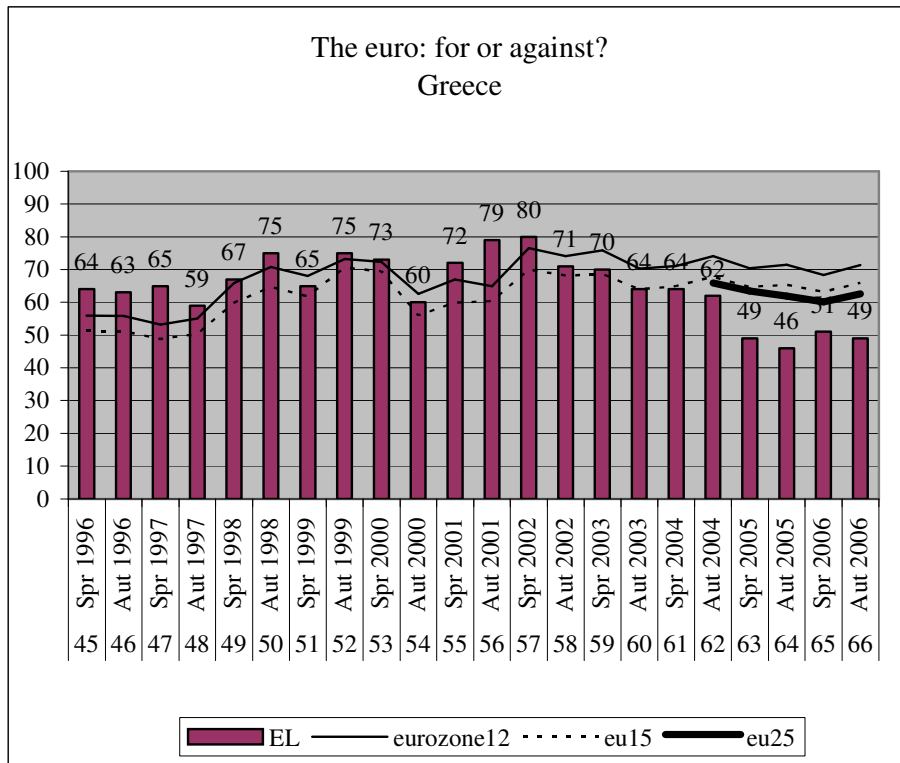


Figure 18. The euro: for or against?
Greece

(Source: Standard Eurobarometer; 66, September 2007 – 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005 – 61, July 2004 – 60, February 2004 – 59, July 2003 – 58, March 2003 – 57, October 2002 – 56, April 2002 – 55, October 2001 – 54, April 2001 – 53, October 2000 – 52, April 2000 – 51, July 1999- 50, March 1999 – 49, September 1999 – 48, March 1998 – 47, November 1997 – 46, May 1997 – 45, December 1996)

The graph reveals that, for the preceding decade, the support for euro in Greece has had ups and downs. The support for euro in Greece had reached its peak in May 2002, just 5 months after the physical circulation and steadily decreased since. In fact, the most recent Eurobarometer results of Standard Eurobarometer 66 show that, currently, Greece is the least supporter of the single currency in the European Union member states following the United Kingdom and Cyprus. The recent results also reveal

that, since 2004, the Greek support for euro also remains lower than the EU15 and EU25 averages.

This low support for the euro in Greece for the recent years presents a contradiction to the general view that, southern-european countries, due to the economic expectations, present a huge support for the single currency project (Müller-Peters et.al. 1998). However, before going further, it should also be noted that this contradiction is viable for the recent years. The graph reveals that before the second half of 2004, the support levels for euro in Greece were in line with the general trend observed in eurozone and EU15 and especially around the circulation date of the euro, the Greek support for euro exceeded that of eurozone and EU15.

On the other hand it should be noted that, as was previously mentioned, in the identity theory literature Greece is expected to be a country which express its national pride through cultural and historical achievements rather than economical successes. From this point of view, reducing Greek interest with the single currency merely to economic expectations, as this is a frequently expected theory, would prevent one from capturing the global picture.

With the establishment of the Maastricht criteria for European Monetary Union entry – that is low inflation, deficit reduction, currency stability- ‘nominal convergence’ became an immediate target of successive Greek governments (Kazakos, 2004). In order to converge the set up Maastricht criteria, the Greek government launched strict austerity programmes, which although enabled economic growth and decreased inflation rates and budget deficits, led to short term economic costs upon Greeks such as freeze on wages, just before the introduction of euro (Kokkinaki, 1998). With this respect, it might be suggested that, merely seeking economic opportunities behind the Greek decision of euro adoption would not tell the whole story.

During the 1990s, there had been a large consensus in Greece that the country should join the single currency project at the earliest possible date which was in fact a difficult task given that the country was far behind all the other then member states. Political reasons played a crucial role in shaping this consensus. The political leadership was convinced that Greece could enhance national security and have a say in important European Union policy sectors 'on an equal footing' with the other member states only through participating in the single currency project. Therefore joining the eurozone had much more expected yields than an outsider could ever imagine. Besides, as the governments have always seen Greece as an integral member of the European project Since World War II, identity considerations also played a distinct role (Kazakos, 2004).

According to Kokkinaki (1998), at the time of the introduction of euro, Greeks expected the euro to improve cooperation among countries and to facilitate trade by means of easing price comparisons across member states. Also, they expected the adoption of euro, to strengthen European identity, although perhaps at the expense of political independence. By the adoption of euro –perhaps by means of further integration with the Union- Greeks expected their political security to strengthen and their relations with Turkey and the Balkan countries to improve.

With this regard, given the economic challenges that the Greeks had faced during converging the Maastricht criteria and the negative attitude towards the euro which might have improved along with these challenges, Kokkinaki (1998) suggests that, these negative beliefs are less important in determining attitudes towards the euro than the beliefs related to the anticipated consequences for the whole European community, such as, the facilitation of cooperation and trade across countries and the strengthening of European identity.

Kokkinaki (1998) suggests that, the main antecedents of attitudes towards the single European currency are the attitudes towards the membership of

Greece in the EU, the beliefs related to consequences of the integration for Europe, the beliefs related to the economic consequences of the integration for Greece and Greek people and national identity.

Within this context, it might be suggested that the adoption of the single currency in Greece was perceived more than a mere currency replacement. The single currency was considered among Greeks as a tool that would facilitate further integration with the Union. From this point of view, it might be concluded that, in Greece further integration with the Union and further integration within the Union was considered as a useful policy tool which would strengthen a common European identity and it was this common European identity which, by Greece, perceived as a defence policy built for Greek's so-called security problems.

6.9.7. The Danish Case: 'Total Inconvenience'

The graph presented below, reveals the support levels in Denmark given to euro since February 1996. According to the graphical Standard Eurobarometer results revealed below, Denmark has always given lower support to the single currency in comparison with the eurozone, EU15 and EU25 averages. The highest support for the euro in Denmark had realized by November 1999, by 65%. This rate was followed by 63%, by May 2002 and it has/had never reached to these levels. However, it is worth to note that, there has been a remarkable public support for the euro recently. Data shows that nearly half of the Danes support euro recently; a support level that is not observed by some of the current member states among which there exist Greece, a eurozone country, Cyprus, a country that is to adopt euro in 3 months, and some other newly acceded states which are all to adopt euro in near future. Considering that the Danish people had once refused to participate in the single currency system, these levels might be regarded to be relatively high compared to much of the member states.

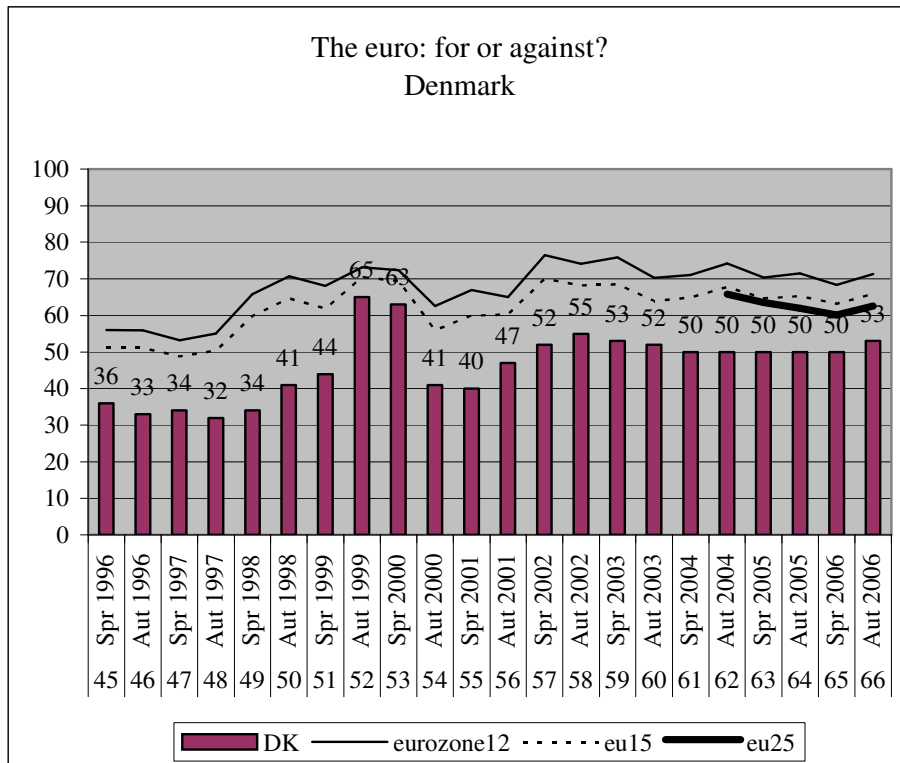


Figure 19. The euro: for against?
Denmark

(Source: Standard Eurobarometer; 66, September 2007 – 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005 – 61, July 2004 – 60, February 2004 – 59, July 2003 – 58, March 2003 – 57, October 2002 – 56, April 2002 – 55, October 2001 – 54, April 2001 – 53, October 2000 – 52, April 2000 – 51, July 1999- 50, March 1999 – 49, September 1999 – 48, March 1998 – 47, November 1997 – 46, May 1997 – 45, December 1996)

In 1992 Denmark obtained a special arrangement allowing the country not to proceed to the third stage of Economic and Monetary Union unless or until this had been approved in a national referendum. On 6 September 2000 the Bill “Concerning Denmark’s Participation in the Single Currency” was adopted and the referendum took place on 28 September, 2000 in which 85% of the Danes voted by 53.1% to 46.9% against the euro (Vaughne Miller, 2000).

In Denmark, the Danish elites did not manage to convince the Danes that the the euro was ‘a project of the people’. Tutoring about the need for stability and sound policy was not a success in drawing the attention of public. The Danish elites failed to develop campaign strategies. The problem for EMU supporters was that they had to convince the Danish people that the EMU project was ‘their’ project which required extremely good sales techniques (Marcussen, Martin; Zolner, Mette, 2001).

On 15 November 1999, Prime Minister, Poul Nyrup Rasmussen had launched the government’s ‘Pro-euro’ campaign. The campaign avoided the word ‘yes’ in its advertisements and instead used the slogan: ‘If you are in doubt – ask’. The campaign aimed at informing Danes about both advantages and disadvantages of the single currency project. In the euro campaign, the government warned Danes in speeches and interviews that if the euro did not adopted, the interest rates and consequently the mortgage rates would increase. However these threats were not taken as seriously among public. One of the other reasons behind the failure of euro was the wrangling among coalition parties that, they could only have convened a press conference to assure the Danes of their confidence in European Monetary Union for increasing Denmark’s influence in the European Union. The pro-euro campaigners’ claim, that the ‘krone’ had already been in the Exchange Rate Mechanism and stayed within 2.25 percent of the euro and joining the European Monetary Union would imply little further loss of sovereignty, had been the backfire of the pro-euro campaigners as voters concluded that in this case, Denmark could just as easily maintain the status quo and remain outside (Vaughne Miller, 2000).

The ‘No’ campaign on the other hand, focused on populist and emotive issues. ‘No’ campaigners equalized the introduction of euro with loss of sovereignty, a move towards federal Europe and an increase in the immigration rates from less prosperous states of the Union. The campaigners had also argued the weakness and volatility of the euro in

comparison with the strength of the krone. It was proposed that participation in the single currency project would endanger the welfare state system of Denmark and could lead to tax harmonisation which could undermine the Danish pension and unemployment entitlements. The campaigners also suggested that the euro would be a threat to the Danish monarchy (Vaughne Miller, 2000).

Despite the large 'Yes' and 'No' campaigns, in the Danish euro referendum, the choice was between adopting the euro or maintaining the fixed exchange rate between the krone and the euro. Thus, from a monetary policy perspective, it can not be said that the Danes did make a real choice in the referendum. Although the Danish No-vote meant that the domestic currency unit was maintained, Denmark still behaves after the referendum as if it were a member of the euro area (Jonung 2004).

According to Jonung (2004), today's contemporary Denmark with a constitutional monarchy and democracy has been an independent nation state for an unusually long time period except the foreign occupation during World War II. Danish political system enjoys public respect and support widely and public institutions are usually believed to be run efficiently and honestly. There exist a high confidence among the Danes towards the public institutions, politicians and the bureaucrats. The Danish national identity is an identity which is based upon a common language, religion, culture, political institutions, and history.

Within this context, when it is considered that the succeeded 'No' campaign in Denmark based its strategy upon, Danish monarchy, idenependence of Denmark and sovereignty of Danes, and bearing in mind that Danes made no real choice from a monetary perspective, it might be suggested that, the reason behind the 'No' answer of the Danish referendum was identity based more than it was economy and finance based. Consequently, to some extent the Danish 'No' to the euro, might be evaluated as a 'No' to the marker of a

wider collective identity of which institutions and bureaucrats are not confined in that much compared with national ones, and which would create a threat to Danish royal monarchy, sovereignty and independence, rather than a 'No' to merely a 'single currency project'.

6.9.8. The Swedish Case: 'Trustworthy Swedish Institutions'

The graph below presents the support levels for the euro in Sweden since February 1996. The Standard Eurobarometer results revealed below show that, the support for the single currency among Swedes is one of the lowest in the Europe. Although the graph shows that, there had been a remarkable support for the euro in 1999 by 65%, this support level could never be reached before and after that date. Moreover in 2002, we observe a huge decline in the support level for euro by %26 and then by %29. Nevertheless, the recent Standard Eurobarometer results reveal that, although below the eurozone, EU15 and EU25 averages, there has been an increase in the support level for euro lately among the Swedes.

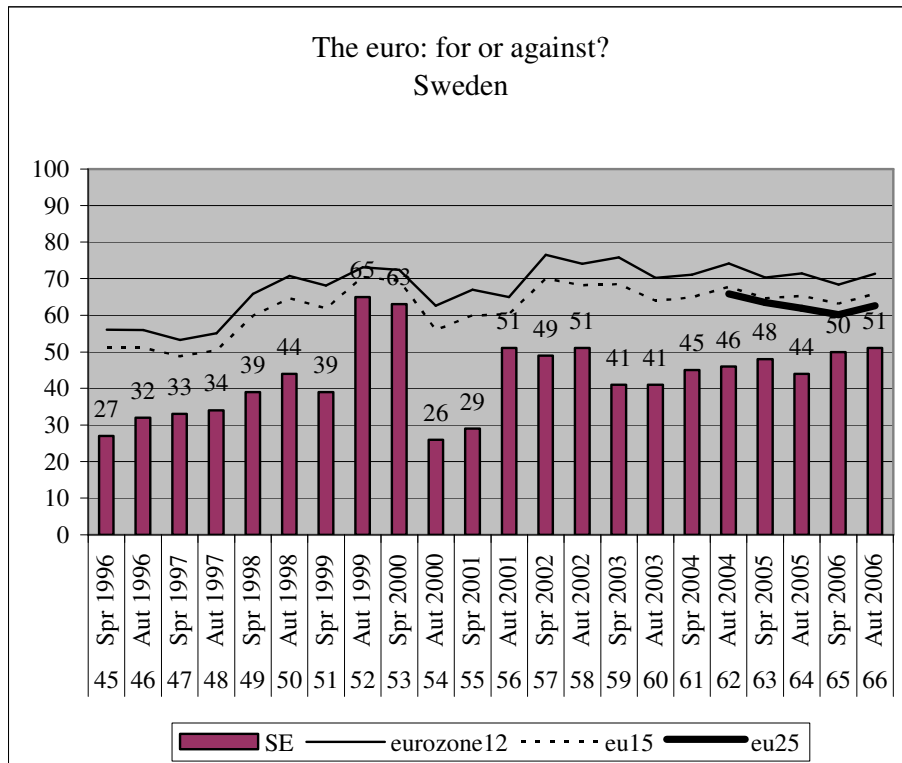


Figure 20. The euro: for or against?

Sweden

(Source: Standard Eurobarometer; 66, September 2007 – 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005 – 61, July 2004 – 60, February 2004 – 59, July 2003 – 58, March 2003 – 57, October 2002 – 56, April 2002 – 55, October 2001 – 54, April 2001 – 53, October 2000 – 52, April 2000 – 51, July 1999 – 50, March 1999 – 49, September 1999 – 48, March 1998 – 47, November 1997 – 46, May 1997 – 45, December 1996)

On September 14 2003, the Swedes went to the polls in order to decide whether Sweden should introduce the euro as its official currency or not. The No-option implied that Sweden should keep with the krona which based on a floating exchange rate combined with inflation targeting by the Riksbank, the Swedish central bank in Stockholm. The Yes-alternative implied that Sweden would be a member of a monetary union at the earliest in 2005–2006 in which the common monetary policy would be executed by the European Central Bank in Frankfurt. The Swedes in this regard, had to

make a real choice unlike the Danes from a monetary perspective, who had to decide between adopting the euro or maintaining the fixed exchange rate between the krone and the euro (Jonung, 2004).

The 'Yes' campaign, implying that trade and competition would increase, the rate of interest would fall, and economic growth and employment would rise, stressed the economic benefits of euro membership. It was suggested that, Sweden was also strongly integrated with the Union and the introduction of the euro was a necessary step to take, regarding the scope and the scale of this integration. Besides, participating in the eurozone was presented as a compulsory tool that would contribute to fiscal discipline. It was suggested that, with the adoption of the euro, Sweden would have had a more influence and 'say' in the Union and would have played a more active role in forming the future of Europe. The euro by the 'Yes' campaigners was presented as a method of ensuring peace and prosperity in Europe. A 'No' to the euro would contribute to isolationism and xenophobia. National independence in a globalized world, especially for a country like Sweden, was restricted anyway and it was better to be part of a common monetary union than to stay outside (Jonung, 2004).

The 'No' campaign stressed the the importance of having a national central bank that could execute an independent monetary policy for the benefit of the country under every circumstance. The euro project was presented as risky and it was suggested that the single currency project was a political construction that had not yet proved its success. Membership in the euro area was described as a threat to the Swedish welfare state and its present system of high taxation. Participating in the common monetary policy would force Sweden to reduce taxes which would in turn decrease size of the public sector. The process of European economic and monetary integration was presented as a threat to Sweden's democracy. Swedish voters, whom could influence the fiscal and monetary policies of the

government in favor of themselves through their votes, would lose power in the event of a Yes to the euro (Jonung, 2004).

After the referendum, the results revealed that 55.9% of the Swedes rejected participating in the eurozone whereas 42% of them said 'Yes' to the euro. On the other hand, it should also be noted that as Sweden could not receive any opt-out clauses under the Maastricht Treaty in contrast to Denmark and United Kingdom, due to the 1994 Act of Accession, Swedes are still obligated to join the eurozone as soon as all the Maastricht criteria are met.

In his article Jonung (2004) reveals the underlying factors behind the Swedish 'No'. Jonung (2004) suggests that, Sweden, with its monarchy and a stable democracy, has been an independent and successful nation state for unusually long periods of time. It has not experienced domestic political violence for centuries and has not been occupied by foreign powers in modern times. There exists a considerable public respect and support towards Swedish domestic political system and the country has well developed and entrenched democratic traditions. With this regard, there exist a perception among the Swedes that public institutions efficiently and honestly run. Consequently and accordingly, domestic politicians and bureaucrats are respected to a larger extent than in most other member states of the Union. The country has not been involved in wars actively for almost two centuries. This creates among the public both a strong belief that the country and its welfare state is unique, and an attitude of isolationism with regard to foreign relations. The country has a well-developed sense of national identity based on a common language, religion, culture, political institutions, and history.

To this extent, Jonung (2004) comments that, the late entry of Sweden into the Union in 1995 is a consequence of this skeptical and isolationist attitude among the Swedes toward the European integration process. As there is a strong confidence and trust in domestic institutions among Swedes, European cooperation, the institutions of the European integration, and thus

the common European currency, appear less trustworthy and legitimate in Sweden in comparison with other member states. With this regard, this relative lack of trust in European Community institutions compared with domestic institutions was most likely an important determinant of the Swedish euro referendum.

With this regard, despite the fact that Sweden is obliged to adopt euro in the future, in 2003 it was rejected by 55.9% of the Swedes to participate in the single currency project of the European Union. In the referendum, Swedes chose to keep going with their almost 150 years old krona and with their Riksbank, the oldest central bank on the world along with their trustworthy politicians and bureaucrats, rather than opting for the euro of the European Central Bank in Frankfurt managed by unfaithful European technocrats which serves not for Swedish but for a collectivity's interests. To this end, it might be suggested that, the underlying factor behind Swedish 'No' to the euro might be evaluated as the representations of euro that are considered as a symbol of the European Union of which the institutions and the bureaucrats are not trusted that much among the isolationist and skeptical Swedes in comparison with the representations of national Swedish institutional values and realities.

6.9.9. The Austrian Case: 'Deep Hesitancy'

The Standard Eurobarometer results starting from February 1996 reveal that, there has been an increasing support for the euro among Austrians. The support level reaches its peak in 2002, a few months after the circulation of the single currency. Since then, although with ups and downs, a remarkable support for the euro among Austrians is observed.

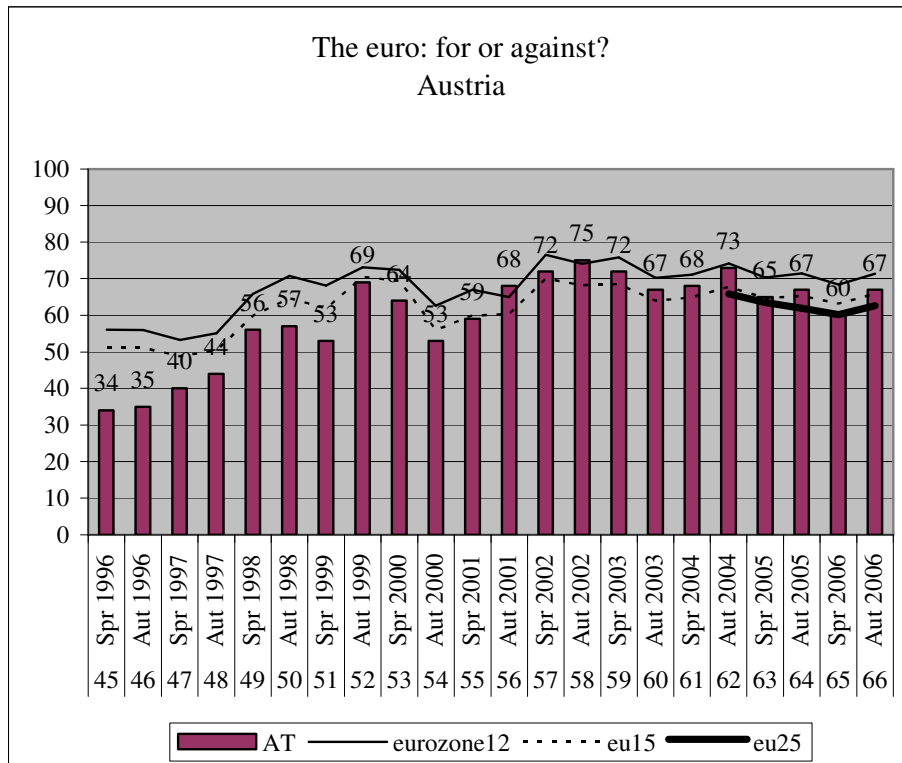


Figure 21. The euro: for or against?

Austria

(Source: Standard Eurobarometer; 66, September 2007 – 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005 – 61, July 2004 – 60, February 2004 – 59, July 2003 – 58, March 2003 – 57, October 2002 – 56, April 2002 – 55, October 2001 – 54, April 2001 – 53, October 2000 – 52, April 2000 – 51, July 1999 – 50, March 1999 – 49, September 1999 – 48, March 1998 – 47, November 1997 – 46, May 1997 – 45, December 1996)

As it can be seen from the preceding graph, the support for euro in Austria follow the general trend of that of eurozone, EU15 and EU25. In accordance to the Standard Eurobarometer results, recently the Austrian support exceeds the EU15 averages slightly but on the other hand still remains mildly lower than the euruzone averages.

During the introduction phase of the euro, the information given by the politicians, economists, and journalists about the possible consequences of

replacing national currencies with a single common currency was contradictory. Those experts who supported the single currency suggested a boost in economic performance of Europe and in the individual affluence. Experts who opposed the euro on the other hand stressed the possibility of deterioration of unemployment rates, cuts in welfare and social security and growing economic gaps within the member states of the Union (Meier Katja; Kirchler, Erich, 1998).

Among Austrians who supported the single currency, economic and political advantages were the most emphasized advantages of the euro. The supporters believed in common that introduction of a single currency would augment the facilitation of tourism, trade, general mobility and transparency of prices across Europe. The most common representations among the Austrian supporters relating with the single currency were: 'stability of the new currency', 'financial transparency across Europe', 'stimulation of the national economies', and 'Europe as a political union' (Meier Katja; Kirchler, Erich, 1998).

The opposing Austrians on the other hand often related their representations of the euro to emotions, such as uncertainty, fear, or anger at the personal level and instability of the new currency at the national level. The introduction of the single currency was expected to decrease national autonomy, and it was supposed that the euro would eventually bring economic disadvantages to the Austrian economy. The opponent Austrians expected financial loss, currency instability, higher unemployment rates and unjust distribution of benefits and costs among the member states after the introduction of the single currency. On the other hand, among the opponents the introduction of the euro was rarely seen as a threat to Austrian identity (Meier Katja; Kirchler, Erich, 1998).

On the other hand, Meier-Pesti, Kirchler and El-Sehity (2003) indicate that, after the introduction of the euro, in 2001 and 2002, the Austrians observed

that all prices had rounded up and this increase in the prices led the Austrians label the euro as 'Teuro' - german conflation of the words "teuer" (in English: expensive) and the euro-. This price increase, which in fact had been complained all over Europe rather than only in Austria, generated a negative attitude towards the single currency. Kühberger and Keul (2003) present this 'Teuro' phenomenon as the price of the single currency at the psychological level and lower consumption volumes at the economical level.

6.9.10. The Dutch Case: 'The Sold Guilder'

The Standard Eurobarometer results starting from February 1996 (Standard Eurobarometer 45) reveal that, in general the support for euro among Dutch have been in parallel with that of eurozone12 and EU15 averages. The support level reaches its peak in November 1999 (Standard Eurobarometer 52), almost one year after the introduction of euro.

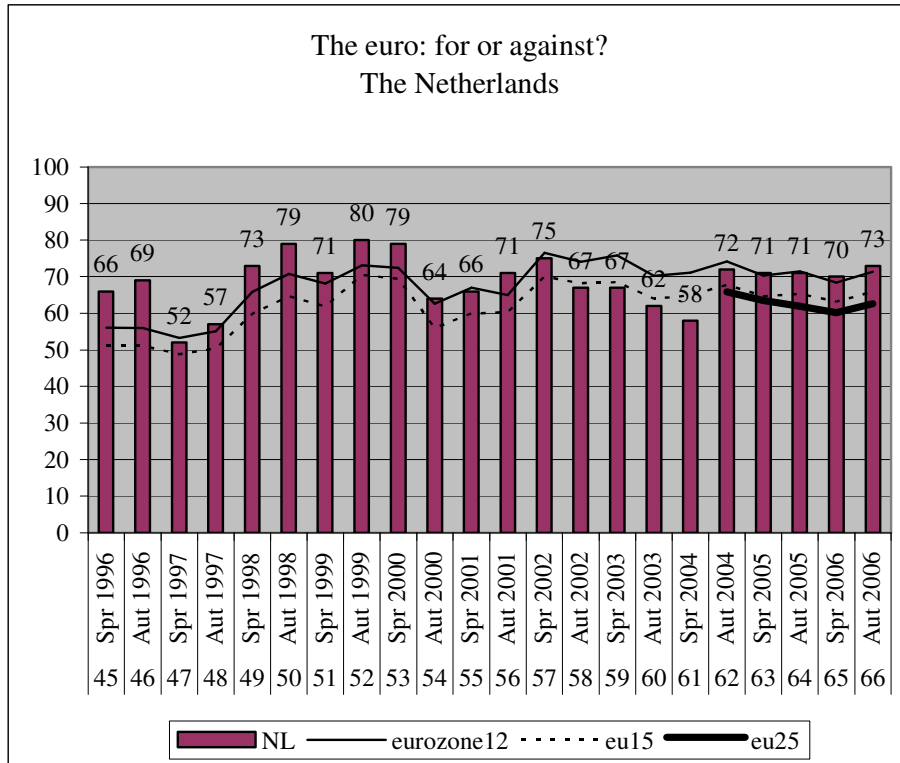


Figure 22. The euro: for or against?

The Netherlands

(Source: Standard Eurobarometer; 66, September 2007 – 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005 – 61, July 2004 – 60, February 2004 – 59, July 2003 – 58, March 2003 – 57, October 2002 – 56, April 2002 – 55, October 2001 – 54, April 2001 – 53, October 2000 – 52, April 2000 – 51, July 1999- 50, March 1999 – 49, September 1999 – 48, March 1998 – 47, November 1997 – 46, May 1997 – 45, December 1996)

Although ups and downs in the support levels for euro are observed following November 1999, since March 2004 (Standard Eurobarometer 61) there exist a steady but remarkable support for the single currency in the Netherlands.

According to Maes and Verdun (2005) the Dutch are viewed as one of the most supportive members of the Union for further integration. Dutch

economy is defined as a small and open one which is highly dependent on the larger world economy. Consequently, suggest Maes and Verdun (2005), the Dutch have typically been very much in favour of European integration. The ambition of the Dutch for further European integration is defined by their ties to other European countries which have been gradually strengthened.

However, suggest Aarts and Kolk (2006), in the Netherlands, enthusiasm for a common currency had always been much greater among the political elites than among the general public.

Müller-Peters et.al. (1998) suggest a relationship between the attitude towards euro and the expected gain of the country in its membership in the euroland. To this extent, they present the Dutch's and Germans' strong currencies as the underlying factor behind this negativity towards the euro.

In their study, Aarts and Kolk (2006), analyze the underlying reasons of the Dutch 'no' to the European Constitution. In their study, they suggest that the Dutch's disappointment of the euro after the introduction has been one of the main reasons of the no votes of Constitution referendum. According to one of the directors of the Dutch central bank, notes Aarts and Kolk (2006), Dutch guilder had been undervalued against the euro by 10% compared to the German mark, which in turn led to the emergence of a feeling among the Dutch that the government 'sold' their guilder too cheaply. The feeling that the Dutch had sold their guilder too cheaply was further fueled by the fact that the Netherlands had been one of the largest net contributors to the EU over the past two decades. In addition, as was experienced in some other member states, many Dutch became convinced that after the introduction of the single currency, there had been a general price increase in consumables. In consequence a large majority of the Dutch was convinced that the Netherlands had been financially injured by the introduction of the euro.

On the other hand, in accordance with the results of the survey of Aarts and Kolk (2006), in the Netherlands, almost everyone believed that spending money in other countries had become much easier.

In their research, Aarts and Kolk conclude that, there exist a negative attitude toward the euro in the Netherlands and this negative attitude reflects a lack of confidence that the European Union will foster economic growth. The ability to foster economic growth had always presented as one of the strongest arguments for European integration and for the introduction of the euro as well, and Aarts and Kolk suggest that the Dutch feel that this has not been the case.

However, if we compare the results of Aarts and Kolk with Standard Eurobarometer results, it can be seen that, on the contrary to Aarts and Kolk's findings, there exist a remarkable support for the euro among the Dutch, especially for the recent period. This finding might well be interpreted as a clue that implies the position of the single currency in Dutch's life. It might be suggested that, in spite of the undervaluation of the Dutch guilder, or the general price increase in the Netherlands after the introduction of the euro, Dutch feel attached to the single currency of the Union and give a remarkable support to it. This remarkable support, despite those negativities, might be argued to be given only if the single currency is perceived as an indispensable and natural part of the Dutch's daily life and consequently of the Dutch's collective identity, circumscribed by the Netherlands, the European Union and the Europe.

6.9.11. The Irish Case: 'The Symbol of Irish Booster'

The Standard Eurobarometers starting from February 1996 reveal that, there has been a huge support for the euro among Irish through the European Union's euro adventure.

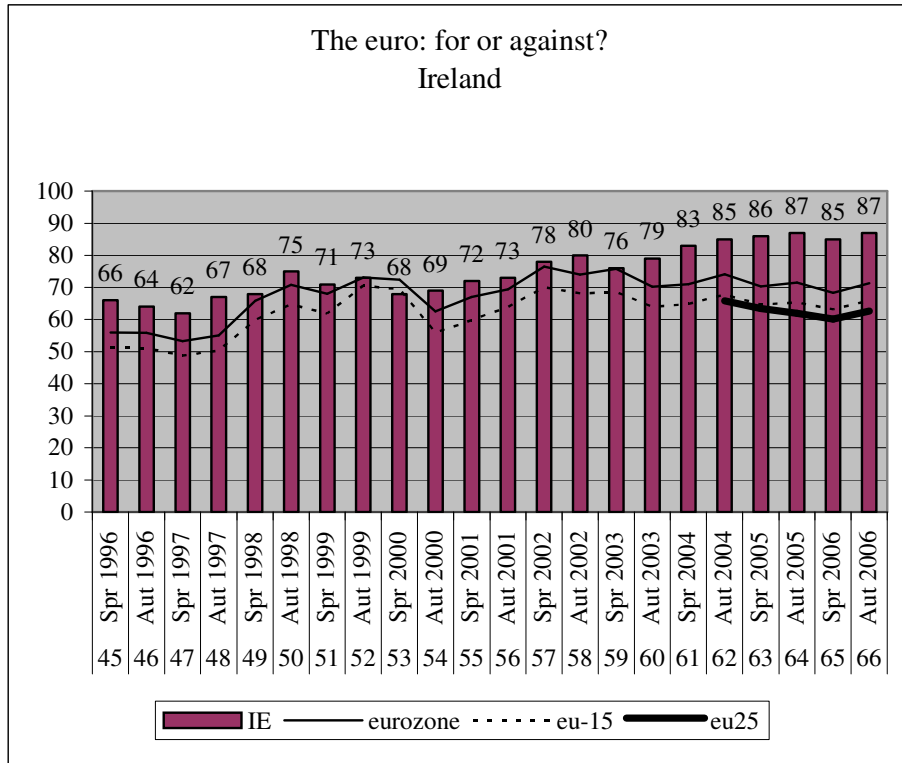


Figure 23. The euro: for or against?

Ireland

(Source: Standard Eurobarometer; 66, September 2007 – 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005 – 61, July 2004 – 60, February 2004 – 59, July 2003 – 58, March 2003 – 57, October 2002 – 56, April 2002 – 55, October 2001 – 54, April 2001 – 53, October 2000 – 52, April 2000 – 51, July 1999- 50, March 1999 – 49, September 1999 – 48, March 1998 – 47, November 1997 – 46, May 1997 – 45, December 1996)

The preceding graph reveals that, the Irish support for the has been higher than the that of eurozone12 and EU15 averages and recently the Irish support exceeds these averages remarkably.

Müller-Peters et.al. (1998) suggest a relationship between the attitude towards euro and the expected gain of the country in its membership in the euroland. It is a common view that, Ireland is one of the countries

beneficiary of the European Union's policy of cohesion and a country with a very rapid rate of economic growth with a traditionally stronger currency. Ireland is one of the countries that have prospered significantly since joining the European Union (Arts and Halman, 2005). Ireland is especially expected to gain an economic independence as the Irish economy for a long time linked to the British economy (Special Eurobarometer Report, May, 2002).

Ireland is a country which is somewhat less proud of its economic and political system of which people feel less self-confident and open-minded. On the other hand, the Irish people seem to be more open to the economic changes in comparison with other member states and Irish keep an "open door" to Europe. They believe that they will gain relatively more at both personal and at macro level from the single currency project (Pepermans and Verleye, 1998). The Irish people are expected positive net economic gains from the single currency project (Special Eurobarometer Report, May, 2002).

The Irish had economic and cultural reasons for their positive attitudes towards euro. At the economic side, Irish thought that, the introduction of euro would ease travelling across Europe and lead the transparency of price comparisons -with some hopes that the latter might cause a downward pressure on internal prices as they considered to be too high at home. In addition, the single currency project was considered to be beneficiary to business and commerce of all kinds, including tourism and trade. The decrease in dependence on sterling and the United Kingdom was perceived to be the most beneficiary advantage of the euro at the macro-economic level. For some, being a part of the euro project was a reflection of Ireland's overall positive attitude to the EU – 'we're in Europe now'; 'It comes with the territory'. For these, the idea of greater cultural and economic integration was welcome among the Irish (Burgoyne et.al., 2003).

On the other hand, the opponents of the euro argued that, Ireland would lose its economic sovereignty, its economic independence and control and the introduction of a single currency within a European Monetary Union would be another step towards a European super-state. The replacement of Irish punt with the euro was presented as a loss of cultural identity as the ‘prettier’ Irish punt carried symbolic reminders of nationhood (Burgoyne et.al., 2003).

To this extent, it might be argued that, the Irish enthusiasm of the single currency could be found in Ireland’s economic onset, realized after joining the European Union. It might be suggested that, the single currency is considered as the symbol of the European Union, which is the perceived as the booster of the Irish success. In this regard, it can be said that, the Irish are attached to the new currency of Europe much more than the others as the Irish perception towards the euro goes well beyond a mere currency.

6.9.12. The Slovene Case: ‘Slovene –Traditionally- European Identity’

Slovenia, which was one of the founder states of then Democratic Federal Yugoslavia from 1943, Federal People’s Republic of Yugoslavia from 1946 and Socialist Federal Republic of Yugoslavia from 1963, has gained its independence in 1992 –de facto in 1991-, and acceded to the European Union with the Union’s 2004 expansion.

The Republic of Slovenia has formally acceded to the European with the “Treaty concerning the accession of ten New Member States to the European Union” which was signed on 16 April, 2003. In accordance with the treaty, the rights and obligations of the new member states are determined according to the treaties on which the Union is founded as amended or supplemented. Among those treaties there exists the Treaty on

European Union (Maastricht Treaty) which rules the member states to achieve a high degree of price stability, keep its government finances sustainable (in terms of both public deficit and public debt) and maintain a stable exchange rate and convergence in long-term interest rates in order for it to qualify for eurozone membership. There is no pre-defined timetable for the adoption of the euro by the European Union's new member states although they are all obliged to adopt the common currency. With this regard, since January 1, 2004, Slovenia had been legally obliged to adopt the single currency once it demonstrated that it was able to do so and recently, on January 1, 2007, the Republic of Slovenia has adopted the single currency of the Union.

The Slovene support levels for the single currency, starting from November 2005, are as follows:

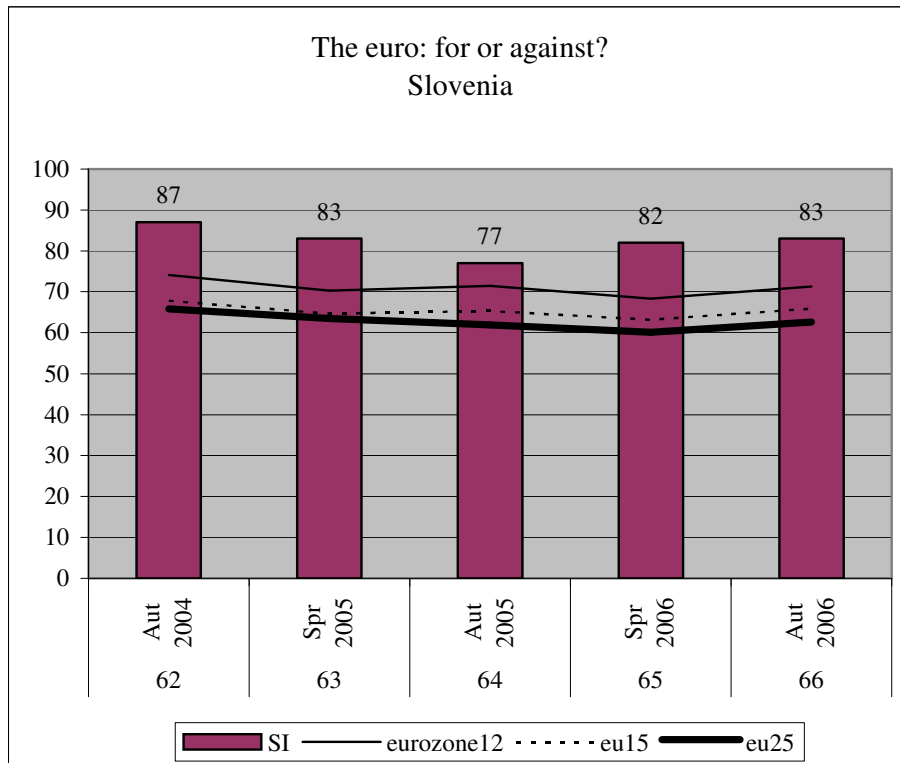


Figure 24. The euro: for or against?
Slovenia

(Source: Standard Eurobarometer; 66, September 2007 – 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005)

The results reveal that, there has been a huge support for the single currency among Slovenes. As a matter of fact, the Slovene support for the single currency has been the highest one regarding the newly acceded member states and one of the highest ones among the EU-25 member states.

The Slovenes are also one of the peoples of Europe which consider (before the full adoption of euro) and feel (after fully adopting the euro) that, they (would) feel more European by the usage of euro instead of the national currency.

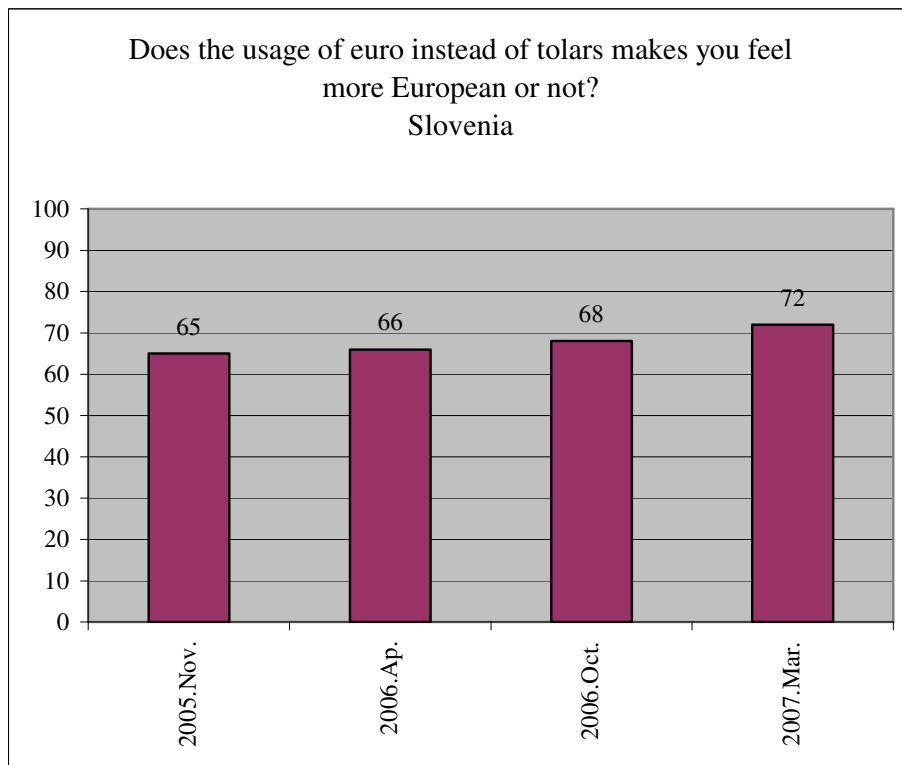


Figure 25. Does the usage of euro instead of tolar makes you feel more European or not?
(Source: Flash Eurobarometer; 207, Introduction of the Euro in the New Member States, Analytical Report, May 2007 – 191, Introduction of the Euro in the New Member States, Analytical Report, November 2006)

According to the The Flash Eurobarometer 208 results, (General public survey after the introduction of the euro in Slovenia, March 2007), the 72% of the Slovenian population felt themselves more European by the introduction of euro. The percentages of those Slovenians who would feel (and felt) more European after the introduction of euro are as follows: 68% in October 2006, 66% in April 2006 and 65%, in November 2005 (Flash Eurobarometer 208, Flash Eurobarometer 191). As it can be seen that, the usage of the single currency of Europe gives Slovenians a sense of Europeanness.

The construction of Slovene national identity follows the classical form of a social or collective identity which requires the basic parameters of ‘we’ (our group) in contrast to ‘they’ (other groups, foreigners). In the case of a nation with a young statehood tradition like Slovenia, the European identity is used in order to re-construct national identity, based on a continuity of distinct Slovene cultural traits and common value content within the European civilization sphere –cultural identity-, and a drive by a new Slovene state to re-establish itself by joining the common European framework –political identity-. To this extent, in Slovenia, the European identity represents the desirable development model and main aim of Slovene sovereignty, whereas the former Yugoslav federation represents the contra-identity, contributing to a large extent to the strengthening of the new Slovene identity (Plavšak, Kristina 2000).

With this regard, the Slovene participation to the single currency project of the European Union might be argued to represent the European face or in other words the cultural Slovenian identity which is presented to be traditionally within the European identity for centuries. On the other hand, from a political perspective, the participation of Slovenia in the European Monetary Union might be suggested as a one further step which aims at re-establishing the Slovenian state and much more important than that, which aims at creating a Slovenian national identity. To this extent, an apparent link might well be presented between the single currency and an emergent European identity in Slovenia.

6.9.13. The Cypriot Case: ‘Economics of British Pound’

Cyprus is one of the newly acceded countries to the European Union. The Cypriot accession to the Union has occurred during the Union’s 2004 expansion, along with other nine states.

The Cypriot accession to the Union has been agreed with the “Treaty concerning the accession of ten New Member States to the European Union” signed on 16 April, 2003 between the member states of the European Union and the Republic of Cyprus. Along with the treaty, the rights and obligations of Cyprus are determined according to the treaties on which the Union is founded as amended or supplemented. Consequently, Cyprus is obliged to fulfill the criteria set out in the Treaty on European Union (Maastricht Treaty), which rules the member states to qualify for eurozone membership at an indetermined date. With this regard, since January 1, 2004, Cyprus is obliged to adopt the single currency once it demonstrates that it is able to do so.

Cyprus has already joined the Exchange Rate Mechanism II and is to adopt the single currency by January 1, 2008.

The following graph reveals the support levels for euro in Cyprus since February 2004 (Standard Eurobarometer 61). According to the graph, for the time interval, the support for the euro among the Cypriots have been lower than that of eurozone¹², EU 15 and EU25 averages. There has also been a decreasing support for the euro among Cypriots.

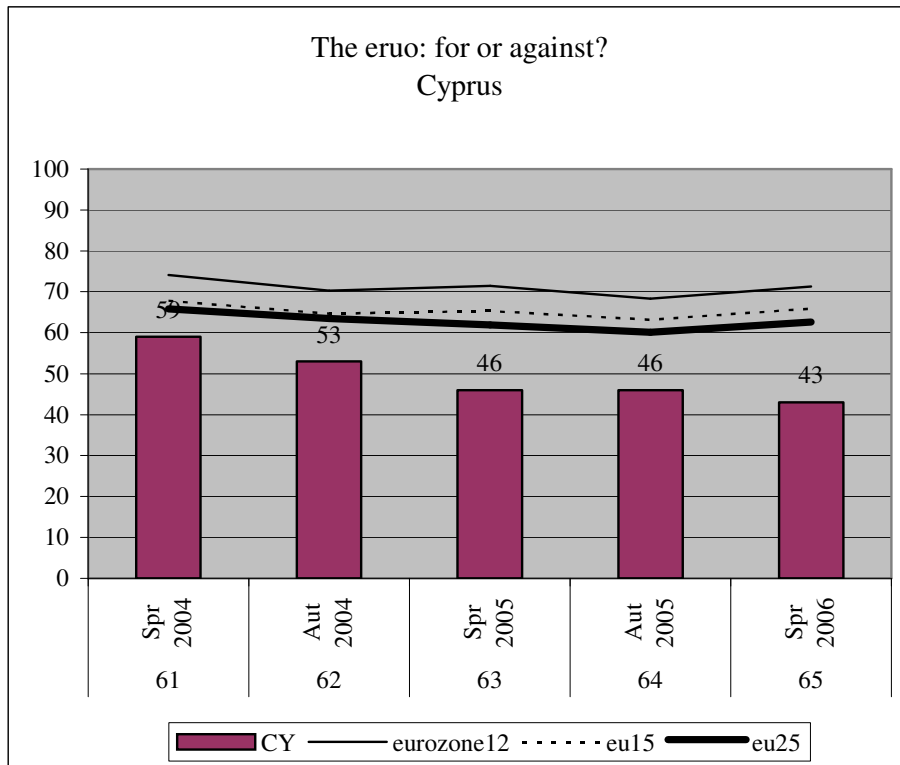


Figure 26. The euro: for or against?
Cyprus

(Source: Standard Eurobarometer; 65, January 2007 – 64, June 2006 – 63, September 2005 – 62, May 2005 – 61, July 2004)

Cyprus has close cultural, political, social and economic relations with Europe. For more than 100 years, the island has developed special trade links with Europe, and the United Kingdom has a special position within that relations (Öztürk et.al., 2006).

After the agreement of Cyprus Convention between the British and Ottoman Empires in 1878, the government of Cyprus was taken over by Britain. Following the first world war, Cyprus was annexed by Britain and soon was proclaimed as a crown colony. When the Cyprus Treaty of Guarantee was signed in 1960 in order to erect an independent republic on the island, along

with Greece and Turkey, the United Kingdom was proclaimed one of the three guarantor states.

To this extent, the type and depth of cultural and economic relations of the Cypriots with the United Kingdom is very different and rooted in comparison with other European states –except for Greece of course-.

Since the establishment of the Republic of Cyprus in 1960, the United Kingdom has been the major trading partner of Cyprus because the Kingdom had been applying preferential tariffs to imports originating from Cyprus. Consequently, when the United Kingdom applied for membership to European Community in 1961, Cyprus in fear of losing British market, had applied to the Community as well with the consent of both Turkish and Greek communities on the island. However with opposition of France to the membership of the United Kingdom, Cyprus interest of membership has declined until 1973, till the British membership to the European Economic Community (Öztürk et.al., 2006, p. 4).

Today, the United Kingdom is still the major trading partner of Cyprus. The following tables explicits the import and export volumes of Greek Cypriot Administration with France, Germany, Greece and the United Kingdom – the first four countries that the Greek Cypriots trade most in the Union- in percentages.

Table 2
Cypriot Imports from European Union Countries (%)

	UK/EU (%)	DE/EU (%)	EL/EU (%)	FR/EU (%)
1995	22	15	14	8
1997	24	12	15	9
1998	20	15	15	9
1999	21	13	16	10
2000	20	13	16	9
2001	17	13	17	10
2002	15	16	18	9
2004	13	14	23	10
2005	13	13	26	6
2006	14	14	27	6

Source: Greek Cypriot Ministry of Finance

Table 3
Cypriot Exports to European Union Countries (%)

	UK/EU (%)	DE/EU (%)	EL/EU (%)	FR/EU (%)
1995	37	15	17	4
1997	33	11	25	4
1998	37	11	25	3
1999	38	10	21	3
2000	43	8	21	2
2001	47	7	21	2
2002	52	6	16	3
2004	55	7	16	2
2005	29	9	20	29
2006	29	9	26	14

Source: Greek Cypriot Ministry of Finance

The tables explicit that, traditionally the United Kingdom has been the most important trading partner of Cyprus followed by Greece. Between 1995 and

2006 the share of Cypriot exports to the United Kingdom in total exports to the Union has varied between 55% and 29% whereas that of Greece, a country with which Cyprus had traditional, cultural, historical, religious, ethnic and linguistic ties, varied between 26% and 16%.

Putting aside the European Union, the United Kingdom also has an important position with regard to the Cypriot's trade to world countries. The following tables explicit the import and export volumes of Greek Cypriot Administration with Greece, Russia, the United Kingdom and United States of America – Greece and the the first three countries that the Greek Cypriots trade most in the World- in percentages.

Table 4
Cypriot Imports from the World (%)

	UK/ WORLD (%)	EL/ WORLD (%)	RUS/ WORLD (%)	USA/ WORLD (%)
1995	12	7	4	13
1997	11	7	5	19
1998	11	8	3	13
1999	11	8	3	11
2000	11	9	4	10
2001	9	9	3	9
2002	8	10	4	5
2004	9	15	1	2
2005	9	17	1	2
2006	9	17	1	2

Source: Greek Cypriot Ministry of Finance

Table 5
Cypriot Exports to the World (%)

	UK/ WORLD (%)	EL/ WORLD (%)	RUS/ WORLD (%)	USA/ WORLD (%)
1995	13	6	14	1
1997	9	7	20	1
1998	15	10	10	2
1999	16	9	7	4
2000	17	8	8	2
2001	19	8	9	2
2002	28	8	3	2
2004	32	9	2	2
2005	17	11	1	1
2006	15	13	1	1

Source: Greek Cypriot Ministry of Finance

As the tables reveal, the share of the United Kingdom in total imports and total exports of the Greek Cypriot Administration to the world is far beyond than other trading partners of the Cyprus and only comparable with Greece. The first table explicits that, since 1995, the United Kingdom has a decreasing whereas Greece has an increasing share in total imports of Cyprus. On the other hand, although recently comparable, the share of the United Kingdom in Cyprus' total exports has been much higher than that of any country on the world –except for Russia in the years 1995 and 1997.

To this extent, an early and rough, yet acceptable generalisation with regard to the importance of the United Kingdom and the British market for Cyprus could be made. On the other hand, it might be suggested that, this importance of the British market, a market which is not in the eurozone, shapes the attitudes towards the single currency. The Cypriot pound, came into circulation in 1879 on par with the British pound up until 1960 and from 1960 to 1972, it was pegged to British sterling. In 1972 it was linked to

the United States dollar and from 1973 to 1992 the Cyprus pound was weighted to various currency baskets. From 1992, Cyprus pound was pegged to the European Currency Unit. And finally on January 1, 1999 it was pegged to the euro (Central Bank of Greek Cypriot Administration).

In this regard, the cross rate between the euro and the Great Britain pound bears a remarkable importance for the Cypriots. The National Report of Cyprus prepared by the Association of European Chambers of Commerce and Industry (Eurochambres, 2004), drawing attention to this relationship, explicits the importance of the value of the Great Britain pound for the Cypriot welfare and Cypriot economy:

Since the Cyprus pound is directly connected to the euro, the decrease of the exchange rate of the British sterling against the euro had a further negative effect on the Cyprus exports and on the tourist arrivals from the United Kingdom.

... the exchange rate between the Cyprus pound and the British sterling is expected to be more favourable and, as a result, private consumption is expected to further expand.

In this sense, as the value of the euro vis a vis the British pound bears a high importance for the Cypriots, it might be argued that, the Cypriot dislike towards the euro might be explained through economic fears. It might be suggested, although the Cypriot pound has been pegged to the euro since January 1, 1999, after fully adopting and circulating the euro by January 1, 2008, the Greek Cypriots might have been expecting net economic losses which in turn might have been creating a negative effect towards the single currency.

As a matter of fact, the results of the Flash Eurobarometer 207, May 2007, support this way of logic. The graphs below, reveal the expected consequences of the introduction of euro on national and personal levels in Cyprus. Both graphs explicit that, the expected consequences of the introduction of euro in Cyprus is rather negative and absolutely not positive.

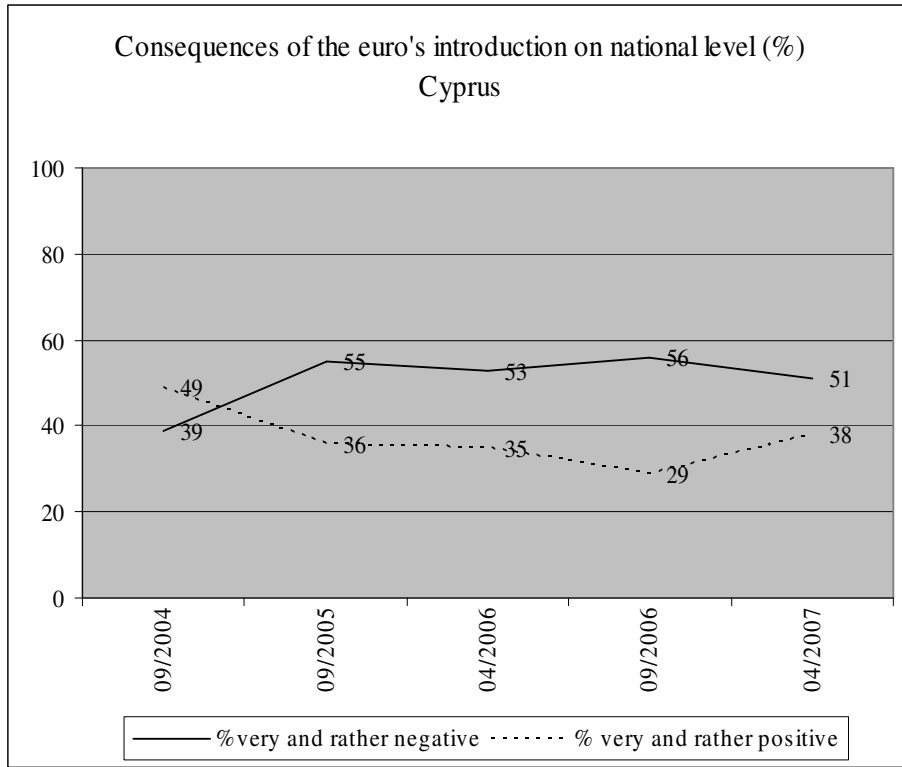


Figure 27. Consequences of the euro's introduction on national level (%)
Cyprus

(Source: Flash Eurobarometer 207, Introduction of the Euro in the New Member States, Analytical Report, May 2007)

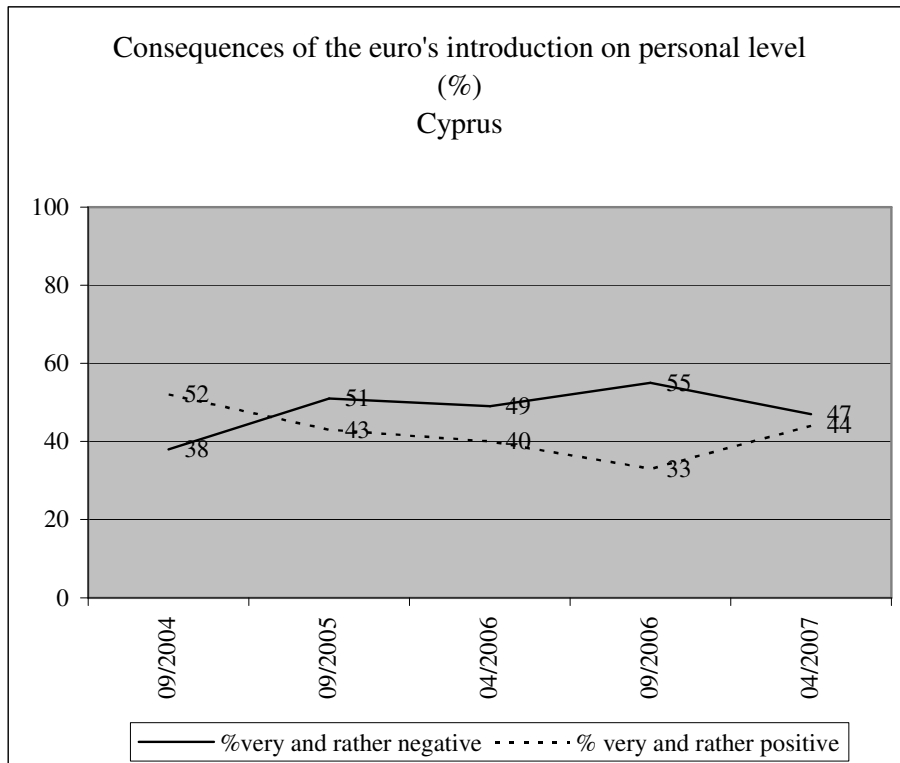


Figure 28. Consequences of the euro's introduction on personal level (%)
Cyprus

(Source: Flash Eurobarometer 207, Introduction of the Euro in the New Member States, Analytical Report, May 2007)

On the other hand, there is a general tendency among the Cypriots that, the adoption of euro will lead to a price increase on the island (Flash Eurobarometer 207 – May 2007 , National Web Site for the Euro, Central Bank of Greek Cypriot Administration). According to the Flash Eurobarometer 207 results, 78% of the Cypriots believe that there will be a price increase on the island after the adoption of euro and 83% believe that, there will be abuses and cheating on prices.

In spite of all those negativities and the pessimism towards the euro, the Flash Eurobarometer 207 results which are explicated in the graph below

reveal that, a considerable percentage of the Cypriots still think that, by using euro they will feel more European.

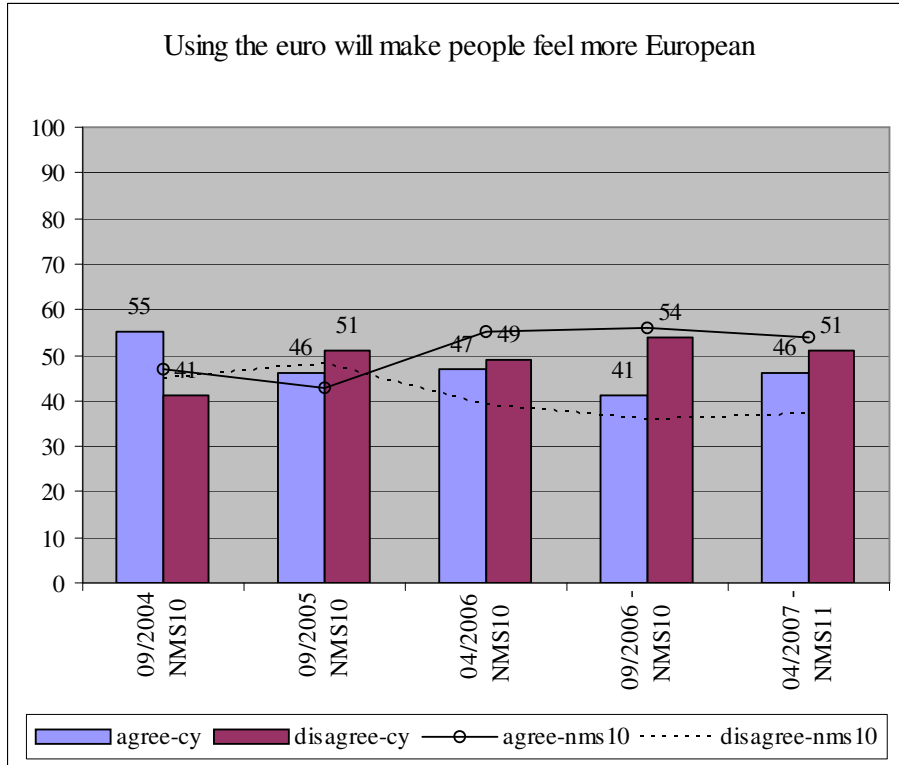


Figure 29. Using the euro will make people feel more European
 (Source: Flash Eurobarometer 207, Introduction of the Euro in the New Member States, Analytical Report, May 2007)

In addition to that, in accordance with the Standard Eurobarometer 67 results, 53% of the Cypriots perceive the image of the European Union as a positive one whereas only 18% of the Cypriots consider the image of the European Union to be a negative one.

To this extent, although the Cypriots are pessimistic with the introduction of the euro and the single currency represents negative economic consequences on national and personal levels, it might be argued that the negative attitude towards the single currency is rooted merely from expected future economic consequences rather than the conception of euro as an identity marker. With this regard, it might be suggested that the euro, rather than negatively representing the currency of the 'others', is neutrally considered to be a new currency unit on the island. In consequence, it might be argued that, the euro's position regarding the identity formulation of the Cypriots might alter in a positive manner in near future depending on the economic realities.

CHAPTER 7

CONCLUSION

I have been explicated that, identity is the label, the qualification, the definiton, the exposition or the characterisation of an individual in particular and of a social group in general. Identity is a social construct and as a consequence of our social world's complexity, there exist numerous collective identites. European identity designates just one of them.

There exist many historical, political and social instances for Europe which suggests for a sense of collectivity for Europeans. The Classical period, the Roman Empire, Christianity, Renaissance, Reformation, Enlightenment, the Industrial Revolution, the French Revolution, nation-state system and the 'others' as an identifier social category, constitute just some of the common experiences and objective elements for the formation of an European identity. The European integration project, which has had tremendous political, economic and social consequences on the European continent, presents the last touch upon the formation of a common European identity.

The European project does not only serve for the identity formation process passively with its tremendous changes which offers the creation of a sense of commonness among the peoples of Europe. In addition to that, the project actively seeks to deepen and to emphasize the common identity of Europeans. The Community's 'Document on European Identity' of 1973 designates the first sign of such initiatives of the Union in which it was decided that, "...unity is a basic European necessity to ensure the survival of the civilization which –European Communities- have in common" and

concluded that, "...the time has come to draw up a document on the European Identity" (Declaration on European Identity, Copenhagen, 14 December 1973). Since 1977, the Community has developed 'cultural policy' in order to boost people's awareness of a European cultural identity which was given a formal recognition by the Heads of State or Government at the Stuttgart and Milan European Councils in 1983 and 1985 respectively (Commission of the European Communities, 1988).

In designing it projects, the Community has also took into consideration the European identity. Then it was nothing but natural for the Union, evaluating the European economic and monetary unification within this context, which has been a recurring wish since 1960s.

Money, being a social relation which 'brackets time and space' (Giddens, 1991) and creates an invisible tie between the members of a community whom would not otherwise even come face to face, had been used several times before in order to emphasize the collectivity of masses. It designates the symbol of sovereignty of the power (Breakwell, 1986, in Meier-Pesti, 2003) and frequently defines the boundaries of political entities. In this context, national currencies are expected to help governments in building nations (Kaelberer, 2004). They offer a sense of collectivity at the symbolic level by means of reminding the subjects and the others of the authority of the land. Intrinsically worthless fiat monies create a psychological link based on trust, between the members of the society and between the state and society. Territorial currencies, offered the states the tool of monetary policy to reach national goals, which offered the best efficiency in creating the fate of communities. Experiencing common monetary events collectively that served for the interest of the nation, helped the creation of a new form of link between the state and the society, that could never been felt at this extent before (Helleiner, 1997). Afterall, coins and banknotes are regarded as the "the most mass-produced projects in the world, painstakingly designed for millions of people to use" and for this reason,

they offered “an unparalleled opportunity for officially sanctioned propaganda, to color the recipient’s view” (Hewitt in Helleiner, 1997).

As was previously mentioned, money in general and territorial currencies in particular, bolster the collective identity of a society and in this sense might be used or viewed as a symbol of collective identity. In this extent, a territorial single currency for European Union designating a social relation among the peoples of Europe, could bracket time and space, and by means of creating a sense of collectivity, might be used -or viewed- as a symbol of collective European identity.

Considering these arguments, the ‘euro’ project of the Union has offered an unique opportunity for the EU officials in boosting the European identity. The Community, taking advantage of this opportunity, actively pursued the promotion of European identity via single currency. The creation of eurobanknotes and eurocoins as a currency indicates the most concrete form of this initiative.

During the negotiations aiming at deciding the name of the new currency, all suggestions that included national connotations were rejected. The Council sought for a name which would be the same in all official languages taking into account the alphabet and the ease of pronunciation (European Central Bank, 2007). The symbol of new currency (€), was inspired by the letter epsilon (€) of Greeks, of whose civilization is considered to be a value of common in Europe. Regarding the design of eurobanknotes, setting a balance between the nations of Europe was taken into consideration. Those imageries that offered a touch to the commonness of European nations was preferred in order to eliminate the national singularities of the participant nations of the denominator. The imageries on eurobanknotes were selected in a manner that, on each banknote, one of the seven periods of Europe, which are expected to be a common cultural asset of Europeans, would be depicted. On the eurocoins, a map of European Union, depicting both ‘the

Europe as a group of individual nations' and the 'the place of Europe in the world' is explicated which defines European identity in terms of geography. The imagery of the united Europe, as the name suggests, signifies the unity of Europe, adding to the collective identity of Europeans.

Such mentioned actions of the Community show that, the European Union officials were certainly aware of the linkage between money and identity and they consciously used the single currency of Europe as a means of identity booster. In other words, the euro was used and introduced as a proxy agent and by means of this agent, the commonness and uniqueness of Europeans were tried to be emphasized hoping to be employed in the process of identification.

On the other hand, as previously explained, identification is a historical and dynamic process rather than an instantaneous and stationary one. To this extent, whether those conscious initiatives of the Union in boosting a European identity have been successful or not is a question of time rather than a question of research. However, thanks to the vast opportunities that our contemporary era offers, there exist some data that would be helpful in evaluating the question of European identity. One of those opportunities which is used extensively in those studies addressing European identity is Eurobarometer reports.

Eurobarometer reports are surveys that are conducted since 1973 throughout the members of the European Communities/European Union which aims at collecting information about public awareness, knowledge and attitudes towards the European Common Market and the various institutions of the European Economic Community/European Community/European Union. In the sixth chapter of this thesis, some Eurobarometer results in conjunction with euro-European identity relationship have been evaluated and they have been tried to be interpreted.

These results suggest that,

1 – Following ‘Freedom to travel, study and work anywhere’, the European Union is mostly associated with the euro by the peoples of the Union. There exist a vast majority among the peoples of Europe who perceive the single currency –the euro- as the symbol of European Union. Euro is a representative of the European Union in the minds of peoples of Europe. On the other hand, the European integration project designates the most recent common experience of Europeans in the last 50 years of the continent. In this regard, the euro does not only symbolise a supranational organisation but it also represents the most recent common experience of Europeans.

2- A significant majority of the peoples of new member states of Europe – member states of 2004 expansion, excluding Slovenia and including Bulgaria and Romania- consider that, the most perceived advantage of euro is its prospect for enhancing the significance of Europe in world issues. The peoples of new member states of the Union associate the single currency with a social category –Europe- rather than associating it with economic expectations – price stability, public finance, growth, employment or interest rates-. The single currency designates the say of Europe, which in here, is regarded as a collective identity category rather than a mere geographic location. In this respect, the euro -even now- designates more than a mere currency for the peoples of new member states –although none of which but Slovenia, have adopted it yet- and is associated with a social identity category at most among them. Regarding the new member states of the Union (only those ones of 2004 expansion this time), the euro is also perceived as an element which would enhance the feeling of Europeanness by a slight majority of the peoples. Again, perceptions in association with economic prospects remains secondary. To this extent, the single currency has a cardinal position within the context of European identity in newly acceded states of the Union as it is mostly and extensively associated with a collective category -Europe- even though it has not been adopted in these

states yet and even though it still remains the single currency of only eurozone area.

3- The general attitude towards the euro among the peoples of European Union is –although stationary- positive. Since Autumn 1999, a clear majority of the peoples of the Union (60,6% on average) expressed their support in favor of the euro. Right at this point, without making any comment, I would like to draw attention to the interpretation of this level of support in Eurobarometers and leave the comparison to the reader: 66% - Eurobarometer 59: *“The single currency is supported by three people in four in the Eurozone”*, 59% - Eurobarometer 60: *“In the euro zone, there is majority, but declining, support for the single currency”*, 63% - Eurobarometer 62: *“The European population supports the single currency”*, 59% - Eurobarometer 63: *“The European population supports the single currency”*, 60% - Eurobarometer 64: *“Widespread support for single currency”*. On the other hand the percentage of those who are against the euro among the peoples of the European Union is relatively small. Only 37% (on average) of the peoples of the Union express that they are against the single currency of Europe. The general positive attitude in the Union bears much more importance than it offers at first sight. This level of significant support is given to the currency of a supranational unit, ‘in favor’ of or ‘at the expense of’ or ‘despite of’ the existing/past national currencies of the member states which symbolise/symbolised the unity and sovereignty of peoples’ own nation states and which was/is a constructive element or at least an element in the national identity. In this context, the euro has succeeded a hard mission and despite being the currency of a supranational unit and despite replacing the past/will be replacing the present currencies, has positioned itself as the monetary unit of Europe that is supported ‘widely’.

On the other hand, the evaluation of Eurobarometer results showed that, there exists vast differences between the member states of the Union with

regard to their perceptions and attitudes toward euro. Each member state should be explored within its own special condition in order to grasp a better understanding of the impact of euro upon a common European identity. The contrary, although would yield desirable outcomes from the perspective of European Union officials, would distort or hide the actual position of euro upon European identity.

The evaluation of attitudes in some major states towards the single currency within their special circumstances show that:

1- In member states in which there exist problems in association with respective national identities, the peoples tend to support euro and the values it represents to a greater extent.

In Italian case, the euro is regarded as the symbol of Brussels bureaucracy and hence as the symbol of European Union, which is believed among Italians that, it offers a solution to their corrupted and untrustworthy national governance. In German case, the euro is perceived as the symbol of European project, participation in which is regarded to be proud of as it offers a blank page for the German identification along with a democratic Europe in which Germans have a say, and apart from the Nazi experience which Germans try to forget. In French case, the euro meant the salvation from shameful French franc and better than that, a say in monetary issues and an opportunity to seek national monetary interest through European Union bureaucracy in which French could intervene. In addition to that, the euro allowed the French to build a common sense with the peoples of Europe, around the single currency which was believed to be architected by the French leaders in order to protect French national interests.

In these countries, the European identity is considered as a life preserve for an escape from their national problems in conjunction with their national identities. The euro on the other hand, is regarded as a symbol of this

collective identity that these countries perceived/expected to benefit from. In this regard, it might be argued that, adopting the single currency project in these countries has nurtured the European identity. In some cases this nutrition came into effect in the form of an escape from national corrupted systems, in some cases in the form of an escape from national shameful history and in some cases in the form of an escape from a poor currency.

2- In member states in which there has been an aspiration or need for a European identity, the peoples tend to support euro and the values it represents to a greater extent.

In the Spanish and Portuguese cases, Spaniards and Portuguese, both having experienced fascism for 36 years, have developed themselves identities in which Europe has been an integral part. To this extent, the euro represents for the Spaniards and the Portuguese, the integration of these countries with the rest of Europe and it is perceived as a common symbol of European identity, in which the Spaniards and Portuguese seek to join in. In the Slovene case on the other hand, this time a need for European identity is under question. In the Slovene case, who suffer from having a young statehood tradition, European identity is needed in order to re-construct national identity, which is based on a continuity of distinct Slovene cultural traits and common value content within the European civilization sphere and a drive by a new Slovene state to re-establish itself by joining the common European framework.

The main ambition in this type of countries takes the form of integrating with Europe and integrating with Europe takes the form of being member of the European Union. On the other hand, integrating with Europe designates more meaning for these countries than a common market or a Schengen agreement. They seek to be accepted as an integral part of the values and the meaning that Europe designates, which might be put into words as: 'the European identity'. With this regard, it might be argued that, in these states

the euro is perceived as a project of the European Union that designates the symbol of integration with Europe, participating in which is regarded as internalising the values of European identity. Hence it might be argued that, in these countries the adoption of euro, flattering the national self-esteem of these states, nourishes the common European identity.

3- In member states in which there exist a very strong national self-esteem, the peoples tend to support euro and the values that it represents to a lesser extent.

In the British case, the euro represents the replacement of beloved British pound with the currency of European Union, which is believed to be the symbol of European identity that the British have traditionally kept themselves detached and considered themselves apart from it. In the Swedish case, the euro represents falling apart from their uniqueness as a nation state, with their monarchy, stable democracy, independence and success that covers unusually long periods of time, which has not experienced domestic political violence for centuries and has not been occupied by foreign powers in modern times. It also means leaving their own institutional Swedish identity symbolised with deeply trusted domestic political system and developed and entrenched democratic traditions at the expense of joining the identity of a supranational club, with its own institutions and its own Brussels based bureaucracy. In the Danish case, the euro represents, along with Swedes, leaving Danish constitutional monarchy and democracy, and the traditional Danish independence as a nation state which has been experienced for a period of unusually long time -except the foreign occupation during World War II. The euro also means for the Danes, to leave the Danish national identity based upon a common language, religion, culture, political institutions and history at the expense of European identity that is believed to be based upon diversity and a Brussels bureaucracy.

In this type of states, there exist a strong national self esteem described in the form of national traditions, institutions, glory and uniqueness as a nation-state. This national self esteem precedes the strength of European identity that is perceived by peoples. On the other hand, the European Union in these states is regarded as a Brussels based-retarded bureaucracy and the denominator of contemporary European identity - which these states have always been skeptic. In this regard, the euro means the lost of national self esteem in these states at the expense of adopting the single currency of European Union. To this extent, the euro might be argued to have neither positive, nor negative impact upon European identity in these states, as European identity itself has not internalised in this type of countries.

4- In those member states in which the economic consequences of the introduction of euro precedes the importance given to the European identity, the peoples tend give lesser support to the single currency.

In the Greek case, joining in the European identity means becoming an integral part of the European Union which is believed to be the solution of security problems of Greeks triggered by Turkey. On the other hand, as the outcomes of strict austerity programmes that are required to adopt the single currency -which is perceived to be the symbol of European Union and the European identity that Greeks attach to- preceeded the expectations from joining in the European identity, the support level for single currency declined in Greece. In the Cypriot case, the Cypriots who have developed close economic relations with the United Kingdom, tend to be against the single currency as they perceive it as a threat to their economic well being.

In this type of countries, the underlying reason behind the low levels of support for euro is related with negative economic consequences or expectations. To this extent, as it can not be suggested that the negative attitude towards euro is a consequence of a negative attitude towards European identity, it also can not be claimed that the euro has a negative

impact upon European identity as well. However, in this type of countries participating in the European project is viewed as a salvation from their political problems and assuming a European identity is regarded as a tool which would integrate them with Europe in an irrevocably manner. To this extent, although the existence of a positive impact of euro upon European identity in these states can not be suggested, keeping the pace with European project by means of fulfilling the necessary criteria and hence adopting the single currency in order to assume European identity precisely is highly valued.

5- The Irish people represents a unique case with their attributes towards the euro. Ireland is one of the countries that has benefited from the European integration project at most. In this regard, among Irish people the euro represents the symbol of Irish boost and in due it symbolizes the European Union, which is expected to be the underlying factor behind Irish success. To this extent, for the Irish, the euro means the glory of Irish success, which has flourished by means of internalising the values of Europe as a social category and hence European identity.

Before making further analysis, defining the essence of the impact of euro upon European identity with a few words would be of wise. The Eurobarometers although directly or indirectly report the impact of euro upon European identity, they do not provide the extent or the essence of this impact and neither they draw a theoretical framework for the definition of identity in use. However, thanks to the previous Community reports (i.e. Document on European Identity, 1973) and practices of the Community officials (i.e. the single currency project) deliberately aiming at creating a European identity, it is clear that in these reports European identity is considered as the trademark of the commonness of the European Communities which is in turn believed to serve for the unity of Communities. In this regard, it might be suggested that, the impact that is revealed in these reports denotes the rate of perception of a common

European present, a common European history and a common European fate which is believed to be possessed by Europeans. Not surprisingly, this sense of commonness designates one of the strongest elements in building a collective identity as has been previously discussed and as has been used as a tool in evaluating the mechanism in between euro and European identification in this thesis before.

In this sense, depending on previous arguments and conclusions, it might be suggested that at the European Union level, a positive impact of euro upon constructing a European identity might be argued. This impact under question takes a more salient form especially following the 2004 expansion and Bulgarian and Romanian accession. Even though the single currency has not been adopted in these states yet (except for Slovenia), there exist a more positive attitude towards the euro and the single currency is extensively attached with Europe as a social category and Europeanness as an identity among the peoples of these states.

In those old members the situation is a little bit more complicated. In some of these states, the euro is symbolised with European identity and the adoption of euro has a constructive impact upon European identity. In some of these states in which the existence of a positive constructive impact can not be argued, a negative impact also can not be argued either. This situation arises either due the high national self-esteem within those states or due to the economic expectations/consequences from euro which exceeds the impact of it upon European identity.

When it comes to the impact of euro upon European identity at the level of Europe as a social category -rather than a Europe limited with the Union-, the situation becomes even more complex –but it is in its simplest form on the other side. It is true that the European integration project denotes the most recent common experience of Europeans regarding the last 50 years of the continent and the euro signifies the common symbol of this project. But

to what extent being a member of Europe is or should be associated with Europeanness is still problematic. Is Switzerland, which is located at the central Europe but not a member of the Union, should or should not be considered a European country? Or Norwegians, who have tight historical and cultural bonds with other Scandinavians (the Danes, Swedes and Finns) should not be evaluated as Europeans?

Drawing the limits of Europeanness or the boundaries of European geography is beyond the scope of this thesis. However it should also be noted that, in our contemporary era, the Europe or Europeanness is highly associated with European Union membership. (Risse, 2004 cited in Brewer et.al, 2004). And the adoption of the single currency of this unity is believed to be the symbol of glory of being European in an irrevocably manner. In this sense, as participating in the single currency project is perceived as the symbol of integration with the Union and as being a member of the Union is considered as participating or joining in the European identity –or Europeanness-, it can comfortably be suggested that, the euro has a positive impact upon common European identity at the level of Europe as a social category no matter what is the extent or the boundaries of it. This suggestion takes a more salient and concrete form if one imagines the feelings of the peoples of those countries that are not in Europe or European system and of those European countries that are not a member of the Union in their travels a European country in which euro is used as the formal currency.

On the other hand, in evaluating these results, one should keep in mind that the publication date of this thesis is somewhat unfortunate regarding the evaluation of an impact of euro upon European identity. By the date of publication of this thesis (as of December, 2007), the EU is still a Union of 27 member states of which only 13 of them use the single currency of European Union as the formal currency unit (and only two new states are to join euroland in the short run). With this regard, if this thesis was to be

written before 2004 expansion of the Union, or especially after the full adoption of the euro in all new member states, the results that are revealed in this thesis although would not contradict the present interpretations, the results and conclusions would definitely be more salient and concrete. In this sense, it should also be re-mentioned that identity formation is a historical and dynamic process rather than a sudden and stationary one. Identification of masses occurs in consequence of a long time process which is shaped by common objective elements that are internalised, common experiences that the society has faced, the mutual positioning with 'others', major changes in social or political order and as such and In this regard it should be noted that the single currency experience of Europe has not completed even its first decade yet. To this extent, to conclude that euro has a negative impact upon constructing a European identity or to suggest that euro and European identity are irrelevant would be as misleading as blindly defending a constructive impact of euro upon collective European identity.

In addition to these, one should also consider that as the euro becomes an international currency to a more extent, the impact of euro upon European identity would increase at an increasing rate. Hartmann and Issing (2002) defines an international currency as follows: "a currency that is not only used by residents of the country (or a group of countries) issuing this currency but also by nonresidents". According to Wenhao's(2004) definition; an international currency is a currency that "...dominates most if not all type of cross border activities, of which its popularity is more or less universal and its use is not limited to any geographic region". From Greenspan's (2001) point of view, an international currency

...is a solution to an economic problem. In world of multiple currencies...cross border transactions face a problem of coordinating purchases and sales of currencies.

And internationally accepted currencies emerge naturally as a solution to this issue.

However, there exists neither a theoretical framework nor a law denoting the internationally acceptance of a currency. But still, scholars writing on this subject, more or less agree upon some basic determinants. For instance, Hartmann&Issing (2002) point to the traditional factors: goods trade and real economy; and add some other parameters: role of financial markets, stability of the currency, and the previous use of it. Frisch (2003), refers to the effectiveness of international currencies in fulfilling six functions: vehicle, denomination, portfolio allocation, interventions, anchor and official reserves. Wenhao (2004), analyzes only trade and reserve figures in deciding the dominance of Euro or Dollar whereas Mussa (2002) reveals domestic uses, foreign uses, reserve and credit performances. It can be argued that all scholars agree upon some themes in determining the strength of a currency, at least to a little extent: the real economy, the role of trade, foreign exchange turnover, the degree of financial markets' strength, the stability of the currency, the amount of reserves held in 3rd countries and political stability. The recent studies show that the euro outstrips dollar in areas of the role of trade, the degree of financial markets' strength, the stability of the currency and political stability whereas is outstripped by the United States dollar in areas of the real economy, foreign exchange turnover and the amount of reserves held in 3rd countries. Within this context, participation of new member states in the single currency project would further develop the position of the euro and it, in turn, promoting the value of the euro both in physical and psychological terms, would further promote the impact of euro upon European identity. As a matter fact, this way of thought justifies itself in British case in which attitude towards euro remains skeptical given the British pound's strength as an international currency. Given that the strong British pound is the mere factor that supports British economy of which financial markets constitute a vital role and a revenue source, the rejection of the euro is nothing but expected and natural from a British stance.

On the other hand, no matter whether the euro is accepted internationally as a reserve currency or not, or to what extent it is accepted internationally as a world currency, the euro offers promotion of a European identity along with other collective identities that one might hold.

“European and national identities are not zero-sum propositions and citizens can negotiate strong national identities and some secondary identification with Europe” (Risse, 2004). As such, a European identity might well be developed along with any other collective identity. Keeping it in mind, depending on the previous arguments and conclusions, I argue that the impact of euro upon European identity is determined either by the strength of European identity itself or by the level of ambition in assuming a European identity. In cases where there exist a skeptical approach to European identity, the euro has neither positive nor negative constructive impact. In cases where a European identity is perceived and valued, the euro has a constructive impact.

To conclude and to defend the previous suggestion, I would like to draw attention to the British experience, which, I believe, summarizes this thesis in just a few phrases: The Queen has only been pictured on British banknotes since 1960. But when the head of queen was ‘cut off’ from euronotes –by the decision of European Central Bank despite the negotiations that took place by the end of 1998 between European Union Finance Ministers that concluded with an informal decision that the national symbols could be used on Eurobanknotes- the opposition leader’s speech was as such:

The Queen's head on the euro notes is a symbol of our ability to run our own affairs in this country, it's a symbol of our ability to set our own taxes, to set our own interest rates, to govern our own country.

The removal decision of the Queen's head on the -future- Eurobanknotes had greeted with deep furiosity in Britain (BBC News, Tuesday, September 22, 1998).

Thus, the final argument of this thesis may be summarized as follows: the constructive impact of euro upon European identity among the peoples of Europe is determined by their perceptions towards Europeanization and European identity. In member states where there exists a positive attitude towards Europeanization or European identity, the euro has a constructive impact upon European identity. On the other hand, the recent results demonstrate that, the percentage of those ones who feel themselves more European after the introduction of euro is 8.5 times higher than those ones who feel themselves less European. In this regard the overall analysis suggest that the euro has a constructive and positive impact upon European identity.

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