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The decline in trust in the European Union

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THE DECLINE IN TRUST IN THE EUROPEAN UNION

A dissertation

Submitted to the Graduate Faculty of
Louisiana State University
Agricultural and Mechanical College
in partial fulfillment of the
requirements for the degree of
Doctor of Philosophy

in

Political Science

by

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Dedication:

I dedicate this dissertation to my parents Dean and Carmen Price, my sister Christine, and brother Andrew. Without you, none of this would be possible. I love you all so much.

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Table of Contents:

Dedication.....	page ii
Acknowledgements.....	page iii
Abstract.....	page vi
Introduction.....	page 1
Chapter 1 : “Integration by Stealth”.....	page 14
Chapter 2: A Deficit of Democracy?.....	page 41
Chapter 3: Democracy Deficit: By Design?.....	page 62
Chapter 4: Trust in the European Union.....	page 93
Chapter 5: Europe Without Europeans.....	page 120
Conclusion.....	page 138
Works Cited.....	page 141
Appendix	page 149
Vita.....	page 151

Abstract:

After twenty years, the European Union is undoubtedly at a crossroads, as its institutions try to manage the sovereign debt crisis in member states and the uncertainty surrounding the future direction of the project. The challenges the European Union has faced, and the response to them, have drawn considerable attention on the capacity of the European Union to manage the interests of the Europeans. In this dissertation, I discuss the process of Europeanization and why it has resulted in suboptimal outputs.

Additionally, I discuss the perception of a democratic deficit in the European Union. The purpose of this is to see how perception of the capacity of the European Union to manage European interests and perception of a democratic deficit impact trust levels on the European Union. Using Eurobarometer 71.3 data, I find support for the hypothesis that those who perceive shortcomings in both of these aspects will be less likely to trust the European Union than those who do not. I argue that this finding makes the handling of sovereign debt crisis very important in determining the levels of trust the EU will enjoy moving beyond the crisis. Finally, I conclude with some thoughts about European identity in the contemporary era, and ask if the construction of a European identity might help the project withstand criticisms over policy and responsiveness.

“In God We Trust: Everybody else pays cash.”¹

Introduction:

In 2010 and 2011, a wide array of industrial democracies seemed to face crises of declining trust in their capacity to manage internal conflict domestically and external challenges brought on by an increasingly globalized world. The problems that plagued individual states were perhaps magnified at the European Union level. Massive budget deficits and compounding national debt levels in Greece, Ireland, Spain, Portugal, and Italy forced action from the unofficial leaders of the European Monetary Union as the bond market suggested that some of its member states faced an imminent defaulting on loans if not for significant intervention at the European level, which included a bailout. In return, the governments were forced to adopt austerity measures that culminated in protests from citizens within the states. Additionally, although the Maastricht Treaty had established a pillar for a Common Foreign and Security Policy (CFSP) for the European Union in 1992, the member states had responded inchoately to the major security and foreign policy issues of the subsequent two decades, most notably in regard to Iraq and more recently in regard to an escalation of civil conflict in the bordering state of Libya.

The difference, of course, is that unlike at the state-level, voters have comparatively limited options to express their discontent with European Union policy. The European Parliament is the only democratically-elected branch of the EU government, and previous research has shown considerable voter apathy regarding EP elections, and furthermore has promulgated the notion that EP elections are merely

¹ Quote obtained from Citrin, page 973. Origin unknown.

second-order elections in which voters either punish or reward the performance of domestic member-state government. (Slater 1982, Reif 1980) Additionally, when the electorates in France, Denmark, Ireland, and the Netherlands have thrown a wrench into the integration process, they have been either asked to reconsider the deal in a second referendum or watch as they were bypassed altogether by ramming the treaty through the Parliament. (Franklin 1994)

The question that gets to the heart of this matter is how much do citizens in member states trust the European Union? Have EU institutions evolved and are they operating in a manner that is conducive to perceived institutional legitimacy, or is the EU a supranational institution that is curtailing the sovereignty of member states while their respective electorates are rendered powerless? In this dissertation, I am hoping to offer insight into these questions surrounding levels of trust in the European Union, a supranational entity that has undoubtedly grown in power significantly in the last 20 years.

Defining Trust:

To begin, it is important to establish a working definition of the concept of institutional trust. This is easier said than done, and when scholars take on this task, they are met with warnings like that from Daniel Metlay (1999) who argues that this endeavor is a “journey into a conceptual quagmire.” To be sure, scholars have yet to establish a singular working definition of institutional trust, and the risk of Sartori’s “conceptual stretching” is seemingly high when taking on a concept that is deceptively simple at first sight, but grows more complex upon further reflection. “Political trust is a concept that

people think they understand until they are asked to define it.”² Marc Hetherington (2004) shares the Metlay sentiment that one need look no further than how many different definitions of political trust scholars use as an indication of how poorly defined this concept remains.

For the purpose of this study, the definition of trust shall be the extent to which political institutions sustain a pervasive sense of legitimacy amongst those whom they govern. It is important to point out that this does not mean every individual who occupies a position within the institutional framework enjoys widespread trust, nor do I suggest that short-run variances in trust levels pose a significant threat to the viability of a democratic regime. The heart of the matter gets to how much institutions are valued, even when they produce policies that are contradictory to the public’s preferences or ask the majority to make sacrifices for the good of the society. Some attempts to define political trust have insufficient in capturing the true nature of the concept. Niklas Luhmann (1979) defines trust as a commodity that helps political actors to achieve their goals. This definition is adequate at the personal level, and I think that most people would think it is intuitive that a leader who earned the trust of people would have more leeway in exerting his or her will over the society than a person who had not earned trust. Nevertheless, the definition is lacking in terms of missing the institutional component of the concept, which I argue should entail an unknown individual being trusted as a given based on their being cloaked in the authority of his or her position, such as a police officer. Mark Warren (1999) similarly misses the mark with his definition of trust as being something that peoples’ willingness to follow the leadership of others.

² Hetherington, page 9

William Gamson (1968) accurately captured the importance of institutional trust by characterizing it as the “creator of collective power”.³ For Gamson, a basic level of trust is essential for any democracy as it allows the government to avoid resorting to coercion to exert its will or consulting with the people on every day to day decision. Evoking the language of the Leviathan, James Madison noted in Federalist no. 51 that, “government would not be necessary if men were angels.”⁴ The Founders were wary of direct democracy, and believed the American Republic should be predicated on the notion of representative government in which the people elect leaders to make decisions on their behalf. Nevertheless, Madison in Federalist no. 10 indicated a distrust of potential leaders as well, noting that “Enlightened statesmen will not always be at the helm.”⁵

The Founders of the American Republic were, at their core, distrustful of power that was concentrated into any one person’s hands. Given their experience under the British Crown and the subsequent revolution they led to free themselves from it, the Founders were careful to craft an institutional design that prevented any one person from amassing too much power in his or her hands. Thus the institutional design of the American Republic is an attempt to balance the Founders’ distrust of direct democracy (power in everybody’s hands) and distrust in democracy which is concentrated into the hands of one representative.

³ Gamson, page 42

⁴ Hetherington, page 12

⁵ Hetherington, page 12

Trust in the American Government- Where most work on trust comes from:

The comparatively difficult legislative process in the United States is the result of the institutional design that requires both houses of the legislative branch and the executive to give their consent to the vast majority of the policies and laws of the American government. Even after that considerable hurdle is overcome, almost all controversial laws face a legal challenge regarding their Constitutionality, and many are ultimately struck down by the Courts which enjoy the power of judicial review in the United States. The American legislative process is comparatively slow-moving when compared to parliamentary systems in which the prime minister typically commands a working majority within a basically unicameral and fused legislative and executive branch. There is an adage in comparative politics that the American system works “in spite of itself”, an insinuation that the Framers’ vision for a functioning government guided by the principle of separation of powers would not be a feasible goal for many countries in the world. Even in the United States, the passage and signing of President Obama’s health care reform in 2009 revealed some of the unseemly realities of the legislative process in its modern sense. Supporters of the bill were frustrated with the slow-moving nature of the process due to the large coalition that it takes in order for the legislation to overcome procedural hurdles, particularly in the United States Senate, and the manner in which the bill became “watered down” to ensure enough support for passage. Opponents decried the inclusion of well-documented bribes to wavering Senators Landrieu and Nelson (nicknamed the “Louisiana Purchase” and “Cornhusker Kickback”). Additionally, the little-known budgetary procedure of reconciliation

suddenly became a household term after many Republicans decried its usage to bypass a Republican filibuster in the Senate.

There are obvious variations in levels of societal trust in political institutions cross-nationally and these differences have important implications for the political process in each respective country. The disputed 2000 Presidential election in the United States was one of the closest and controversial in American history. At the end of a long night of vote counting, Republican nominee George W. Bush and Democratic nominee Al Gore both found themselves needing Florida's 25 electoral votes to put them over the 270 threshold it takes to secure a majority in the Electoral College. Amidst widespread reports of electoral irregularities and every major television network falsely projecting and then recanting a win for both candidates, the two candidates found themselves separated by less than 2,000 votes out of over 6,000,000 votes cast at the end of the night, which prompted an automatic recount by Florida's election rules and made the absentee and provisional ballot counting an utmost priority. Both sides filed lawsuits in the aftermath of that evening, prompting Florida Supreme Court, and ultimately the United States Supreme Court to intervene. By a 5-4 decision in *Bush v. Gore*, the United States Supreme Court halted the recount process, which prompted an immediate concession by Al Gore who was on the losing end of the tally by 567 votes. In his concession speech, Vice President Gore articulated the concept of institutional trust in a simple and eloquent manner.

“Now the U.S. Supreme Court has spoken. Let there be no doubt, while I strongly disagree with the court's decision, I accept it. I accept the finality of this outcome which will be ratified next Monday in the Electoral College. And

tonight, for the sake of our unity of the people and the strength of our democracy, I offer my concession.”⁶

Such a close and controversial ending to such a major election like the 2000 Presidential contest almost surely would have led to violence in upheaval in many countries around the world, but in the United States, supporters of Vice President Gore generally committed themselves to putting the disputed election behind them and moving forward, just as the Vice President had urged them to do. While debate rages on about the legality of the Court’s decision in *Bush v. Gore*, virtually nobody questions the court’s right to make the decision. Charles Hauss (2009) attributes this to a deeply felt sense of legitimacy that is prevalent in the world’s successful democracies which causes people to “accept the rules of the game.”⁷ Nevertheless, in his passionate dissent of the majority decision in *Bush v. Gore*, Justice John Paul Stevens noted that the fallout from the decision could have long-term consequences for the Court, including a decrease in trust levels.

“What must underlie petitioners' entire federal assault on the Florida election procedures is an unstated lack of confidence in the impartiality and capacity of the state judges who would make the critical decisions if the vote count were to proceed. Otherwise, their position is wholly without merit. The endorsement of that position by the majority of this Court can only lend credence to the most cynical appraisal of the work of judges throughout the land. It is confidence in the men and women who administer the judicial system that is the true backbone of the rule of law. Time will one day heal the wound to that confidence that will be inflicted by today's decision. One thing, however, is certain. Although we may never know with complete certainty the identity of the winner of this year's Presidential election, the identity of the loser is perfectly clear. It is the Nation's confidence in the judge as an impartial guardian of the rule of law.”⁸

⁶ Transcript of Gore concession speech obtained from: <http://www.commondreams.org/views/121300-108.htm>

⁷ Hauss, page 33

⁸ Transcript of Justice Stevens’ dissent obtained from: www.law.cornell.edu/supct/html/00-949.ZD.html

Seminal Studies on Institutional Trust:

Scholars have been pursuing a conceptualization of institutional trust since the 1960's in the United States. Arthur Miller (1974) parsed no words in articulating the importance of examining institutional trust in his seminal study. Miller stated that democratic regimes that have lost the confidence of their societies run the risk of being overthrown by revolution.⁹ Miller views the relationship between state and society as a psychological balance between institutional outputs and the public satisfaction with said results. For Miller, the greater the disparity between the actual outputs and expected outputs, the more likely the result will be that there is a decline in institutional trust in the democratic institutions. Incidentally, this is similar to the relative deprivation argument that Davies (1962) makes for why revolutions occur. Davies' important contribution to the revolution literature was that differences in expectations and outputs could ultimately culminate in a revolution to punish the regime that failed to keep pace with the societal demands.

However, for Miller, the presence of widespread discontent with democratic institutions in and of itself is not enough to warrant such a dramatic outcome, and in fact can ultimately be beneficial as it can initiate a process of social change. Miller argues that periods of social upheaval allow democratic institutions to showcase their flexibility by self-correcting the disparities between public expectations of institutional performance and the actual performance of said institutions and showcase an ability to manage conflicts between cleavages in the society. Miller's study differentiates short-term and long-term distrust in government, arguing that they are separate problems with a different set of remedies. He argues that short-run dissatisfaction with the government policies can

⁹ Miller, page 951

erode trust in democratic institutions, but can be remedied by something as basic as a wave election in which “the rascals are thrown out”, and presumably replaced by representatives with policy preferences that are more congruent with those of the majority of the public. However, Miller argues that long-term discontent with governmental institutions likely indicates the presence of deeply-rooted resentment in the society between social cleavages, coupled with a pervasive notion amongst some groups in the society that government does not work for their benefit. Miller states that these groups over time tend to develop a sense of hostility toward both elected officials and governmental institutions that cannot be ameliorated by simply “voting the bums out”. He argues that societies that experience a prolonged period of political malaise may be characterized by political systems that are unable to manage societal conflict in a fully operative manner.¹⁰

Holes in the Literature:

There are still considerable holes in our understanding of institutional trust, and I argue that scholars to date have paid scant attention of trust levels in the European Union. To date, most work has focused on levels of trust in one institution within the EU, rather than employ a holistic approach that examines the trust levels in the entire EU. The debt crisis in several member states that use the Euro as their currency clearly represents a case in which the European Union failed to enforce rules that it had on the books pertaining to the caps it had placed on debt and deficit levels, and its failure to do so could have significant consequences for other member states that followed the rules. A debate rages on in the literature of how to classify the European Union and how to think

¹⁰ Miller, page 951

of the power balance between the sui generis EU and its member states. However, what is lost in the debate is European citizens' perceptions of the EU and its capacity to manage external and internal pressures that have previously been dealt with by the state. I argue that perception that the European Union is capable of withstanding globalization pressures and managing internal conflicts will be an important factor in determining whether or not a citizen trusts the European Union.

Additionally, debate over the democratic deficit in the European Union has been occurring since the days of the European Coal and Steel Community. Since the 1950's, scholars and statesmen alike have been grappling with the need to balance the desire for greater cooperation and coordination at the continent level with the ability of citizens to hold supranational Europe accountable. The EU has long been vulnerable to criticisms of the democratic deficit but integrationists have sought to ameliorate this concern by consistently strengthening the role of the European Parliament, the only democratically elected branch of the EU government. With the switch from the cooperation to co-decision procedure as a result of the Maastricht Treaty, the European Parliament secured a true check over the legislative process, as the co-decision procedure ensured that the Council and European Parliament must both pass identical versions of the same bill. Subsequent treaties such as Nice and Lisbon have strengthened the role of the EP even further, particularly Lisbon which granted the European Parliament control over the entire EU budget and the now defunct third pillar of cooperation in Justice and Home Affairs.¹¹ Nevertheless, the Irish voters have rejected both Nice and Lisbon in referenda (and subsequently voted for them) which clearly could be taken as a rejection of the

¹¹ [Text of the Draft Treaty amending the Treaty on European Union and the Treaty establishing the European Community](#)

terms to which they can influence the European Union. What I mean by this, is that if one believes that strengthening the European Parliament is a mechanism designed to combat the democratic deficit in the European Union, Irish voters' rejection of Lisbon and Nice can be taken as a clear signal that this attempt to address the democratic deficit is inadequate. In this dissertation, I will examine the effect the perceived democracy deficit in the European Union has on levels of trust, expecting to find that individuals who perceive a democracy deficit will be less likely to trust the EU than their counterparts who do not perceive a democracy deficit.

Layout of the Dissertation:

In chapter 1, I examine the integration process. Majone (2009) argues that proponents of integration have resorted to a strategy of "integration by stealth" in order to achieve greater levels of integration in a political environment where many citizens in the member states are reticent to transfer sovereignty to the supranational European Union. Majone states that integrationists have pushed economic integration as a means to achieve political integration, however he believes the EU is still lacking in regard to the latter. In Chapter 1, I find considerable support for Majone's argument, and discuss how the lack of political integration has generated suboptimal results in two important policy domains: the European Monetary Union (EMU) and Common Foreign and Security Policy (CFSP).

The next two chapters focus on different aspects of the democratic deficit in the European Union. In chapter 2, I discuss the varying ways in which scholars have approached the perception of a democratic deficit in the European Union. This chapter

fits into the institutionalist approach to studying the democratic deficit, but unlike most studies, is not focused upon the debate over the role of the European Parliament. Instead, I employ an analysis of how prominent members of the Council have handled the sovereign debt crisis to support my claim that citizens in member states such as Greece have lost a degree of political efficacy as a result of their country's membership in the European Monetary Union.

In chapter 3, I will examine the referenda process in the European Union. Many member state constitutions make a referendum necessary in order for the government to enter into a treaty or broaden the powers of the European Union. Thus, the referendum process, on paper, gives the citizens in the member states a clear opportunity to exert their will on the EU by either approving or rejecting changes. Nevertheless, while "yes" votes are decisive and followed by increasing levels of integration, "no" votes are normally followed by a second referendum or parliamentary tactic to bypass the electorate altogether to secure the changes. I argue that the referendum process is clearly slanted in favor of proponents of integration, and this raises serious concerns about the democratic deficit of the EU.

In chapter 4, I test the effect that the concepts I discuss in the first three chapters have on the trust citizens have in the European Union. As a measure for the lack of political integration I describe in Chapter 1, I use a survey question asked by Eurobarometer 71.3 as an independent variable to predict trust levels. The Eurobarometer asks respondents: "to what extent do you think the EU has the tools necessary to defend our interests in a globalized world." Additionally, I use the response to the statement "my voice counts in the European Union" as a proxy measure for the

perception of a democratic deficit in the European Union. I find that both of these variables have a significant impact on the level of trust respondents report having in the European Union. I have controlled for traditional variables such as age, ideology, whether or not one is from an original 6 country, knowledge of the functioning of the EU, and trust in the domestic parliament.

In chapter 5, I will discuss the concept of identity in the European Union. Cultivating a sense of identity amongst the people any political entity represents is regarded in Norris (2011) as achieving the most diffuse support a regime can attain. However the concept of identity is so murky, particularly for the supranational European Union which is constantly in flux. In chapter 5, I reveal which attributes European Union citizens report as integral features of a European identity, and discuss how an emerging sense of transnational identity may help the EU withstand perceived shortcomings in its outputs.

Chapter 1: “Integration by Stealth”¹²

Introduction:

On April 27th, 2010, Standard and Poor’s downgraded the debt owed by the Greek government to junk status; an overt signal to foreign investors that lending money to the Greek government was a futile endeavor. One of the fastest growing economies in the first decade of the 20th century, Greece stood at a point of no return in the spring of 2010 if the government failed to address the massive budget deficits that threatened to both reverse the economic progress the country had made in the prior two decades and sever Greece’s economic interdependence with the European Union. For other countries in the European Monetary Union, the Greek financial crisis meant having to face a decision between an expensive bailout of a foreign government, or risk the devaluation of the Euro, the common currency for all the countries in the monetary union.

The sudden deterioration of Greece’s financial situation caused immediate concern in all corners of the Eurozone, and financial experts began to discuss the options the European Union had in regard to its response to the Greek financial crisis. There was broad consensus that the EU would have to act quickly in order to prevent the Greek crisis from worsening, and jeopardizing the value of the Euro. Additionally, other countries within the monetary union such as Spain, Portugal, and Ireland were also facing large enough budget deficits that economic leaders feared that their financial situations could soon resemble the Greek crisis if not addressed. Nevertheless, there was considerable opposition to an expensive bailout package in other EU countries, particularly because most European economies were still recovering from the American financial crisis the previous year. Additionally, others wondered how the safeguards that

¹² I borrowed this term from Giandomenico Majone (2009)

the monetary union members had insisted upon had failed to prevent a crisis like Greece faced early in 2010.

Following the ratification of the Maastricht Treaty, the Germans insisted on strict criteria for membership into the European Monetary Union. Then foreign minister Theodor Waigel clearly articulated the Kohl government's position that low inflation rates and fiscal discipline were responsible for the economic growth Germany had experienced since World War II, and that these principles would have to be at the core of Eurozone monetary and fiscal policy if the Euro was to be competitive with foreign currencies. To ensure this, the Germans led the negotiations for the Stability and Growth Pact which required Eurozone member states to keep budget deficits from exceeding 3% of GDP, maintain low inflation rates, and a national debt that was less than 60% of GDP.¹³ In order to ensure compliance, the Stability and Growth Pact stated that a country could be fined up to 0.5% of its GDP and face other consequences if the country failed to comply with the pact's regulations. Nevertheless, less than two years after the creation of the Euro, Germany and France both found themselves on the brink of budget deficits that exceeded 3% of GDP.¹⁴ By 2009, there were nearly a dozen instances of Eurozone member-states running a budget deficit beyond the 3% of GDP threshold. Additionally, five member states had debt levels that exceeded the 60% of GDP mark agreed upon in the Growth and Stability Pact, including Greece, Belgium, and Italy which all have national debt levels that are greater than 90% of their GDP.¹⁵

The failure of member-states to comply with the provisions put forth by the Growth and Stability Pact can be interpreted many different ways, but at a baseline it is

¹³ Stone, page 1

¹⁴ Stone, page 3

¹⁵ http://ec.europa.eu/economy_finance/publications/publication12832_en.pdf

clear that there has been considerable noncompliance with the standards that were initially put forth as essential for participation in the monetary union. Proponents of a single currency recognized early on that a common currency posed a considerable collective action problem, but their concerns were partially ameliorated by generally successful implementation of the convergence criteria in the 1990's.¹⁶ However, as early as 2003, both the French and the Germans, two leading countries in the European Union, were on the brink of violating the rule that budget deficits not exceed 3% of GDP. The German governing coalition of Social Democrats (SPD) and Greens had a tenuous hold on power in 2003 as Germany economic growth had slowed and opinion polls began to show support for the policies of Chancellor Schroeder and his coalition government on the decline five years after the SPD had recaptured control of the Bundestag after a decade and a half hiatus. Chancellor Schroeder found himself in a difficult political balancing act; maintaining the support of his center-left-left coalition while garnering some support from the Christian Democrats (CDU/CSU) who controlled the Bundesrat, Germany's relatively powerful upper house that can block legislation that effects the Lander.¹⁷ Schroeder calculated that his government would have to follow through on a promise to cut income taxes in order to advance the rest of his economic agenda in a tough political environment. The problem Schroeder and his government faced was that economic forecast revisions showed Germany to be dangerously close to running a budget deficit that surpassed the 3% threshold in the stability pact. Nevertheless, Schroeder decided to appease national concerns first, and to deal with the repercussions

¹⁶ Stone, page 1

¹⁷ Stone, page 3

from Europe if they should come. The Schroder government cut income taxes and became one of two member states to break the rules of the Growth and Stability Pact.¹⁸

By the end of 2003, it was clear that the Germans would not be alone in exceeding the budget deficit threshold established by the stability pact. The French were projecting a 4.2% of GDP deficit for 2003, and EU projections showed that their deficit would be close to 4% in 2004 as well.¹⁹ The Economic and Finance Affairs Council (Ecofin) announced that France was not in compliance with the Stability and Growth Pact, and the Commission favored pursuing action against the French. Nevertheless, the Germans led by then German Finance Ministers Hans Eichel, supported the French and argued that the fines set forth by the stability pact were only intended for countries that “did not cooperate.”²⁰ Eichel went on to argue that so long as a member state came to the table to discuss budgetary issues, the state should be deemed as cooperative with the European Union. Eichel’s attempt to change the definition of compliance with an EU directive underscores the problem the European Union faces: How can the European Union enforce member-state compliance with EU directives?

My argument is that the current institutions are incapable of generating optimal results because the Europeans have cut corners in their institutional development that have undermined the European Union’s ability to take the lead in managing a crisis. Setbacks at the ballot box have slowed the integration process, as voters in member state such as Denmark, France, the Netherlands, and Ireland have disrupted the integration process at various stages and at points have forced integrationists to jettison deeper integration such as the European Constitution in lieu of more modest proposals such as

¹⁸ Stone, page 3

¹⁹ Stone, page 4

²⁰ Stone, page 4

the Treaty of Lisbon. (See Chapter 3) A reluctant citizenry has inhibited the most ardent supporters of integration from crafting the central institutions that would facilitate the European Union acting in a manner that would resemble American-style federalism.

However, resistance to the integration process has not solely come from the people, but often times from the governments of the member states as well. Notable scholars such as J.F. Kover, Stanley Hoffman, and Andrew Moravcsik have all written about the delicate balancing act of transferring sovereignty in some domains to supranational Europe while preserving the important role of the traditional state. The intergovernmentalist school of thought regarding supranational Europe correctly argued that states would be unwilling to transfer sovereignty in “high politics” domains such as foreign policy and defense because doing so would leave the state vulnerable in one of its key functions, which is to protect its citizenry in an anarchical world.²¹

However, it has not just been in the realm of foreign policy and defense that states have been reluctant to fully transfer sovereignty, but in key areas where they have started integration but not fully seen it through like with the euro. The Maastricht Treaty paved the way for the establishment of the euro, and member states wishing to take part undertook the process of reducing their budget deficits and following the convergence criteria that Maastricht had established to facilitate the transition from a dozen different currencies toward a common one. While there was some grumbling about prices being rounded up as disparate state currencies transitioned to the euro, many economists and politicians praised the relatively seamless transition back in 2002.

By 2009, however, it was clear that there were structural problems that the monetary union was struggling to cope with. High deficit and national debt levels in

²¹ Hoffman (1966)

Greece, Ireland, Portugal, Spain, and Italy prompted higher borrowing costs for those countries, which in turn exacerbated their respective debt crises and raised the likelihood that a member of the eurozone would default on its loans. Additionally, European Union institutions appeared impotent in their response to the crisis, with no one branch possessing the credibility or gravitas to step up and take the lead in managing the problem at the European Union level. With EU institutions seemingly paralyzed and lacking the authority to make tough decisions that could be imposed on the member states, much of the EU response in fact was merely intergovernmental negotiations between member states, specifically Germany and France. The unwillingness of charter members of supranational Europe to allow European Union institutions to take the lead in managing the crisis can be interpreted in two ways. On the one hand, the Germans and French may believe that the institutions of the European Union are incapable of developing a solution to the problem, and therefore are intervening to manage the crisis in a manner the European Union cannot. On the other hand, the French and Germans may believe that institutions like the European Central Bank have the tools necessary to manage the crisis, but are unwilling to cede the authority to manage the crisis to EU institutions that are out of their control. Regardless of the rationale of the French and German leaders, the result is the same: a European Union that lacks the economic and political integration of a traditional state. The relationship between trust in the European Union and belief in its capacity to manage a crisis is undoubtedly correlated and perhaps tautologically inseparable. Citizens and member states will not likely agree to transfer new powers to a supranational entity that they perceive as incapable of managing their interests. However, failure to fully empower the European Union ultimately will result in

a self-fulfilling prophecy as failure to craft institutions that have the authority to craft solutions to complex problems and enforce compliance with those decisions will undoubtedly result in institutions that produce sub optimal policy results, particularly in times of crisis.

Nevertheless, I argue that this is the reality the European Union finds itself in. The federalist “United States of Europe” model that Jean Monnet envisioned for the continent was long ago jettisoned in lieu of more modest integration levels. Despite the challenges they have faced, the integrationists have continued to fight for greater integration in the face of setbacks at the ballot box and reticent member states who resist letting the EU institutions take the leading role in times of crisis. Specifically, the integrationists have sought economic integration as a means to political integration in attempt to bypass all the political obstacles that stand in the way of a politically-integrated European Union. The result of this “integration by stealth” strategy is underdeveloped, hastily thrown together institutions that do not have the capacity to manage European interests in a globalized world, or Giandomenico Majone’s name for it “cryptofederalism”²²

Literature Review:

The sovereign debt crisis in Europe revealed the euro was badly put together and that the European Union lacked the political oversight necessary to obtain optimal monetary policy. However, in order to understand the contemporary institutional framework, it is necessary to re-visit the integration process and how it resulted in the contemporary status quo.

²² Majone pages 72-99

The early political and scholarly debates regarding supranational Europe focused primarily on the balance of power between Europe and the traditional nation-state. Jean Monnet, often considered the father of modern Europe, often spoke of the continent as “The United States of Europe” and was very much interested in emulating American-style federalism as a model for supranational Europe. Aliter Spinelli, perhaps the most consistent advocate for importing American-style federalism to Europe, fundamentally believed that it was impossible for Europe to rebuild a democratic and prosperous society without the direction of a supranational authority.²³ For Spinelli, the nation-states were ill-equipped to tackle the political, economic, and security challenges the continent faced in the aftermath of the war such as national security in the bipolar world, the German question, and Spinelli and many other prominent federalists believed that the member states of Europe faced a simple choice: federate or perish. JF Kover (1954) arguing the need for Europe to unite or fade into obscurity expressed his frustration with the intransigence of the states, lamenting that they “fiercely guard their security as if their life depended on it.” The same year of Kover’s piece, the European Defence Community was defeated in the French Parliament, a stunning defeat for Europeanization process that had been steadily gaining steam since the creation of the European Coal and Steel Community in 1951.

While leading proponents of integration favored a federalist model in which the European government would share powers with the nation-states, the defeat of The EDC indicated that an American-style federalist model for Europe was unlikely to come to fruition. Nevertheless, early proponents of the functionalist model for integration believed that there was still a need for integration in policy domains that the states were

²³ Majone, page 46

perceived to be addressing in sub-optimal fashion. David Mitrany (1946) believed that supranational Europe could concentrate on “joint performance of a specific task,” indicating his belief that a happy medium could be created between autonomous nation-states who could have it both ways by maintaining their sovereignty while still cooperating in policy domains whose optimal solutions required more than just action from the nation-state. Ernst Haas (1958) amended Mitrany’s thesis by adding the concept of spillover effects occurring as a result of integration in certain areas. For Haas, a situation in which integration occurred in specific policy domains would almost certainly lead to more integration in others, as “spillovers” would occur that would require cooperation into new policy domains.

Notable intergovernmentalists believed that the functionalist approach as represented by Mitrany and the neo-functionalist approach of Haas underestimated the extent to which states would protect their sovereignty. Stanley Hoffman (1966) maintained that states may transfer some sovereignty in “low politics” domains such as trade and agricultural policy, but would fiercely guard their sovereignty in “high politics” domains such as foreign policy and national security. Andrew Moravcsik (1994) argues that states will be selective regarding the areas they seek integration, agreeing to transferring power to a higher authority only when it is in their best interest to do so.

Giandomenico Majone (2009) offers an interesting take on integration that I think best represents what actually has occurred to this point. Majone argues that prominent advocates of integration such as Jean Monnet fiercely advocated the concept of supranational Europe to the point that the end result ultimately became a secondary goal to the movement itself. Majone cites the work of Alan Milward (1992) who interviewed

Paul-Henri Spaak, a Belgian statesman, who related to Milward that “everything that tends to European organizations was good.” Majone refers to these people as “cryptofederalists,” and he thinks of them as proponents of a federalized system who understand the political constraints to achieving their vision for Europe, and therefore seek intermediate goals in order to advance their cause the best they can in a hostile political environment.²⁴ In the words of Milward, for these people, “any form of integration, any common authority in Western Europe, had become the indispensable guarantee for post-war security, and he (Spaak the Belgian foreign minister) became increasingly indifferent to what that authority might be or do.”²⁵

Majone goes on to argue that Monnet was astutely aware that integration in the European Coal and Steel Community was likely to have an impact beyond the industrial sector, and force the hands of member states to seek more cooperation in non coal and steel sectors of the economy in order to maintain the viability of the first organization. Majone believes that Monnet and the early functionalists were quick to write the epitaph of the nation-state, and naïve to think that limited integration in the industrial sector of the various economies would ultimately lead to broader economic integration and political integration- at least the political integration that had the capacity and legitimacy to act quickly and decisively in key moments. The hastily thrown together political integration of Europe, according to Majone, is a direct result of a cryptofederalist strategy to “integrate by stealth,” in order to avoid having to win over popular support and attain political integration by cultivating conducive public opinion and winning elections.²⁶ The integration by stealth strategy has consequences though: including contributing to

²⁴ Majone, page 73

²⁵ Milward, page 324

²⁶ Majone, page 67

the perception of a democracy deficit (which I will discuss in Chapter 2) and creating political institutions that lack the capabilities to enact optimal policies.

The United States of Europe?

Americans often forget that our contemporary union does not resemble the framework established by our original attempt at republican government, the Articles of Confederation. In the early days of our republic, people generally did not view themselves as “American” per se, but rather as New Yorkers, Virginians, or South Carolinians. True power in those days was vested in state legislatures, each of whom fiercely guarded their power to the point that the federal government was relegated to a secondary role in governing the country.

The founding fathers who attended the constitutional convention in Philadelphia understood that a unified country could not exist with an institutional framework of 13 sovereign governments and an absence of a federal authority. Still, each state had some common similarities: including a common language, a legal code based in English common law, and state governments that were built around a similar institutional design. Walter Lippmann (1943) famously argued that the thirteen states “were not forming an altogether unprecedented union, they were perpetuating and perfecting a union which had always existed since the plantation of British colonies in North America.”²⁷

Jean Monnet used to speak of the “United States of Europe,” which was as much a tribute to the United States, a country he greatly admired, as a prescription for Europe’s collective future. Notable federalists of his time period like Altiero Spinelli believed the

²⁷ Lippman, page 73

continent faced a simple choice in the aftermath of World War II: federate or perish.²⁸ The school of thought, at the time, believed that the problems the post-war continent faced were on of too large a magnitude to be solved by domestic governments. Spinelli and the other federalists understood that the world had changed as a result of the war, and that in order for Europe to remain a relevant force in the world, it would need a strong supranational state and an integrated security force. The most ardent federalists believed that the traditional states would be too feeble to retain their traditional legitimacy in the aftermath of the war, and this would allow Europe an opportunity to craft new institutions on a clean slate.²⁹

Nevertheless, the more moderate integrationists understood that there would be a short window for implementation and resistance from the masses who would cling to their traditional national identity. By 1946, it was clear that the traditional states were persevering, and the federalists' idea that they would simply slither away were not coming to fruition.³⁰ Still, there was a high point for supranational Europe in 1951 with the creation of the European Coal and Steel Community and subsequent European Political Community in 1953. Scholars such as Gillingham (1993) have downplayed the economic significance of the European Coal and Steel Community, but it undoubtedly is a milestone in the development of supranational Europe for its creation of a supranational authority over the member states. Contemporary institutions such as the European Court of Justice are the byproduct of the European Coal and Steel Community.

However, the federalists view the early 1950s as a period of lost opportunity, as the logical extension to the European Coal and Steel Community and European Political

²⁸ Paolini, page 12

²⁹ Majone, page 48

³⁰ Majone, page 48

Community, the European Defence Community (EDC), stalled in the French Parliament in 1954. With the stunning defeat of the EDC in Paris (which was nevertheless met with considerable relief in Bonn, Rome, and London) the framework for the European Political Community collapsed, and the project stagnated until the late 1980's and the ratification of the Single European Act in 1987.

The Single European Act (SEA) reinvigorated the Europeanization process that had by in large stagnated since 1954, with the exception of enlargement in the early 1970's which brought Ireland, the United Kingdom, and Denmark into the fold. The SEA sought to move Europe toward a single market, a vision many of Europe's leaders had in the 1950's, but had never been realized. The SEA paved the way for the Maastricht Treaty in 1992 which created the three pillars of the European Union: the traditional economic, environmental, and human rights involvement of the European Community, the Common Foreign and Security Policy (CFSP), and Justice and Home Affairs. Additionally, the Maastricht Treaty established the member state's commitment to forming a single currency in 10 years; a development the integrationists believed would put the project at a point of no return.

The early 1990's was undoubtedly another window for integration as the fall of communism in Eastern Europe and the breakup of the Soviet Union ushered in a new opportunity for Europe to re-assert itself in the international system. The Maastricht Treaty represented both broadening of EU authority into new policy domains and deepening of integration in others. The proposed creation of the euro was seen as the pinnacle of economic integration, the culmination of a decades-long pursuit for a single European market. In addition to the first pillar which represented the traditional

involvement of the European Community, the Europeans hoped to develop a Common Foreign and Security Policy at the European level in hopes of offering an alternative to American hegemony, particularly in Western Europe, Central and Eastern European countries, and the rest of the neighborhood that included parts of North Africa, Ukraine, and the Middle East.

While both the European Monetary Union (EMU) and the CFSP were ambitious goals, pursued in earnest by many statesmen, they are both showing signs of falling apart just two decades after being established by the Maastricht Treaty. I argue that integrationists rushed the political development of both of these institutions in order to hit a political window that they understood would close just as it had in the mid 1950's. The integration by stealth strategy, as Majone calls it, has led to a European Union that on paper has considerable power to exert its will over the member states and defend the interests of their citizens. However, the reality is that recent events such as the sovereign debt crisis have revealed the monetary union is a tenuous relationship between disparate member states that lacks the overarching political authority that could make it function in a more harmonious fashion. The CFSP has performed even worse, as the Iraq War and Libyan intervention revealed prominent schisms that indicate there is no common vision for European foreign policy at all.

Majone sums it up best: "The Euro elites have consistently followed the strategy of first expanding the powers of the Union, and only later trying to find the requisite normative resources. The problem is that the EU's expanding policy commitments...are insolvent, being unsupported by sufficient normative and political resources."³¹

³¹ Majone, page 71

The Troubled EMU:

The European Monetary Union (EMU) is perhaps the best example of this we have to date. Jean Monnet, the father of Europe, had pushed for a single currency in the wake of the signing of the Treaty of Rome in 1957.³² While the primary purpose of the Treaty of Rome was creation of a single market, there was considerable worry about the effect exchange rates would have on trade from one country to the next, particularly in regard to agriculture. There were renewed calls for monetary integration the late 1970's and 1980's, but the uncertainty of the European economies due to stagflation and spiking energy prices made the pursuit of a single currency in those days a futile endeavor. It was not until Maastricht in 1992 that the EU would get the political agreement for the single currency.

Many economists had predicted from the onset that the economic benefits of the EMU would be relatively modest. In 1992, the distinguished American economist and Harvard professor Martin Feldstein wrote an opinion piece that was published in The Economist called "the Case Against EMU." In his prescient editorial, Feldstein argued that the Europeans were rushing to create a single currency without giving serious thought to what some of the potential drawbacks that would certainly alter the cost-benefit calculus for creating a common currency.

To start with the benefits, Feldstein states that one of the most prominently cited reasons given for the move to the single currency is the elimination of transaction costs associated with converting once currency to another. With the elimination of these transaction costs, and the short-run shocks of fluctuating currencies, it was argued that

³² Uri, page 76

the euro would provide greater stability for the free flow of goods, services, and capital from one member state to the next. That being said, Feldstein argued that fluctuations in currencies have not necessarily been an inhibitor to trade, and he cites volatile swings in the dollar throughout the 1980's that had little impact on foreign trade as empirical evidence for his claim.³³ Additionally, he asserts that fluctuations that occur in the market can help a member state, and eliminating those fluctuations can actually reduce trade.³⁴ In sum, Feldstein believed in 1992 that the Europeans did not require a single currency to promote trade, and pointed to the strong, interdependent economic relationship between the United States and Canada to make his case.

The second prediction was more dire, and has been a prominent problem in the aftermath of the global recession and subsequent economic downturn. Feldstein's piece argued that the creation of the single currency would eliminate the member state governments' control of monetary policy, something he believed would be necessary for managing a crisis.

In the final paragraph of his editorial (preceded with the sub heading "think again," Feldstein captures what was happening perfectly. He argues that the true motives behind creation of the monetary union are not economic, but political. Feldstein argued that the proponents of the EMU had an agenda to transfer decision making over the monetary union away from national capitals and toward Brussels.³⁵ Perhaps the only part of his argument he got wrong was his suggestion that this would inevitably lead to a federalist style of decision making at the supranational level that enjoyed more political control.

³³ <http://www.nber.org/feldstein/economistmf.pdf> (Feldstein, page 2)

³⁴ <http://www.nber.org/feldstein/economistmf.pdf> (Feldstein, page 2)

³⁵ <http://www.nber.org/feldstein/economistmf.pdf> (Feldstein, page 6)

20 years after it was written, the Feldstein piece is continuing to garner attention for its prescience in predicting what the economic outcome would be of crafting the single currency. However, the corresponding political integration and the federalist model of decision making based in Brussels never came to fruition. The Germans insisted in the early days on the Growth and Stability Pact which would set strict limits for deficits (3% of GDP) and national debt levels (60% of GDP). Three years into the monetary union, the Germans became the first to break the rule, in order for Gerhard Schroder and his government (facing a tough re-election challenge from the resurgent CDU/CSU led by Angela Merkel) to make good on a tax break they had promised to the voters. The French followed suit the same year, but neither was punished with the 0.5% of GDP fine the Growth and Stability Pact mandated. Additionally, while ECOFIN reported the French in violation of the Growth and Stability Pact, the Germans sheltered them from action by the Commission, creating a scenario in which the largest two economies in the Eurozone formed an alliance against punishment for their respective countries breaking the rules. The later part of the decade saw more member states identified as rule breakers, but by that point the Growth and Stability Pact was weakened and the precedent had already been set that no punishment would be levied for failure to comply.

The Troubled Euro Looks East:

For the advocates of integration, the EMU was the logical extension of the creation of a single market, and a culmination of a decades-long process of integration efforts that was perhaps now at a point of no-return. Nevertheless, the European Union in 2011 has perhaps found itself overextended as a result of simultaneous expansion of

the European Union into Central and Eastern Europe and the deepening of integration as represented by the EMU. Majone argues that the EMU, celebrated as the high point of European integration, perhaps has effectively split the Union into two or three different factions: members of the monetary union, de jure and de facto opt outs, and member states that will have to leave the monetary union.³⁶

While the future of the EMU and the impact it will have on the future of the European Union are still unknown, what we do know is that the EMU was badly put together, as it was characterized by economic integration without the necessary political integration to regulate it. In November of 2005, the current Prime Minister of Italy and well-respected monetary economist Mario Monti told the Italian financial newspaper *Sole-24* that the euro is a currency in search of a single market, and that the single-market was not fully realized before the creation of the euro as states continued to put up barriers.³⁷ Additionally, while the single currency was initially deemed as an attractive mechanism for increasing intra-European trade by reducing transaction costs, the overvaluation of the euro as compared to the dollar and yuan have made American and Chinese exports to Europe more attractive to European consumers.³⁸

The uncertainty over the future of the EMU has additionally inhibited the European Union's ability to craft a more aggressive external monetary policy. As the deficit crises in the United States continues, many economists and speculators are convinced that the United States will ultimately have to reduce the value of the dollar in order to have an easier time paying back the money. In 2010, the Chinese sold off tens of billions of dollars worth of U.S. treasury bonds, a move that indicated clear frustration

³⁶ Majone, page 102

³⁷ Majone, page 109

³⁸ Majone, page 109

with American economic management and some apprehension about the amount of American debt the Chinese were holding.³⁹ Zimmermann (2004) found that in order for Europe to pursue a more assertive role in the international monetary system, the EU would need to embark on a series of internal reforms, particularly liberalization of the labor markets.⁴⁰ Nevertheless, even with the rampant uncertainty surrounding American economy, the size of the American debt in relation to GDP, and the ability of the dollar to maintain its status as the primary reserve currency throughout the world, the euro has been unable to increase its competitiveness with the dollar in terms of being a reserve currency. Much of this can be attributed to the sovereign debt crisis of member states such as Greece, Portugal, Ireland, Spain, and Italy, but there are still structural problems with the currency itself.

What was initially supposed to be a monetary union of a few economically similar and integrated countries expanded to including peripheral areas such as Greece and Portugal, economies that seemingly have very little in common with France and Germany. With the current eurozone membership at 17, each country with their own different economic and political agenda, it is somewhat uncertain that the eurozone is an optimal currency area. Additionally, the recent enlargements into East and Central Europe were done in accordance with a policy of *acquis communautaire*- a criteria that does not allow the new members to opt out of EMU policies, an option that was given to the old EU members.⁴¹ While states such as Latvia and Bulgaria ostensibly have budget deficits and national debt levels (in relation to GDP) that put them in compliance with the guidelines set forth by the growth and stability pact. Nevertheless, Latvia has a per capita

³⁹ <http://www.guardian.co.uk/business/2010/feb/17/china-sells-us-treasury-bonds>

⁴⁰ Zimmermann, page 235

⁴¹ Majone, page 113

income of only 37% of the EU 15 average, and the average per capita income for all new 2005 and 2007 members is only around 40% of the EU 15.⁴² The comparable figure for Greece, Portugal, and Spain when they joined the European Union was 65% of the original 10 members. Majone nicely puts the disparity in per capita income between Western and Eastern Europe in perspective: “This is about the same difference as that between Western Europe and the United States in 1945, when the old continent was in ruins while the economy of the physically intact America was booming.”⁴³

However, if history is any indication, we can expect the EMU to try to absorb the Central and Eastern countries, even before any potential pitfalls are critically examined. The lesson from the monetary union is that integrationists will seek broadening, deepening, and expansion as a means to achieve a goal toward greater integration, even before the potential pitfalls are worked out. It is this do first, think later strategy that that has frustrated not only opponents of integration, but also proponents who want the process done the right way. (See Chapter: the slogan for the French “no” campaign over the EU Constitution was “No to the constitution, yes to Europe) However, to do things the right way, institutions have to be carefully crafted so that they may function as planned and in time secure legitimacy of the people they represent. The “integration by stealth” strategy of pursuing economic integration as a means to achieve political integration ensures that the integrationists can temporarily get their desired outcomes, by masking their true objectives with technical economic jargon that is not particularly salient to most citizens. The reluctant citizenry (as will be discussed in Chapter 3) makes integration more difficult, but by pursuing the integration by stealth strategy, proponents

⁴² Majone, page 113

⁴³ Majone, page 113

of integration perhaps have inadvertently done great damage to their ultimate objectives. The poorly-crafted EMU with and its lack of political leadership has very much damaged the perception of the euro, and this could have long-term consequences for the prospects for integration, as the euro is its most important symbol. However, it is not just EMU that is in trouble, recent events have cast doubt on the viability of the second biggest symbolic European Union endeavor, the Common Foreign and Security Policy (CFSP).

The sorry state of CFSP:

With the breakup of the Soviet Union, and the end of the bipolar Cold War world, Europe was afforded a new opportunity to assert itself on the world stage. The Maastricht Treaty established Common Foreign and Security Policy as the Second Pillar of the European Union., and this was hailed by many Europeans as an opportunity to reclaim a prominent role in international security affairs.⁴⁴

While the Clinton and Bush Administrations both encouraged the Europeans to cooperate and take more control of their own security, many scholars expressed reservation about what a united Europe would mean for international security. Jeffrey Cimbalo (2004) argued that the CFSP was an attempt to “aggrandize power at the expense of NATO, the foundation of transatlantic security for more than a half century.”⁴⁵ Samuel Huntington (1999) was even more demonstrative, asserting that the coalescing of European power would be “the single most important reaction against US hegemony that would lead to a “multipolar twenty-first century.”⁴⁶

⁴⁴ The Lisbon Treaty made the Pillar system as established by Maastricht defunct.

⁴⁵ Cimbalo, page 112

⁴⁶ Huntington as quoted by Kagan, page 4

Other scholars thought it beneficial to both Europe and the U.S. that the Europeans craft a Common Foreign and Security Policy. Moravcsik (2003) argued that the Europeans can work cooperatively with NATO by each organization focusing on performing a specific function (read EU addresses humanitarian crises while NATO addresses problems militarily.)

For all the hoopla over CFSP, the results have been underwhelming to say the least. The first test the CFSP faced was the breakup of the Yugoslavia, an event that led to civil war and genocide on European soil in the 1990s'. With the Europeans failing to intervene in a productive and decisive manner, the mission became NATO's, and this was met with considerable embarrassment amongst the European elites who had believed earlier in the decade that the breakup of the Soviet Union provided Europe with a new chance to assert its influence in the world.

However, if the Balkan conflict reflected badly on the state of CFSP, the Iraq war was a disaster. In the lead up to the war, there was a pronounced division between the United Kingdom whose Prime Minister Tony Blair supported the U.S.-led invasion, and France and Germany whose leaders adamantly opposed it. While the division between the continental power houses was the most documented, the division between east and west was perhaps more revealing. Bush Administration officials regularly pointed out the support that the war enjoyed in Eastern Europe, with Donald Rumsfeld going so far as to call it "new Europe." (as opposed to Western Europe the "old Europe") While the name calling may have been over the top, the fact that European Union's new members aligned themselves with American foreign policy rather than continental leaders France and Germany is significant. However, the Central and Eastern European countries were

generally very happy to be brought into the NATO fold, given the re-emergence of Russia as a prominent global actor in the Putin era. These countries have undoubtedly viewed their newly-formed alliances with the United States as a deterrence against Russia overstepping its boundaries in the region.

The disparate views over the Iraq War revealed the difficulty of crafting a singular foreign policy between over two dozen different states. Just as with the eurozone, the European Union was clearly divided into three camps: those who supported the invasion, those who opposed, and neutral states who generally stay out of such matters. Still, the proponents of CFSP like Javier Solana continued to press for greater military expenditures from EU member states and better coordination of policy at the supranational level.

The 2011 events in Libya were perhaps the nail in the coffin for CFSP, however. In early March 2011, leaders from the United Kingdom and France began to clamor for the establishment of a “no-fly” zone over Libya, in an attempt to convince the divided Obama Administration it was time to intervene. The democratization protests in Libya, loosely associated with a broader series of protests collectively known as the Arab Spring, had quickly descended into civil war in Libya. European Union leaders publicly fretted over the idea of another massacre in a neighboring EU state, as many still had vivid memories of the European Union’s ineffectual response to the ethnic cleansing that occurred in the Balkans in the late 1990’s. Additionally, by the end of March of 2011, a variety of European institutions had already assisted in the evacuation of over 100,000

refugees attempting to flee Libya in what quickly was becoming a large-scale humanitarian disaster.⁴⁷

While ultimately successful in lobbying the Obama Administration to agree to a NATO-led no-fly zone over Libya, the political ramifications were significant. On the one hand, outgoing Secretary of Defense Robert Gates chastised the Europeans for not having the sufficient resources to be an effective partner in the NATO mission. However, criticism of Europe's handling of the crisis in Libya was hardly coming from the Americans alone. While Britain, France, and the United States lobbied for U.N. support for the creation of a NATO-enforced no fly zone, many Europeans were left to wonder why Britain and France would elect not to act within the institutional framework of the European Union's Common Foreign and Security Policy (CFSP). "The CFSP died in Libya- we just have to pick a sand dune under which we can bury it," one frustrated source quipped to the Swedish newspaper Svenska Dagbladet.⁴⁸ The 2009 Treaty of Lisbon attempted to strengthen the CFSP by eliminating Maastricht's pillar system that compartmentalized EU policies and limited the scope of EU institutions to clearly-defined policy domains. The Lisbon Treaty reads that CFSP should, "cover all parts of the EU's foreign policy and all questions relating to the Union, including the development of a common defense policy that can lead to a common defense."

Nevertheless, in the midst of a rapidly-developing humanitarian crisis, France and the U.K. chose to respond in the context of the American-led NATO rather than the European Union's recently strengthened CFSP. While the U.K.'s preference for NATO surprised nobody, the French decision to act within the NATO framework reveals their

⁴⁷ <http://www.guardian.co.uk/world/blog/2011/mar/30/libya-middle-east-syria-bahrain-yemen>

⁴⁸ http://news.monstersandcritics.com/africa/news/article_1628333.php/Diplomats-mourn-death-of-EU-defence-policy-over-Libya

reservations about the capacity of the EU to respond quickly and effectively to an emerging threat to security or humanitarian crisis. Critics of American foreign policy for decades, the French have had a long, complicated relationship with NATO that culminated in their decades-long pursuit of developing a European security organization capable of rivaling NATO's ability to advance a security agenda on the world stage. Nevertheless, with the humanitarian crisis worsening by the day in Libya, the French understood that NATO was better-equipped to respond to rapidly-unfolding developments on the ground. In a carefully-worded statement at the celebration of France's Bastille Day, French President Nicolas Sarkozy attempted to reconcile the French decision to work within a NATO framework while maintaining support for a viable CFSP: "The basis for a European defense exists. We must make it grow." The French President went on to say, "I want Europe to be capable of ensuring its security autonomously."⁴⁹

Nevertheless, the European response to Libya showcased two familiar shortcomings in the European Union's response to global events that have cast doubt on the future viability of CFSP. Similar to Iraq nearly a decade before, the major European powers were once again unable to craft a singular vision of foreign policy. While the United Kingdom and France were the most vocal advocates of the creation of the no fly zone over Libya, Germany was generally opposed to military intervention in Libya. However, the most serious limitation to the European Union's ability to promulgate a common foreign policy, even if one existed, is the capacity of the EU to act in a quick and decisive manner. When the NATO mission began in Libya, the first stage of the operation was to establish a patrol in the Mediterranean Sea to enforce the arms embargo

⁴⁹ <http://foreignpolicyblogs.com/2012/02/07/sarkozy-perspective/>

against Gaddafi's regime. NATO was able to get started with this mission within 5 days, an accomplishment that one supporter of CFSP conceded would have been impossible for the European Union. "We (EU) could have done that, but the truth is that we had tried it would probably take three months to even stick with an operational plan," the EU diplomat told the German news agency DPA.⁵⁰

Thus, another institution of the European Union that got its start with the Maastricht Treaty is in jeopardy just 20 years after coming to fruition. While the potential certainly exists for greater coordination of foreign policy at the EU level, the world where Europe emerges as a threat to American military hegemony is not close to becoming a reality. The lesson is that true integration comes from entities that share a common vision and a mutually-agreed upon path to take. Until the various member states can agree on what the common foreign policy should be (let alone the tougher task of determining how to get there) the CFSP is just a façade, and by no means a true institution that is ready to take the lead in promulgating the citizens of Europe's views on foreign affairs.

Conclusion:

The integration process matters in terms of crafting political institutions that have the capabilities to perform the functions they are assigned. While there have been windows a which the strongest proponents of integrated Europe have been able to make strides toward their vision, their often hasty and haphazard approach has left the institutions they created with serious shortcomings that I argue will have deleterious

⁵⁰ http://www.msnbc.msn.com/id/43351604/ns/world_news-europe/t/dim-if-not-dismal-future-gates-blasts-nato/

consequences on the trust levels European citizens have in the institutions of the European Union.

The process of integration has been tough, particularly since the end of the so-called permissive consensus in the early 1970's (discussed in Chapter 3). However, pursuing the integration by stealth strategy of pursuing economic integration as a means to political integration has resulted in institutions that lack the capability to manage the complex issues the European Union faces. In taking short cuts to get around the check of a skeptical public, the integrationists have perhaps done more harm to their vision than the opponents of integration have. If large symbols of European integration such as the euro or CFSP fail, what will be the perception of the project going forward? Will the strongest proponents of integration ever be able sell the public on the rest of their vision?

“The Greek verb *agorevo* means ‘I speak in public.’ But *agora* also is the market. The market was an area of politics. When you try to separate the two, as neoliberalism does, trying to create a purely economic market place, then there is no democratic control.⁵¹

Chapter 2: A Deficit of Democracy?

Introduction:

It’s June 28th, 2011, and union members and other protestors are gathered in Syntagma Square to protest the slowing economy and new round of austerity measures introduced by the government. Most people expect the parliament to adopt the new round of austerity measures, defying opinion polls which suggest roughly 7 in 10 citizens oppose them. Protests have been occurring for over a month at this point, but the next 48 hours will see some of the largest and most violent since the crisis began. There are clashes with riot police, who are trying to disperse the crowd by driving through it on motorcycles and firing tear gas and stun grenades.⁵² Additionally, vandalism and looting of local shops are taking their toll on the weary citizens of the city. One distraught shop owner tells a journalist, “there is no point to living in this country anymore,” as he surveys the damage the looters have caused. By the end of the 48 hour strike, there will be hundreds of people injured, and over 500,000 euro damage done to the city’s historic center.

The aforementioned scene was not in Egypt, Tunisia, or any other country that saw large scale protests against authoritarian governments in what would come to be known as the 2011 Arab Spring. The protests I described were in Greece, and they were the byproduct of a frustrated citizenry who was suffering as a result of the worst

⁵¹ Greek Prime Minister George Papandreou in an interview with “Open Democracy” in 2004

⁵² <http://www.haaretz.com/news/international/greek-unions-launch-48-hour-strike-against-austerity-measures-1.370020>

economic crisis the country had faced since democratization in the early 1970's. The situation in Greece seemed utterly hopeless in the summer of 2011. Following a decade in which the country enjoyed the most rapid growth on the continent, the financial crisis revealed major structural problems with the Greek economy that simply was not productive or competitive enough to justify the high wages and generous pension and other benefits the Greeks had become accustomed to. In 2010 alone, the Greek economy contracted by 4.5%, and by mid-2011 the Greek economy was on pace to shrink by another 4% that year as well. The corresponding unemployment rate was officially 16%, but considerably higher amongst young workers.⁵³

Exacerbating the problem, large public debt levels and membership in the euro restricted the Greek government's ability to employ fiscal and monetary tools such as a stimulus or devaluing of the currency in order to make the crisis more manageable. With debt levels at 150% of GDP and forecast to hit 166% of GDP the next year, the Greeks were in no position to stimulate the economy through government spending. In fact, the more likely scenario was that austerity measures to get deficit levels under control would likely hinder the prospects for economic growth. However, the cost of borrowing for the Greeks was skyrocketing to 7% in 2011 as investors insisted on high rates in order to justify the risk of Greek bonds. In turn, the Greeks were spending 8-9% of their GDP on just the interest payments for their debt.⁵⁴

Monetary tools to combat the crisis were also unavailable, as membership in the euro precluded the Greeks from taking measures such as weakening the currency to make the debt more manageable. Additionally, the Germans resisted calls for the European

⁵³ <http://www.thenation.com/print/article/161685/greece-debt-eurozone-crisis>

⁵⁴ <http://www.thenation.com/print/article/161685/greece-debt-eurozone-crisis>

Central Bank to sell Eurobonds which proponents say would have a stabilizing influence on the crisis; and Chancellor Merkel cited concerns that public debt in member states such as Greece or Italy would become debt the entire Eurozone was responsible for.⁵⁵

The Greek government had considerably fewer tools at its disposal to manage its financial crisis than the United States and other countries have had in the aftermath of the worldwide recession that began in 2008. However, if the Greek government was constrained, so too were Greek citizens, many of whom who felt that their voices were not being heard as the Troika (European Commission, International Monetary Fund, and European Central Bank) dictated to their democratically-elected government the terms by which the Greek financial crisis was to be handled. As public opinion polls showed widespread opposition to the austerity measures and Greeks crowded the streets to make their voices heard, the Greek government led by Prime Minister George Papandreou worked tirelessly to both appease those providing much-needed assistance and the Greek public who was skeptical of the austerity measures Greece's benefactors insisted upon. One Greek woman interviewed by the Nation, vented her frustration by insisting that the French and Germans would never impose the austerity measures they advocated for Greece on their own people.⁵⁶

This sentiment succinctly sums up the democratic deficit dilemma in the European Union, particularly as it pertains to the sovereign debt crisis. How are Greek people to exert their will over the process if their democratically-elected government is so constrained by integration that it enters negotiations with its partners in too weak of a position to represent the interests of the Greek people? What accountability do

⁵⁵ <http://www.insightweb.it/web/content/eurobonds-and-germany>

⁵⁶ ⁵⁶ <http://www.thenation.com/print/article/161685/greece-debt-eurozone-crisis>

representatives of the European Central Bank, European Commission, and Council (read more precisely German Chancellor and French President in the case of the sovereign debt crisis response) have to the Greek people, and how can the Greek people have any sense of political efficacy in a world where decisions are made for them by actors they cannot remove from office?

The scholarship regarding the democracy deficit is diverse in scope and opinions regarding the nature of democracy in the European Union. The predominant approach for scholars who contribute to the democratic deficit literature is to examine the institutional structure of the European Union. These studies are typically debating the effect the EU has on the balance of power between the executive and legislative branches in the member states. Additionally, many of the studies debate the extent to which strengthening the European Parliament, the only democratically-elected branch of the European Union, satisfies the democratic deficit concerns of EU critics. Other studies examine how platform convergence of many domestic political parties limits the degree to which the EU is a topic in the domestic political discourse. Finally, two prominent EU scholars question whether there is a democratic deficit in the European Union at all.

In this chapter, I will be taking an institutional approach to examining the democratic deficit in the European Union, however I am not focusing on the European Parliament. My argument is that in regard to the sovereign debt crisis, two prominent members of the Council have taken it upon themselves to manage the crisis, relegating EU institutions to a secondary role.

Literature Review:

The perception of a democratic deficit in the European Union has long been a salient topic in the literature, particularly as there is only one component of the European Union government that is democratically-elected in the member states, the European Parliament. Scholars have provided varying interpretations of a perceived democratic deficit in the European Union, but despite pleas from Weiler et. al (1995) have had little success in establishing a standard definition of the concept. Follesdal and Hix (2006) is one of the more complete studies of the perceived democratic deficit in the European Union, and they address Weiler's concern that studies focusing on the democratic deficit in the European Union are too disjointed and lacking in conceptual clarity. Follesdal and Hix provide an excellent account of the progression of the democratic deficit debate, and have provided classifications for democratic deficit studies that represent the different ways scholars have approached this topic.

The most typical argument in the literature examines the perception that the EU transfers power from parliament to the executive branch. (Andersen and Burns, 1996; Raunio, 1999) In parliamentary democracies, the executive branch must retain the support of the legislative branch for major planks of the party platform, or else the government will fall and new elections will be held. The problem scholars such as Andersen and Burns (1996) have with democracy in the European Union, is that its power is concentrated in the Council (the prime ministers of most member states plus the presidents of France and Finland) and the European Commission who is appointed by the prime minister or president in every member state. Andersen and Burns argue that the institutional structure of the European Union shields the executive branch of these

member states from the normal parliamentary scrutiny they face in domestic politics, and strips the oversight role the domestic parliament has over its prime minister (or president) in their capacity on the Council. Additionally, we know from Peterson and Shackleton (2002) that the various treaties and documents which serve as the would-be constitution for the European Union discuss very few official procedures or functions for the Council, which gives its members considerable leeway in determining how the Council responds in any given situation.⁵⁷ In addition to the flexibility the Council enjoys, Peterson and Shackleton state that the Council is a highly secretive body; that meets behind closed doors with each member only bringing a skeletal staff to the meetings.

Despite the Councils' limited formal powers, it has been quite influential in the development of the European Union. Alberta Sbragia (1991) states that, "virtually every decision that affected the development of the internal market since the 1980's was taken by the European Council."⁵⁸ Peterson adds that the all the deals between member states that have contributed to the development of the economically interdependent Europe have been taken at the top level.⁵⁹ The considerable leeway and flexibility the Council enjoys coupled with the large role it has played in the development of supranational Europe make examination of citizens' ability to influence the Council an important question that scholars are correct to raise in the democratic deficit literature.

The second feature of the democratic deficit that typically draws scrutiny from scholars is also institutional in nature. As I mentioned earlier, the European Parliament is the only democratically-elected branch of the European Union and scholars have long regarded the European Parliament as the weakest branch that composes the supranational

⁵⁷ Peterson, page 46

⁵⁸ Sbragia, page 63

⁵⁹ Peterson, page 50

organization's institutional structure. Scholarship focused on the European Parliament has changed considerably since Holland (1980) who argued that any increase in the power of the European Parliament would inevitably come at the expense of national parliaments. However, scholars started to realize that the true change in the balance of power was occurring between the domestic parliament and domestic executive branch, as scholars became aware of the aforementioned nature of the Council. Thus, scholars examining the democracy deficit in Europe began to focus more heavily on the need to strengthen the European Parliament, the only democratically-elected branch of the European Union, as the only way to ameliorate concerns about the democracy deficit posed by the institutional structure of the European Union. Williams (1991) and Lodge (1994) both argued that the strengthening of the European Parliament (and the weakening of the Council) is essential to providing European citizens a greater voice in the EC. However, Juliet Lodge (1994) argues that the efforts to strengthen the European Parliament are met with resistance in member-state parliaments, as they fear that a more powerful EP will weaken the intergovernmental nature of EU policy and dramatically increase the power of the European Union at the expense of the member states.⁶⁰

While the first two arguments regarding the perception of a democratic deficit in the European Union are institutional in nature, the third is political. Reif and Schmidt (1980) famously argued that European elections are second-order elections in which voters cast their ballot not based off "European" issues, but rather for or against the domestic government. Reif and Schmidt found that when domestic governments were popular, their party(s) would be rewarded in the EP elections, while conversely voters would use their EP ballot to punish the domestic government for failing to live up to

⁶⁰ Lodge, page 70

expectations. In a very similar sense, Reif and Schmidt found that EP elections are very similar to mid-term elections in the United States where the President can loom large in the debate, while not actually appearing on the ballot. While Reif and Schmit's study focused solely on the first EP elections, Follesdal and Hix (2006) find that not much had changed from the first EP election through the sixth.⁶¹

The extent to which parties even debate European matters in the first place is itself a debate in the literature. We know from Ray (2004) that voters' perception of what effect the EU will have on their personal policy preferences will factor into their support for EU-decision making. Additionally, Blondel et al. (1998) find some support for the assertion that voters' opinions on EU matters figure prominently into their participation in EP elections. Marks et al. (2002) found that support for the traditional party families coincides with support for the European Union, as most of the mainstream parties in EU member states favor integration. According to Hix (1999) and Marks et al. (2002), this essentially keeps the issue of Europeanization out of the electoral discourse, as the dominant parties' platforms have converged considerably on this issue. Follesdal and Hix (2006) argue that, "the absence of a 'European' element in national and European (Parliament) elections means that EU citizens' preferences on issues on the EU policy agenda at best have only an indirect influence on EU policy outcomes."⁶²

The fourth set of arguments that focus on the democracy deficit in the European Union has both a psychological and institutional component. Scholars such as Wallace and Smith (1995) and Majone (2009) argue that the EU is more of a regulatory state than a traditional state, and therefore there is a perception of remoteness and disconnect from

⁶¹ Follesdal, page 536

⁶² Follesdal, page 536

the will of the citizens. Wallace and Smith (1995) state that the policy process in the EU is technocratic rather than political, and Majone (2009) believes that for that reason, the EU should be judged on different democratic standards than a typical state-level democracy.

Finally, the last set of arguments regarding the democratic deficit in the European Union focus on the so-called policy drift between EU policy and citizens' preferences. Scholars such as Scharpf (1999) have applied many of the previous arguments toward this one, noting the undemocratic nature of EU institutions results in a situation in which policy outputs can be far from the preferences of the citizens.

Two Differing Perspectives:

Nevertheless, two important contributors to our understanding of supranational Europe disagree that there is a democratic deficit within the European Union at all. Giandomenico Majone (1994) argues for all intents and purposes that the EU is a regulatory state. For Majone, the EU was created to deliberately isolate the member governments from having to handle monetary policy, product standards, and health and safety rules. Majone argues that the EU being immune to short term shocks within the political system allows for EU leaders to make decisions that will benefit EU citizens in the long run, rather than decisions that are in the short-term popular, but will have long-term deleterious consequences. Majone believes what the EU has is not a democratic deficit per se, but really a "credibility crisis" that can be addressed by simply making EU procedures more transparent.

Andrew Moravcsik (2002) counters the concerns of an increasingly powerful executive articulated by Andersen and Burns (1996). Moravcsik argues that apprehension over an unaccountable executive is misguided, because executives are in fact highly accountable to their respective electorates. For Moravcsik (who subscribes to the school of liberal intergovernmentalism) EU decisions are primarily made at the state-level. Therefore, a French President or Italian Prime Minister who is making decision that are unpopular in his or her capacity as a member of the Council, will likely be punished by the voters in their respective country next time they come up for re-election, which would of course remove them from the Council. Thus for Moravcsik, the EU does not have a democratic deficit, because the most powerful branch of the EU (in his view the Council) is directly accountable to voters in the member states.

However, the Moravcsik argument only takes into account that voters in the member states can hold their own head of government or head of state accountable. The protests over austerity in Greece regularly were characterized by the theme that the bailouts were not intended to help Greece at all, but rather its creditors. Greek citizens, like the woman interviewed by the Nation, issued firm condemnations of the austerity measures being imposed on them in exchange for bailouts. Greek citizens argued that the austerity measures would curtail economic growth for a generation and give their children a bleak future. However, the Greek government entered into negotiations with the Troika (European Commission, European Central Bank, and IMF respectively) in a very weak bargaining position due to its severe budget deficits, large national debt level, and with monetary policy constraints as a result of membership in the euro. With the

balance of power so tilted toward Greek creditors, how is the democratically-elected government of Greece supposed to try to implement the will of the Greek people?

Theoretical Development:

Jean Monnet, the father of Europe, had a profound respect for American-style federalism, and hoped to use it as a model for supranational Europe. While there was some elite-good will for the creation of supranational European institutions in the wake of World War II, most leaders understood that crafting institutions that would create a United States of Europe would undoubtedly be met with fierce resistance from skeptical citizens throughout Western Europe. Thus the functionalist model for Europeanization became the model of choice for integrationists, which focused on pooling sovereignty in some policy domains and hoping that there would be spillover effects into other domains which would require more integration. In the neo-functionalist model, Europeanization was a self-sustaining process in which the supranational government would ultimately aggrandize its power at the expense of the member states.

In its early days, intergovernmentalism was the school of thought which argued that states would resist supranational Europe, and in doing so, preserve the traditional role of the state as the central actor in all the “high politics” policy domains. (Hoffman, 1966) In the 1990’s Andrew Moravcsik added to the discourse by suggesting that all integration would come only when it was in the state’s best interest to forfeit some sovereignty in that policy domain.

Intergovernmentalism long seemed like the more accurate explanation for the development of supranational Europe, particularly in the so-called Euro sclerosis period

that began with the defeat of the European Defense Community in the French parliament in 1954 and ended with the ratification of the Single European Act (SEA) in 1986. The Single European Act paved the way for the Maastricht Treaty, and the creation of the three pillars of the European Union.

The various institutions of the European Union each serve a purpose that contributes to the legitimacy of the project. The European Court of Justice (ECJ) is meant to be a supranational court that has the ability to punish member states for failing to comply with EU directives. Additionally, the ECJ found in a series of rulings that it has the right of direct effect, or the ability to overturn a member state law if it is violation of EU law (the supremacy clause EU style). The Commission is the agenda setter for the European Union, and the executive branch that enforces EU law by informing a member state it is not in compliance. In the event that a state does not bring itself into compliance after it is warned by the commission to do so, the commission then acts as a prosecutor who takes the state to the ECJ where a final decision will be rendered. The European Parliament exists to give European citizens a say in the EU and to remedy concerns over the perceived democracy deficit in the EU institutions.

This leaves the Council, which by definition is the most intergovernmental of the four branches of the European Union. The Council is composed of the prime minister of every member state plus the Presidents of Finland and France. With very few formal powers and considerable leeway to act as it pleases, the Council is a very unusual legislative branch that does not resemble any institution found in the Western democracies. The Council exists to preserve a role for the head of government of every member state in the European Union's decision making process. Nevertheless, the

Council was intended to be an advisory body, a source of guidance for the European Union.⁶³ However, the reality is that the Council has dominated the decision-making process in the European Union at key moments, and has had its hand in virtually all major decisions that have been undertaken by the EU.⁶⁴

We know from Peterson and Shackleton (2002) that there is an unequal relationship on the Council, in which larger states play a more prominent role in the decision making than small states. Additionally, the new prime ministers (or presidents) are supposed to be somewhat deferential on the Council to members who have served for a greater period of time.⁶⁵ The sovereign debt crisis, particularly in regard to the bailouts, has revealed a new dynamic to Council relations. Whereas the conventional wisdom would suggest that David Cameron, the British Prime Minister, would enjoy a considerable role on the Council due to fact that the United Kingdom is one of the European Union's most powerful countries due to its large economy and strong military, his opinions in regard to the sovereign debt crisis have been generally unsolicited due to the fact that the British are not members of the euro. In fact, at one moment where Prime Minister Cameron interjected with his opinion of the crisis, French President Sarkozy publicly scolded him. The Guardian quoted Sarkozy as saying: "You have lost a good opportunity to shut up. We are sick of you criticizing us and telling us what to do. You say you hate the euro, and now you want to interfere in our meetings."⁶⁶ Sarkozy's public condemnation of the British Prime Minister's intervention in the sovereign debt crisis underscores the important point that by virtue of lacking full integration, the

⁶³ Peterson, page 51

⁶⁴ Peterson, page 54

⁶⁵ Peterson, page

⁶⁶ <http://www.guardian.co.uk/politics/2011/oct/23/cameron-sarkozy-euro-debt-crisis?newsfeed=true>

Council is going to have an uneven response to EU matters from once policy area to the next. Analysis of the handling of the sovereign debt crisis reveals that it is not even the Council per se that is at the forefront of addressing the crisis, but rather the President of France and Chancellor of Germany, who for the most part have dictated to the other members what the bailout plans will entail.

This strength of Sarkozy and Merkel's bargaining position and the considerable leeway these two have enjoyed in crafting a "European" response to the crisis evokes serious normative questions about the democracy deficit in the European Union. Moravcsik (2002) refutes the Andersen and Burns (1996) argument that the European Council shields the domestic executive branch from the discretion of the national parliament by arguing that executives are highly accountable to their respective electorates, and therefore can be punished at home for overreaching on their capacity on the Council. While I agree with Moravcsik's contention, I believe his argument does not account for the reality that was exposed by the response to the sovereign debt crisis: that decisions can be made at the sub-Council council level and virtually imposed on member states that have little ability to resist. Constrained by large budget deficits and an inability to take unilateral monetary action, the Greek government entered into negotiations with the Troika in a very weak bargaining position.

Analysis:

By the spring of 2010, it was evident to most observers that the sovereign debt crisis in Greece was spiraling out of control, and that any solution was going to inevitably involve intervention from other states, global financial institutions such as the IMF, and

the European Union. Standard and Poor's decision to downgrade Greek bonds to junk status was only the peak of the iceberg. The reality for the Greek economy was that there were serious structural problems that the Greeks would have to address if they were going to remain solvent. However the size of the Greek debt relative to their GDP combined with their membership in the euro contributed to a situation in which the Greek government had very few fiscal and monetary options for pursuing a unilateral path toward austerity. Exacerbating the problem, the market began to attack the Greeks, and borrowing costs soared to over 7% for the Greek government, making the budget deficits even more unmanageable.

For their part, France President Nicolas Sarkozy and German Chancellor Merkel tried to delicately balance the need to find a "European" solution to the problem without having their governments on the hook for large, unpopular bailouts or for taking responsibility for Greek debt. This is the dilemma, of course, of cryptofederalism (discussed in Chapter 1) in which the member states are integrated enough for a problem in one member state to become a problem for all, but the supranational institutions still lack the authority to take the lead in managing the problem in a holistic fashion at the European level. The French President and the German Chancellor both had domestic political concerns to take into account, particularly Sarkozy whose approval numbers were struggling throughout 2011 and into 2012, when he was a candidate for re-election. Given that French banks are large creditors to Greece, the French President had considerable interest in crafting a solution to the debt crises in which Greece would avoid defaulting on large loans owed to French banks. German Chancellor Merkel also opposed a Greek default for fear of what deleterious consequences it would have for the

eurozone, but her opposition to default was partially offset by the understanding that any bailout of the Greek government would inevitably entail a significant contribution from German taxpayers. With so much on the line for both leaders and their respective countries, it is understandable that they would want to play an integral role in crafting any EU policy toward embattled Greece.

Throughout 2010 and 2011, the markets continued to be very unkind to Greece, and speculators bet that Greece would inevitably default on its commitments and perhaps leave or be kicked out of the eurozone. The result was skyrocketing borrowing costs for the Greek government which exacerbated their already alarming budget deficits. Merkel eventually warmed to the idea of bailouts to help Greece survive the short-term turmoil, but resisted many of the proposals that would have more long-term stabilizing effects such as the European Central Bank printing Eurobonds.⁶⁷ The main features of the second Greek bailout would be countries such as Germany borrowing money through a bailout fund (presumably for reasonably cheap) and lend the money to Greece at a lower rate than what the markets would lend the troubled Greek government if left on their own. Additionally, France and Germany hoped to restructure the Greek debt by convincing banks to swap a portion in exchange for new bonds.⁶⁸ The lending costs for the new bonds were to be roughly 4%, a figure much lower than the 7% costs Greece had been facing, and was likely to save the Greek government about 100 billion euro.⁶⁹ The bailout package was far from unconditional, and in exchange for the bailout funds and restructuring of debt, the Greek government was strong armed into adopting a wide-range

⁶⁷ <http://www.telegraph.co.uk/finance/financialcrisis/8714583/Merkel-insists-eurobonds-are-exactly-the-wrong-answer.html>

⁶⁸ http://articles.marketwatch.com/2011-07-22/industries/30712866_1_greek-debt-royal-bank-bank-stocks

⁶⁹ http://www.btimes.com.my/Current_News/BTIMES/articles/Writedown25/Article/index_html

of austerity measures including deep reductions of pensions and salaries, changes to collective bargaining laws, tax increases, increasing retirement ages, and laying off 30,000 public sector employees.⁷⁰

Realizing the bailout and accompanying austerity measures were unpopular with the Greek people, Greek Prime Minister George Papandreou suggested a referendum in Greece on whether or not the government should accept the terms of the German and French led bailout.⁷¹ The response to the proposed referendum was shock and horror from the German Chancellor and French President. Sarkozy lamented that he felt “betrayed” by Prime Minister Papandreou’s sudden referendum proposal, after months of working closely with him over the details of the bailout package. Merkel went even further, stating that Greece could be kicked out of the euro if the prime minister went through with his proposed referendum.⁷² The markets responded quickly to the perception of political chaos, and in a matter of days the Greek prime minister jettisoned his referendum proposal.

I argue that the handling of the financial crisis creates a new facet of the democracy deficit with which scholars should be engaging. When the fate of the euro was most in jeopardy, the German Chancellor and the French President took it upon themselves to craft a solution that they believed protected the economies tied to the euro. The Germans resisted greater action from the European Central Bank, such as a proposal that they print euro bonds to help troubled member states cope with massive borrowing costs. The other European Union institution at the forefront of the crisis, the

⁷⁰ <http://www.bbc.co.uk/news/business-15396467>

⁷¹ <http://www.reuters.com/article/2011/10/31/us-greece-referendum-idUSTRE79U5PQ20111031>

⁷² <http://www.dailymail.co.uk/news/article-2057377/Merkel-threat-Greece-Well-kick-EU-hold-referendum.html>

Commission, lacked the gravitas to negotiate a key deal between member states, and certainly would not be able to guarantee that any deal reached there could be passed by the domestic parliaments. The Council once again was forced to lead the EU through troubled waters, but this time it was a few key players on the Council, hardly the entire organization. Thus the question becomes, how do Greek voters dissatisfied with what the German and French leaders have proposed for their country hold them accountable? When foreign leaders can apply enough pressure for a prime minister to jettison a referendum over a major restructuring of the domestic economy, are we in the Papandreou quote world in which the market place squeezes democratic control?

For their part, many Greek people believe they have lost their voice in this new political and economic system. The woman who told the Nation that France and Germany were insisting that the Greeks adopt austerity measures that they would never advocate for their own country articulates a very important concern over the democratic deficit in the European Union. As Moravcsik correctly notes, members of the Council are checked by their respective domestic legislature, and any action they take in their capacity as Council members can find their way into their domestic political discourse. However, the situation in which prominent Council members such as the German Chancellor and French President can be so influential in determining what austerity measures Greece pursues in their attempt to remain solvent is a different world altogether. The German Chancellor and the French President, while ultimately beholden to the German and French voters, have no incentive to work out deals that are favorable to Greek citizens, and Greek citizens have no recourse for holding the German Chancellor or French President accountable. While the Greek citizens were represented

by their own government who had a seat at the bargaining table, it is important to note that a tenuous governing coalition and economic chaos considerably weakened the Greek government's position at the bargaining table. In an effort to ensure the Greek citizens' voices were heard, Prime Minister Papandreou proposed that the bailout and austerity measures be put before the Greek citizens in a referendum. The French President and German Chancellor reacted in horror, with Chancellor Merkel going so far as to say that if Prime Minister Papandreou went through with the referendum, it would be grounds for Greece being kicked out of the Eurozone.⁷³

Conclusion:

The imperfect nature of European Union integration leaves the entire project at a crossroads. The tragedy of cryptofederalism is that integration in some areas without corresponding integration in others leaves the EU in situations where problems in one member state can be transferred to another, but there may not be an institution that has the capacity to address the supranational problem. This is reminiscent of the joint-decision trap discussed by Scharpf (1988). The EU lacks political integration because member states, who play a large part in EU decision making, block greater a greater degree of integration from occurring. In turn, the poorly-integrated EU generates sub optimal outputs. The European Union undoubtedly has achieved considerable success in economic integration, culminating with the successful launch of the euro in 2002. However, the failure of the European Union to achieve a corresponding level of political integration was evident when the monetary union started to face serious challenges as a

⁷³ <http://www.dailymail.co.uk/news/article-2057377/Merkel-threat-Greece-Well-kick-EU-hold-referendum.html>

result of the global economic crisis in 2008 and the sovereign debt crisis in many member states starting in 2009. With no single EU political entity able to take the lead in managing the situation, the crisis worsened and spread in 2010 and 2011, and many people began to question the prospects for the Eurozone to remain intact or integrate prospective members in Eastern and Central Europe. In the absence of EU leadership, the German Chancellor and French President took the lead role in managing the crisis, but this is hardly the type of political authority that gives credibility to a supranational organization.

I assume some readers will state that Greece and every other member state voluntarily agreed to transfer some sovereignty when they joined the European Union in exchange for the benefits of membership. Additionally, given that membership is voluntary, states are allowed to leave whenever they please. Both of these arguments are obviously true, and we could be in a situation where some member states make that decision down the road. Nevertheless, a member state leaving the European Union is likely a last-resort that many states would hope to avoid given the benefits of membership in the supranational organization. Therefore, the framework I use to make an argument about a democratic deficit is not that it is so pronounced that no member state should be a part of the European Union, but rather that all parties should work together to make sure the European Union is the best possible version of itself.

A common criticism of the European Union is that it is too technocratic and remote to ever respond to the demands of the various groups of citizens it represents. The EU has done little to address this perception by failing to craft democratic supranational political institutions that are able to manage the level of economic

integration that currently exists in the European Union. Thus, as the Greek Prime Minister's prescient quote says, when you separate the market and politics, you essentially eliminate democratic control.

“Would it not be easier
In that case for the government
To dissolve the people
And elect another?”⁷⁴

Chapter 3: Democracy Deficit: By Design?

Introduction:

Key votes in the United State House of Representatives are often played out in dramatic fashion. While normally a House Speaker will only call for a vote on a major piece of legislation when he or she knows they have enough votes to win, there are a few votes in which the outcome is uncertain and the negotiating and bargaining process continues right until the moment the Speaker bangs the gavel to declare the vote closed. House Speakers have for decades kept key votes open while their side continues to piece together a majority only to immediately declare that vote closed once that majority is reached.

The advantage of keeping a vote open or closed is one of the many that the majority party has in American politics. However, in no uncertain terms, those who favor integration have utilized similar advantages in winning referenda outcomes favorable to the development of supranational Europe. We have an expression in American politics: elections have consequences. This expression can often be heard when power changes hands between the parties, and the new party of government comes into the session believing the election gave them a mandate to pursue their respective party platform. In contrast, referenda in Europe often do not have consequences, especially when the initial outcome is won by the opposition to stronger European

⁷⁴ B. Brecht, *Poems, 1913±1956*, eds. J. Willett and R. Manheim, London, Methuen, 1976, p. 440.

integration. What typically occurs in the aftermath of a “no” vote is the government makes a few minor modifications, and resubmits the question to voters for reconsideration. One Irish voter who switched his vote over the Lisbon Treaty from “no” in the first referendum to “yes” in the subsequent one describes his rationale for doing so:

"It was like being sent back to the drawing board and told: 'Think again.' I think many like me who have switched sides and voted yes this time just feel we don't really have a choice. It's a bit like Groundhog Day. We all have this horrible feeling that we will be made to do this referendum over and over again until we return the answer they want."⁷⁵

The unique process by which referenda outcomes are deemed to be final when the result favors the integrationists, but discarded when the opposition wins is far too often ignored in the democratic deficit literature, as it raises serious normative questions about citizens’ political efficacy in regard to the European Union. Opponents of deepening integration already face considerable obstacles that make it difficult to compete in referenda campaigns, given the typical model in which the government leads the “yes” campaign and the opposition is normally limited in terms of resources and confined to one or two smaller opposition parties. Despite these inherent disadvantages, euroskeptics have had considerable success at the ballot box in regard to questions over strengthening supranational Europe, including wins against the Treaty of the European Union in Denmark, the Treaty of Nice in Ireland, the EU Constitution in France and the Netherlands, and most recently the treaty of Lisbon again in Ireland. However, in the instances of Denmark in regard to TEU and Ireland over Lisbon, successful “no” campaigns have almost immediately had to face a rematch, and have in both instances

⁷⁵ <http://www.telegraph.co.uk/news/worldnews/europe/ireland/6258052/Lisbon-Treaty-referendum-Irish-voters-look-to-EU-after-death-of-Celtic-Tiger.html#>

lost to integrationists on the subsequent attempt. In this chapter, I will examine the aftermath of a successful “no” campaign, and raise important normative questions about the fairness of the integration process.

Literature Review:

Sarah Hobolt (2009) states that direct democracy is flourishing in the industrial democracies and points out that a total of 497 national referendums were held in the period from 1993-2003, with 301 of those taking place in Europe.⁷⁶ Specifically, the majority of those referenda have pertained to European integration.⁷⁷ Scholars and statesmen have long debated the merits of representative democracy vs. direct democracy from Rousseau who believed that direct democracy was the only way to maintain the social contract to Madison who argued in Federalist 10 that direct democracy would revert to tyranny of the majority over the minority.

The public’s capacity to make informed decisions in regard to direct democracy has long been a prominent debate in the literature. John Matsusaka (2004) states, “an obvious concern with direct democracy is that it places decision-making power in the hands of the uninformed.”⁷⁸ Campbell et al. (1980) famously characterized the American electorate as being “almost wholly without detailed information about decision making in government,” to the point that it would be difficult for them to engage in rational political behavior.⁷⁹ However, we know from studies such as Mendelsohn and Parkin (2001) that political behavior is mediated by elites and institutions, and that the process of direct

⁷⁶ Hobolt, page 5

⁷⁷ Kauffman, page 4

⁷⁸ Lupia, page 4

⁷⁹ Campbell, page 543

democracy is in reality not the unchecked free for all that the harshest critics of direct democracy imagine. Noting the elite influence on public opinion, John Zaller (1992) reminds us that, “the chorus of public opinion has a distinct upper-class accent.”⁸⁰

Studies of public opinion in regard to supranational Europe have flourished in the last two decades as the number of referenda associated with EU has increased. However, early classics in the public opinion literature such as Lindberg and Scheingold (1970) noted that public indifference to European integration gave elites considerable leeway in driving the process. In their seminal 1970 study, Lindberg and Scheingold argued that integration occurs as a result of a “permissive consensus” in which elites drive integration while the lay person in the member states pays very little attention to European issues. According to Lindberg and Scheingold, European integration is not an issue that is likely to become salient to the public, therefore the political elites in the society had considerable leeway in European matters to strike the course that they wished. Nevertheless, Lindberg and Scheingold cautioned their readers that the permissive consensus would only hold to a point, after which a degree of integration would be reached at which the public would start to closely scrutinize the issue of supranational Europe.

The notion that the permissive consensus had run its course became prominent in the aftermath of the Danish voting down the Treaty of the European Union (Maastricht Treaty) in 1992. Mark Franklin et al. (1994) note that support for supranational Europe was high throughout EC member states in the lead up to the referenda over Maastricht, including Denmark where 68% of respondents agreed that membership in the EC had

⁸⁰ Zaller, page 1

benefited the country.⁸¹ Franklin et al. argue that it was not the general concept of the European Union that propelled voters to voting against Maastricht, but rather the sense that integration had gone too far. Martin Slater (1982) expresses a similar sentiment. “...There is a high level of goodwill towards a united Europe; the degree of the positive commitment is more suspect. The public appear to favour European integration in the same way they favour peace. Both are generally desirable goals. The full implications and costs of attaining a goal such as European unification are left unconsidered.”⁸²

Franklin et al. note that as details of some of the provisions of Maastricht became known by the electorates in member-states such as France and Denmark, opposition to ratification began to mobilize and gain the upper hand in the campaign.

A considerable portion of the literature debates whether positions regarding European integration are generated from the top-down or the bottom-up. While most scholars coalesce around the viewpoint that integration is an elite-driven process, there are few studies that suggest that the general public is the driving force behind integration. Martin Slater notes that Walter Hallstein, the first and one of the most influential Presidents of the Commission, once argued in the 1960’s that “the decisions that have been taken lag far behind public opinion in Europe.”⁸³ Ronald Inglehart (1978) also found considerable public support for European integration, particularly amongst Europeans with higher educational levels and those with better exposure to mass communication (essentially Europeans who live in the big cities). Inglehart found that

⁸¹ Franklin, page 459

⁸² Slater, page 75

⁸³ Slater, page 60, Hallstein, page 30

these individuals were prone to be receptive about a re-definition of political community expanded from the state to the EC.⁸⁴

Nevertheless, the bulwark of the contemporary literature regarding public opinion and the European Union emphasizes the elite-driven nature of the European project. Many studies in this pool of literature examine the link between salient domestic politics and the less salient European politics. In fact, perhaps the most easily identifiable schism in the referenda literature is the one between those who believe that EU referenda voters are “issue voters” who weigh the costs and benefits and make a decision on a referenda according to their views on the EU and the “second-order” school of thought which suggests that voters’ behavior regarding EU referenda is based primarily on their attitudes regarding domestic politics. Reif and Schmitt (1980) argued that European Parliament elections are merely second-order elections in which voters punish or reward the domestic government with their vote for members of the European Parliament. The second-order election concept is the equivalent of American mid-term elections in which the party of the President is often punished or rewarded based off of the popularity of the President and the public’s satisfaction with his job performance. Slater (1982) points out that the turnout for the first election in which the European Parliament was elected in 1979 was roughly 62% of the election, which is considerably lower than the average for European states, many of whom have compulsory voting. Nevertheless, Slater is able to find both positives and negatives in the turnout for the first EP elections. The negative was that the novelty factor of the first democratic vote for EP office certainly did not elevate participation beyond normal levels. However, the positive light could be that

⁸⁴ Inglehart, page 47

over 110 million Europeans turned out for an election that had no direct or indirect impact on government formations.⁸⁵

Schneider and Weitsman (1996) argue that referenda over the European Union pose a “punishment trap” to the voters when their party is in the government that negotiated the treaty. Schneider and Weitsman contend that European voters are well-acquainted with the notion of a confidence vote, and thus are reluctant to vote against a referendum their domestic government supports for fear of sending a message that the government has lost its ability to effectively govern its working coalition. Additional research focuses on the opposite scenario in which the government is unpopular and voters punish the domestic government by voting against its wishes on the EU referenda. Franklin et al. (1994) attribute the Danes’ no vote against Maastricht in 1992 as a vote to punish the domestic Danish government. Franklin et al.(1994) argue that there was a linkage between a low-salience policy arena which was the ratification of the EU and a high salience policy area which was the Danish government’s handling of the domestic economy.⁸⁶ Franklin (2002) updates the original thesis by suggesting that the salience of the EU referenda can have important implications for the degree to which voters rely on party cues to make their decisions on EU matters. Franklin argues that voters will be more likely to vote based upon their own policy preferences in highly salient matters, but will be more likely to follow trusted opinion leaders in policy areas of low salience, as an information shortcut in the absence of perfect information.

Other studies counter the second-order school of thought, particularly Palle Svensson (2002) who argued that the Franklin thesis does not hold up when examined

⁸⁵ Slater, page 60

⁸⁶ Franklin, page 117

empirically. Svensson found that many voters in Denmark voted differently than their party leadership, a finding he argues dispels the notion of votes over European matters being merely second-order elections. Svensson examines five Danish referenda over Europe, and his findings suggest that the voters do not behave in accordance with the Franklin thesis of merely voting for or against a party or government. (in fact he found that voters behaved opposite of what the Franklin hypothesis would be predict in some cases) Siune et al. (1992, 1994) and Svensson (1994, 2002) have all argued that voters behave in referenda in accordance with their policy preferences. Scholars in the issue-voting school of thought on EU referenda can be closely associated with the proximity model for voting in which voters select candidates or positions closest to their desired ideal point on an issue dimension. (Downs 1957) Svensson sums up the difference between the two schools of thought succinctly: “it is a question of whether voters really address the issues and involve themselves in the process on a vital issue, or merely vote for or against the government.”⁸⁷

Other studies examine how nuances of particular cases impact the importance of these factors in referenda. Simon Hug argues in his 2002 book Voices of Europe that institutional features determine how closely the voters follow their choice of party in regard to EU referenda. Hug finds that when the referenda are binding, voters will be more likely to follow opinion leaders from their party on the matter. Additionally, Hug finds that voters will be more likely to support their party’s position on a referenda when the government’s decision to call the referenda was not constitutionally mandatory, an important finding that suggests possible rewards for a government that consults with its respective electorate rather than just ram integration bills through the parliament.

⁸⁷ Svensson,. Page 733

Sara Hobolt (2009) made a profound contribution to the referenda literature by testing many theories that have been put forth by scholars who study European referenda. Hobolt analyzes voter knowledge about the subject of the referenda and issue position on the matter, finding that voters with more information are increasingly likely to resist elite opinions, and form an opinion on the matter that is consistent with his or her own policy preferences.⁸⁸ Additionally, Hobolt's study analyzes the campaign effects on the voting behavior in the referenda. She finds that intensely- contested campaigns will likely drive up turnout for a referendum, and increase the likelihood that the public has better information about what is at stake in the vote. However, she notes that it is not just the quantity of information the voters have that is important, but rather how well the information that is available lets the voters diagnose the various positions and make an informed decision.⁸⁹

The literature regarding direct democracy and the European Union is rich, and many scholars have made important contributions to our understanding of voting behavior in regard to referenda in the EU. There are still very few definitive answers in this body of literature, and the productive debate over voting behavior, issue salience, the role of elites in this process continues. However, I argue that scholars have ignored some normative questions regarding the referenda process in Europe, and that this is concerning given the prominent role referenda have played in the Europeanization process. Studies that focus on the nature of campaigns, role of elites, and salience of the questions have contributed to our understanding, but are we ignoring a more basic, fundamental question? Is the process of Europeanization so slanted toward the

⁸⁸ Hobolt, page 59

⁸⁹ Hobolt, page 107

integrationists that it denies those who are reticent about supranational Europe a voice, even in the instances when they are the majority?

Theoretical Development:

As I mentioned in the previous chapter, the institutional structure of the European Union and intergovernmental features of some of its decision making process have attracted several studies about the perception of a democratic deficit in the EU. However, most of these have focused upon the European Parliament, the sole democratically-elected institution of the European Union, and whether or not attempts to strengthen its powers ameliorate concerns over the democratic deficit. It may appear counter intuitive to claim that a democratic deficit exists in the referendum process, because at face value referenda are by definition direct democracy at work. However, when one analyzes the referendum process and the considerable advantages that the “yes” campaign normally enjoys, questions about the fairness of the process and political efficacy of EU citizens should arise.

As I have mentioned, the “yes” campaign for a referendum question is typically led by the government, and in many instances several opposition parties join with the domestic government in urging a “yes” vote. We know from previous research (Mair 2001, Taggart 1998) that mainstream domestic parties generally hold pro-European Union positions; meaning removing one pro-Europe government from power generally means simply replacing it with another one. Even scholars who disagree with the assessment that mainstream parties vary little in terms of their orientation toward the European Union agree that a general consensus exists amongst the elites that seeks to

keep the issue of Europeanization marginal in the domestic political discourse. (Bartolini 2005) In the case of the Irish vote over Lisbon, every relevant party in the Oireachtas (Irish Parliament) except for Sinn Fein favored the “yes” vote, and together these parties represented over 80% of the vote share in the previous election.⁹⁰

However, it is not just the coalescing of elite opinion around the EU that constrains the opposition. The institutional structure of the European Union itself dramatically differs from a typical state, and some principles of a traditional parliamentary or presidential democracy are fundamentally absent in the European Union. Robert Dahl argued in the seminal volume Political Oppositions in Western Democracies (1966) that three milestones normally attained in consolidated democracies: the right for citizens to participate (vote), the right of the citizens to be represented, and the formation of an organized opposition to appeal for votes against the government.⁹¹ Mair (2007) indicates that while the European Union meets the first two criteria, it has no component that addresses the third.⁹² As Leonard Shapiro noted in his forward to Dahl’s *Political Oppositions*, the absence of this mechanism deprives the citizens of a channel for punishing the government for overreaching its authority or pursuing policies that are incongruent with the will of the people. “Revolutions become necessary because the polity has failed to integrate opposition within government, and to provide it with an outlet,” Shapiro argued.⁹³ Dahl would go on to presciently warn that the presence of a “surplus of consensus” would eventually lead many in Western democracies who were

⁹⁰ Qvortrup, page 59

⁹¹ Dahl, page viii

⁹² Mair, page 7

⁹³ Dahl, page 1

frustrated with the status quo to develop an opposition to the form of government itself.⁹⁴

While Dahl was referring to domestic governments, his early work has taken on considerable significance to contemporary scholars who study the EU. Noting the lack of an organized opposition to the European Union itself, scholars such as Mair (2007) and Majone (2009) have rightfully noted that opposition to the European Union has come from the people themselves.

This gets to the heart of my democratic deficit argument. If the people have become the true loyal opposition to the European Union, discussion and analysis of the process by which their voice is heard is essential for understanding the nature of democracy in the EU. Given the aforementioned advantages that are typically enjoyed by those who favor integration, it is remarkable that the opposition is able to win on a nationwide referendum question. However, despite the considerable obstacles the opposition must overcome, they have prevailed in key votes in Denmark, France, the Netherlands, and Ireland. Nevertheless in regard to Denmark over Maastricht and Ireland over Lisbon, the final result was not to accept the outcome of the vote, but rather to stage a rematch and sweeten the pot enough to switch enough “no” votes to “yes” in order for the referendum to pass.

For me, this raises several normative questions that scholars do not seem to be addressing. Is it fair to think of a “yes” vote in a referendum as a final outcome, but a “no” vote as a stepping stone for ultimately securing a “yes” vote? Have those who favor greater European integration set a moving target for defeating their proposals that euroskeptics can never hit? Does the opposition to the European Union have a strong

⁹⁴ Dahl, pages 21-22

enough voice in the democratic institutions or process to influence how the supranational organization conducts itself?

These are big questions that scholars should not shy away from. Nevertheless, this type of normative question is very complex, and difficult to answer in the scope of any one study. As a first cut, I believe analysis of how and why Europeanization moves forward even when the people throw a wrench in the process is an important foundation for understanding the democratic deficit concerns writ large. To offer more insight into the referenda rematch process, I will examine the aftermath of three notable “no” votes in regard to supranational Europe: The Danish rejection of Maastricht, the French “no” vote on the constitution, and the Irish snub of Lisbon.

Case Selection:

The cases of Denmark and Ireland are essentially parallel cases that were selected by Mill’s method of agreement. In terms of both the initial referendum result and the subsequent reversal, these two cases are the same in regard to outcome, which helps set a baseline for studying referenda rematches and their fairness. The case of France and the “no” vote on the Constitution has many similar features to Denmark and Ireland, but is different in terms of outcome as French President Jacques Chirac elected to not re-submit the ratification question to the French people. However, that is not to say that every provision of the would-be constitution died with the “no” vote; and in fact some were rammed through the French National Assembly in an effort to salvage some of the Constitution from the stinging defeat at the ballot box. I have included a succinct truth table that can help make sense of the three cases below.

Table 3.1: Truth Table for Danish, French, and Irish Cases

	Denmark	France	Ireland
The referendum was constitutionally necessary	Y	Y	Y
The voters reject the treaty or constitution the first time	Y	Y	Y
The no-vote leads to a subsequent referendum	Y	N	Y
The voters ratify the treaty the second time	Y	N/A ⁹⁵	Y
The party/parties in power campaigned for a “yes” vote	Y	Y	Y
Presence of a corruption scandal during the campaign.	N	Y	Y
The “no” campaign lagged in resources to the “yes”	Y	Y	N
Opinion polls revealed the government was unpopular	N	Y	N
The “yes” campaign was divided	Y	N	Y

Denmark: The Danish divide over Maastricht

Denmark has long fascinated scholars who focus on public opinion of integration, and the Danes have had considerable history with eventful referenda in regard to the European Union. The Danes joined the European Community in 1972 with 79% of the members of the Folketinget (Danish Parliament) favoring membership and 63% of the Danish people voting “yes” in the national referendum to join.⁹⁶ Despite the initial popularity of Danish membership in supranational Europe, opinion polls in the late 1970’s and 1980’s revealed a much more even split in the Danish electorate as to whether or not membership in the European Community was a good thing. This period in general after the first round of enlargement is known for being a period of so-called Eurosclerosis, in which public opinion of the EC was less enthusiastic than the permissive consensus days in which integration could be driven by the elites with little public interference. The commission presidency of Jacques Delors and passage of the

⁹⁵ In the French case, some of the provisions were passed in the National Assembly

⁹⁶ Hobolt, page 163

Single European Act (SEA) is largely credited with revitalizing the European project, and transitioning the EC more fully toward a truly-integrated common market. While met with considerable excitement in some member-states, the Danes were closely-divided on the question of whether or not to ratify the SEA, and from the onset most expected the referendum to be hotly-contested campaign. While conventional wisdom normally states that the mainstream parties typically will support supranational Europe in referendum campaigns, the Social Democrats,(the largest party in the parliament at the time), Social Liberals, and Socialists all favored rejection of the Single European Act, as they were uncomfortable with the capitalist nature of some of the SEA provisions and the Social Liberals were reticent about the language of common European defense.⁹⁷ Nevertheless, the left was highly fractured in coordinating an effective “no” campaign, and rumors and speculation were circling through Denmark about what type of consequences a “no” vote would entail. In the end, the Single European Act was ratified by Danish voters with 56% of the electorate voting “yes”.

In the aftermath of the hotly-contested referendum on the SEA, many would expect the campaign over Maastricht to follow a similar trajectory. Nevertheless, after suffering defeat in the SEA referendum, the Social Democrats began to chart a much more pro-European stance.⁹⁸ The change of heart of the largest party on the left in Danish politics drastically altered the balance of elite opinion in Denmark in favor of the integrationists. In the spring of 1991, public opinion polls in Denmark as well as other places indicated that general support for Europe was high. In a series of Eurobarometer polls leading up to the referenda over ratification of the Maastricht Treaty, considerable

⁹⁷ Hobolt, page 164

⁹⁸ Peterson, page 186

majorities answered affirmatively when asked if membership in the European Community was a good thing.⁹⁹ In fact, the percentage of Danes who answered affirmatively actually increased from the spring of 1991 until the spring of 1992, indicating the presence of some momentum for the “yes” campaign in the lead up to the referendum.

Nevertheless, Mark Franklin et al (1996) note that the opinion polls revealed large amounts of ambivalence and ignorance in regard to opinions over Europe.¹⁰⁰ The Single European Act (1987) had reversed a period of stagnation for the European Project, and reinvigorated the process of Europeanization. The SEA undoubtedly paved the way for Maastricht, and while voters in most member states generally agreed that membership in the EC provided their country benefits, an up or down vote over a specific agreement is much different than a general positive disposition over an abstract concept such as Europe. As Franklin (1996) points out, each provision of the Maastricht Treaty (or any treaty) is likely to garner some opposition from one segment of the society or another, and that the only way to offset this is to include provisions that are popular with each segment of the population to ensure passage. Sandholtz and Zysman (1989) argue that such log rolling occurred at the elite level and was responsible for elite opinion coalescing around the SEA, but Franklin argues that this process is much trickier when one is dealing with the entire population for a country.

Nevertheless, the “yes” campaign still had the benefit in Denmark of having across the board support from all the major parties of the government, at least at the outset. In fact, 83% of the members of the Danish Parliament voted to ratify the

⁹⁹ Franklin, page 457

¹⁰⁰ Franklin, page 458

Maastricht Treaty, falling just 15 votes shy of the threshold supporters needed in order to bypass holding a binding referendum on the matter altogether.¹⁰¹ Public opinion polls revealed a much closer split amongst the people, with the “undecided” camp having a plurality in opinion polls until April of 1992 when the “no” campaign took a slight lead in public opinion.¹⁰² Despite the uncertainty the polls suggested, proponents of Maastricht were confident they would prevail, given the strong consensus amongst the leaders from virtually all of Denmark’s political parties. Additionally, every major newspaper in Denmark had endorsed ratification, and many trade unions that had opposed joining the EC in 1972 and ratification of the SEA in 1986 had switched their position to a reluctant “yes” on Maastricht.¹⁰³

The organized “no” campaign in Denmark was very small compared to France in 2005 and lacking the resources of the 2009 “no” campaign against Lisbon in Ireland. Led by fringe parties on the left and right, the “no” vote was essentially no more than a loosely aligned coalition that opposed Europe for a variety of different reasons. Nevertheless, as is often the case in referenda, each campaign takes on a life of its own, and it became clear by the summer of 1992 that the “yes” campaign was underperforming compared to expectations. Whereas there was not the presence of a corruption scandal that dogged the government like in France and Ireland, the government was not without its political baggage in Denmark. A schism in the Social Democratic Party in Denmark between its Chairman Svend Auken and his deputy Poul Nyrup Rasmussen played out quite publicly in the spring of 1992.¹⁰⁴ Although the dispute had nothing to do with

¹⁰¹ Svensson, page 740

¹⁰² Hobolt, page 168

¹⁰³ Hobolt, page 169

¹⁰⁴ Svensson, page 741

Europe, scholars such as Svensson and Hobolt argue that effectively curtailed the Social Democratic Party's effort to mount a unified campaign in support of Maastricht. With division in the elites, the campaign for Maastricht was far from the slam dunk that many had initially expected.

The "yes" campaign had other flaws that were becoming all too apparent as the campaign dragged on. Sara Hobolt (2009) argues that if we think about the 1992 campaign in the Netherlands in a spatial model of voting, we can see a major obstacle for the "yes" position. Whereas the decision on whether or not to join the EC was a clear "yes" or "no" decision, the opposition to Maastricht in 1992 carefully crafted a message to voters that voting "no" would simply maintain the status quo of keeping Denmark in the EC without forfeiting more of its sovereignty. One of the slogans during the campaign became, "yes to Europe, no to the Union" a reassuring nod to voters on the fence that voting "no" would not have the deleterious consequences the "doomsday" people in the "yes" camp were suggesting.¹⁰⁵ Hobolt maintains that the "yes" campaign unwittingly contributed to this notion that nothing would happen in the event of a "no" vote, particularly when Rasmussen assured the voters that Denmark would get a second chance to vote for Maastricht in the event that the first ballot failed with a special agreement with the EC plus "all the benefits of Maastricht."¹⁰⁶

Finally, many scholars point to the lack of a coherent message for the "yes" campaign in Denmark. Hobolt argues that the opposition did an excellent job of agenda setting for the debate, forcing the more powerful "yes" campaign to go on the defensive for much of the first campaign. Franklin (2008) argues that pro-European parties should

¹⁰⁵ Hobolt, page 171

¹⁰⁶ Hobolt, page 171

have utilized their campaign to strongly make a case for a pro-European position, but instead were all too quick to play down support for a single currency and common defense policy while the opposition clearly articulated their position that a “yes” vote would create a United States of Europe arrangement.

The considerable advantages the “yes” campaign enjoyed at the outset were ultimately offset by a perfect storm of blunders that cost them the campaign. On June 2, 1992, the Danish people voted to reject the Maastricht Treaty by a vote of 50.7% - 49.3%. The vote startled the integrationists throughout the continent, and Danish politicians who were associated with the “yes” campaign immediately scrambled to find a way to join the European Union anyway.

Following the Danish “no” vote, a meeting of foreign ministers from the EC made one thing clear: there would be no re-negotiation of the Maastricht Treaty, and that Denmark was going to have to craft its own solution.¹⁰⁷ Hobolt (2009) argues that the Danish proponents of a “yes” vote were very careful not to appear to simply re-submit to the voters what they had already rejected, and were very cognizant of the fact that they needed a party from the “no” campaign to switch their position in order to demonstrate to voters that switching their position was warranted in light of new circumstances.¹⁰⁸

Many advocates agreed that the best way to ensure a pro-Maastricht vote would be to craft a solution in which there was a clear European framework in which Denmark would be an integral part of, but nevertheless have the opportunity to opt out in instances that the Danes believed it was in their best interest to do so. Additionally, the Edinburgh Agreement made clear overtures to the leftist parties that had voted against the Maastricht

¹⁰⁷ Hobolt, page 174

¹⁰⁸ Hobolt, page 174

Treaty in the first referendum, in an attempt to isolate the far-right as the only major group to oppose ratification.¹⁰⁹

Hobolt argues that domestic factors played a circumstance as well, including the fact that the government that had led the first “yes” vote had afterward been sacked and replaced with a new government now led by the center-left. Hoping that cooperation could get them in the government, the parties on the left were greased into switching their position and siding with the government on the second campaign. Furthermore, then Prime Minister Rasmussen (who had made the blunder of suggesting that holding out could get the Danes more the second time around) made it clear in the second campaign that there would be no more sweetening of the pot, and what the deal that they were seeing before them is all that they were going to get.¹¹⁰

The framing for the second referendum was critical to both sides’ strategy for the campaign. The “yes” campaign, according to its chief campaign strategist and Danish foreign minister Niels Helveg Petersen had to convince people that the “Edinburgh Agreement had created a new basis for referendum... We had to convince people that they were voting about something else than what they had just rejected.” For their part, the “no” campaign derided the government for simply altering a few things in order to change peoples’ votes; and referred to the Edinburgh Agreement as “the Emperor’s new clothes.”¹¹¹

The “yes” campaign had the difficult task of switching votes from “no” to “yes” while carefully avoiding the appearance of insulting the voters by submitting the same question to them twice. Nevertheless, opinion polls that were ominous for the “yes”

¹⁰⁹ Hobolt, page 175

¹¹⁰ Hobolt, page 176

¹¹¹ Hobolt, page 176

vote's chances in the lead up to the first referendum consistently revealed a comfortable lead for the rematch that was never relinquished. On May 18, 1993 the Danes reversed their previous decision and voted to ratify Maastricht by a margin of 56.7%-43.3%.¹¹²

The reason for the switch is a hot topic amongst scholars. Franklin et al. (1994) argue that the replacement of an unpopular government involved in a corruption scandal with a more popular government gave the "yes" campaign better leadership and buoyed their chances of convincing the electorate to accept Maastricht.¹¹³ However, Svensson (2002) counters this indicating that Gallup data suggests that percentage of the electorate that supported the government in the two Danish elections prior to the Maastricht votes increased from 31.8% to just over 34%, hardly enough of a switch to justify the 7% swing in the vote of the two referendums.¹¹⁴ However, Hobolt (2009) finds that the levels of satisfaction with the domestic government was not the most important domestic factor that influence the vote, but rather the partisanship of the voters and the new center-left government. That being said, Hobolt rejects the Franklin assertion that referenda are merely second-order elections that reward or punish domestic governments, and finds considerable support for the argument that voters' positions in regard to the European Union led to the outcome. Her study specifically looks at voters who switched their vote as a group, and found that many were in the middle of the spectrum in regard to their attitudes and orientations toward the European Union. Thus, Hobolt believes that the government insisting that the second referendum was absolutely Denmark's last chance

¹¹² <http://www.eu-oplysningen.dk/dkeu/dk/afstemninger/afstemning/1993/>

¹¹³ Franklin, page 120

¹¹⁴ Svensson, page 610

to join the European Union altered the cost-benefit calculus of these voters in the center enough to switch many of their votes from “no” to “yes”.¹¹⁵

Hobolt’s study provides credible evidence against the Franklin thesis that voters do not know or understand the details of referendum questions well enough to make an informed decision, and instead rely on the domestic government’s cues to make the assessment. However, even Franklin himself acknowledges that the Danes have a comparatively high understanding of the European Union, and that political issues such as supranational Europe are more salient in Denmark than in some other member states.¹¹⁶ However, Denmark is not the only member state in which citizens have thrown a wrench in the integration process, and perhaps to date there was no greater setback for the European Union at the ballot box than the French and Dutch rejections of the Constitution in 2005.

France: “Oui a l’Union: Non a la Constitution”

Like with many referenda over the European Union, the French “oui” campaign in 2005 was led by the top person in French politics at the time, then President Jacques Chirac. Chirac was flanked by the mainstream parties on the left and the right, and figured to be on paper the clear favorite to win the campaign, given the resources at the government’s disposal. Additionally, France is a member of the original 6 member states where support for the EU is typically higher than states that joined in the first round of expansion in the early 1970’s.

¹¹⁵ Hobolt, page 178

¹¹⁶ Franklin, page 752

Nevertheless, there were harbingers that spelled trouble for the “oui” campaign from the onset. Re-elected in the absurd presidential election in 2002, Jacques Chirac’s approval rating was at an all-time low in the midst of the 2005 campaign over the EU constitution, and many French citizens were hoping that if the “oui” campaign was not successful, the embattled president would resign in the matter Charles De Gaulle did in 1969. Despite the fact that President Chirac insisted he would not resign as a result of a “non” vote, the personal unpopularity of the president and the ongoing investigation surrounding corruption allegations stemming from his term as mayor of Paris were undoubtedly a burden for the “oui” campaign and several studies make the case that France is perhaps the best example of the second-order school of thought that suggests the referendum question is less important than the public’s perception of the domestic government. (Ivaldi 2006, Delhousse 2006) A 2005 edition of the Financial Times summarized the campaign succinctly: “The French President’s support was borrowed, not earned, and on Sunday many voters gleefully called in their loans.”¹¹⁷

Nevertheless, I argue that while it is convenient for the integrationists to place the blame over the “non” vote entirely on Chirac, this approach belies the fact that the Dutch people also rejected the Constitution. Additionally, the campaign was contested over serious social and economic issues that made the campaign bigger than just a confidence vote on the leadership of Jacques Chirac. While the Socialist Party, the largest party on the left in contemporary French politics, officially campaigned for a “oui” vote, several prominent members of the party defected and joined the “non” campaign. The most prominent of the insurgent Socialist Party members was former Prime Minister Laurent Fabius, who provided the “non” campaign a degree of clout that was not present in the

¹¹⁷ *Financial Times Europe* (2005) “From Sunday’s Non to Economic Reform” May 31, 2005.

Danish vote over Maastricht. Throughout the campaign, Fabius maintained a firm commitment to the idea of Europe, but he did not believe the version of the EU the French were getting was best for the country. Specifically, many on the left railed against the notion of “Bolkstein’s Europe” (named for the EU commissioner who proposed liberalization of the economic union) and advocated for a more socialized vision of what Europe could be.¹¹⁸ Thus, the rallying cry for the leftist opposition to the constitution in France was not “non a l’Union” but rather “Une Autre Europe” (Another Europe).¹¹⁹

The disparate elements on the left that composed the “non” campaign were joined by the far-right, and Front National’s leader Jean Marie Le Pen. A perennial candidate for the French Presidency, Le Pen had his breakthrough in the 2002 election in which he shocked observers of French politics by defeating Socialist Prime Minister Lionel Jospin in the first ballot of the election, and thus qualifying for the runoff with incumbent President Jacques Chirac. Although he received less than 20% of the vote in the runoff, Le Pen is very influential with voters on the far-right who are dissatisfied with the mainstream parties, and he has always been an outspoken critic of supranational Europe. (despite the fact that he served as a member of the European Parliament for many years). Le Pen joined the left in criticizing the perceived neo-liberal slant to the Constitution, but added in other dimensions to the campaign such as EU membership for Turkey and fears over immigration. Thus, the left and right in France each presented their own cases against the EU Constitution, and in doing so assembled an unconventional coalition to ultimately defeat it.

¹¹⁸ Hobolt, page 209

¹¹⁹ Milner, page 258

There was another dimension to the campaign that ties into some of the process debate I discussed in chapter 1. Prime Minister Fabius repeatedly asserted that if the Constitution was ratified in its current form, that it would be extremely difficult to change.¹²⁰ The Europeanization process has typically been undertaken in a piecemeal approach that strings together various treaties over considerable periods of time. In his successful campaign, Fabius asked voters to determine if the version of Europe they had was the Europe they wanted; and appealed to their sensibilities that an imperfect union should not be cemented in place. With the victory of the “no” vote in France and the Netherlands, the process toward integration was halted, at least in the form of a singular Constitution to serve as a binding contract between the EU and its citizens. There would be no sweetening the pot and putting the matter to another vote in France or the Netherlands, but rather a switch of focus to achieving more modest goals with the Treaty of Lisbon.

Ireland’s Lisbon Flip Flop:

The French and Dutch voters’ rejections of the EU Constitution left little desire amongst political elites in favor of integration to leave the ratification of Lisbon up to voters in referenda. While eleven member states initially indicated that ratification of Lisbon would be subjected to a domestic referendum, ten member states ultimately declined to hold a referendum on Lisbon leaving Ireland as the only country to go through with the process.¹²¹ Although every major political party represented in both houses of the Oireachtas (Irish Parliament) favored ratification, the Irish High Court ruled

¹²⁰ Milner, page 257

¹²¹ Qvortrup, page 60

in their 1986 decision in *Raymond Crotty v. An Taoiseach* that any treaty that altered the EEC/EU decision making process had to be ratified by referendum.¹²² Thus, while the other countries who had initially agreed to subject Lisbon to a popular referendum had the luxury of ultimately pursuing different channels for ratification, the Irish were forced to go through with the direct democratic process.

The Irish electorate fascinates scholars who study direct democracy over Europe, because the Irish consistently report high levels of support for the European Union, but also vote down treaties which are designed to strengthen it. The Irish were the only member state to vote against the Treaty of Nice in 2001, and the lackluster campaign the “yes” vote staged should have been a cautionary tale to the government that 7 years later was leading the campaign to ratify Lisbon. Nevertheless, it was déjà vu all over again, when similar problems in the “yes” campaign once again led to a situation in which a perceived supporter of the EU threw a wrench in the integration process. However, Nice would prove to be a dress rehearsal for Lisbon in every sense, as the government responded to the “no” vote in the first referendum by simply placing it in front of the voters again. While the Danes in regard to Maastricht had at least obtained some concessions with the Edinburgh Agreement, the EU did not re-negotiate Nice with Ireland. Nevertheless, the Irish were given reassurances that Nice would not undermine their official status of neutrality in foreign wars.¹²³

The Irish case in regard to Lisbon resembled the other cases in the sense that every mainstream party in domestic politics was campaigning for a “yes” vote. Sinn Fein, some members of the Green Party, a leading anti-abortion group, and the Workers

¹²² Qvortrup, page 60

¹²³ Hobolt, page 190

Party composed the inchoately thrown together opposition that seemingly had little chance of prevailing in a vote against the dominant parties in Irish politics. Nevertheless, the opposition did have an ace in the hole in millionaire businessman Declan Ganley and his recently formed Libertas organization. Although he spent much of his childhood in the United Kingdom, Ganley always self-identified as Irish. One columnist noted that Ganley was perhaps more Irish than the Irish themselves, and he viewed increasing the scope of the European Union as an infringement upon Irish sovereignty and culture.¹²⁴ With the presence of Ganley's deep pockets, the "no" campaign in Ireland had considerably more resources than the sometimes scantily-funded opposition campaigns in other EU referenda, and in turn had the ability to wage a more professional campaign.

For its part, the "yes" campaign seemed every bit as aloof and detached from the campaign as they had been in regard to Nice earlier in the decade. Several studies have noted that the "yes" campaign seemed content to let the "no" campaign frame the discourse, and waited too long to refute their characterization of the treaty. (Qvortrup 2009) The "no" campaign went to great lengths to capitalize on the government's ineffective campaign, by driving home the message that the Irish voters should reject any treaty that they do not fully understand. Additionally, Irish Prime Minister Bertie Ahern was involved in an embarrassing trial concerning questionable business dealings, and his attempt to resign and transfer leadership to Brian Cowen did little to keep the issue from becoming a large distraction for the "yes" campaign.¹²⁵

Charles De Gaulle once said that the problem with referendums is that people always vote on the wrong question. The Irish government experienced this problem as the

¹²⁴ McCarthy, Justine "What Will International Man of Mystery Declan Ganley do Next?" Sunday Tribune June 15, 2008

¹²⁵ Qvortrup, page 60

campaign over Lisbon went on, and they were remarkably ineffective at leading and guiding the debate. This allowed for the peoples' worst fears over a strengthened European Union to dominate the discussion, and no doubt this was exacerbated by Prime Minister Cohen's admission that he "had not read the treaty from cover to cover."¹²⁶ This allowed Sinn Fein leader Gerry Adams to counter that "You can't expect people to vote for something that you yourself haven't bothered to read."¹²⁷

Additionally, the "yes" campaign received unfortunate assistance from foreign leaders who appeared to be speaking down to the Irish voters. French foreign minister Bernard Kouchner went so far as to call the Irish "ungrateful" for the assistance they had received from the European Union, a clearly aggressive tactic that has a high likelihood of backfiring.¹²⁸

Matt Qvortrup (2009) characterizes the Irish "yes" campaign over Lisbon as the model for what not to do in a referendum campaign. Qvortrup argues that the Irish government broke a cardinal rule in the first election, by failing to clearly educate people about Lisbon and structure the debate. "If voters do not understand an issue, they are more likely to smell a rat-even if the proverbial rodent is absent," Qvortrup states.¹²⁹

Still, the American saying that elections have consequences should be true. The "yes" campaign suffered a defeat on their first attempt on Lisbon 46.6%-53.1%. Nevertheless, there was quickly an attempt to salvage the "no" vote and push the matter to go in front of the people again. While a few changes were made to ameliorate the Irish

¹²⁶ Qvortrup, page 62

¹²⁷ Qvortrup, page 62

¹²⁸ Qvortrup, page 62

¹²⁹ Qvortrup, page 64

<http://www.telegraph.co.uk/news/worldnews/europe/ireland/6258052/Lisbon-Treaty-referendum-Irish-voters-look-to-EU-after-death-of-Celtic-Tiger.html#>

peoples' concerns, the biggest difference between the first and second round was the worsening of the financial crisis in Europe. Whereas Irish voters revealed they were mildly concerned about the economy in 2008, many voters the next year revealed they had lost their job or had serious concerns about the state of the Irish economy.¹³⁰ A headline in the Telegraph read, "Irish Voters Look to EU After Death of the Celtic Tiger." A former store manager quoted in the article insisted that, "When times were good, we had the confidence to say no to Europe. We've learnt a lot in the past 16 months. These days jobs are hard to find. We need the economic backing and security of Europe."¹³¹ Whereas the Danes had a relatively modest shift from "no" to "yes" that led to a successful second referendum for the "yes" campaign, the Irish switch was enormous, with 67% of voters accepting the Treaty of Lisbon they had just rejected the year before.

The warming toward a European solution to Ireland's problem in the society writ large was not shared by everybody, however. Gerry Adams questioned why the first referendum result had been ignored. Declan Ganley accused the "yes" campaign of exploiting fears that a second "no" vote would have deleterious consequences for the Irish economy at a time of crisis. However, nobody articulated this phenomenon better than the Irish voter I quoted at the beginning of the chapter who asserted that he believed the Irish people would be voting on Lisbon again and again until they said what their leaders wanted to hear.

¹³⁰ <http://www.telegraph.co.uk/news/worldnews/europe/ireland/6258052/Lisbon-Treaty-referendum-Irish-voters-look-to-EU-after-death-of-Celtic-Tiger.html#>

Conclusion:

Scholars have paid scant attention to the advantages the integrationists enjoy in the European process, and I believe we wrongfully shy away from addressing these normative questions, as they get to the heart of what it means to be a democracy. While integration is a noble pursuit advocated by many virtuous politicians, the ends simply do not justify the means, and any integration arrangement that is going to be viable in the long-run must attain a sense of legitimacy in the minds of the people it governs. The process by which integration occurs is vitally important in determining which type of Union there will be, and it seems essential that integrationists deal with setbacks in a constructive manner, rather than trying to sweep them under the rug.

The European Union is not a typical state as it is not comprised of the democratic tradition of a government that assumes office due to a victory at the ballot box and an opposition that holds it accountable and seeks to replace it. As Majone and Mair correctly note, the loyal opposition to the European Union comes from the people themselves. The referenda are the checks the people have on the integration process, but they are all too often bypassed when they are not constitutionally mandated and ignored when they do not produce a favorable result. Scholars and politicians alike are actively engaging in the debate as to why the people are flouting the wishes of their political elites and resisting deeper integration, and these studies are without a doubt worthwhile endeavors to pursue. However, at the end of the day, referenda are about trust, and if the leaders of any supranational entity or member state are not trusted, the people are not going to go along with what he or she wants to do.

The process by which referenda outcomes are ignored if they go against the government's wishes is not conducive to crafting good government. By setting a moving target the opposition can never hit, some domestic governments have rigged the game against the loyal opposition to supranational Europe. As Peter Mair asserts, "Political opposition gives voice. By losing opposition, we lose voice, and if we lose voice, we lose control of our own political systems."¹³²

¹³² Mair, page 17

“Government is a trust and the officers of the government are trustees. And both the trust and trustee are created for the benefit of the people.”

-Henry Clay

Chapter 4: Trust in the European Union

Introduction:

Now that I have examined the perception of the capacity of the European Union to manage European interests in a globalized world and the perception of a democracy deficit, it is time to focus on the question of how these two independent variables predict whether or not a respondent reports trust in the European Union. In this chapter, I will turn my attention to conceptualizing institutional trust and explaining some of the variance as to why a person trusts or tends not to trust the European Union.

Literature Review: Conceptualizing Institutional Trust:

Scholars have approached studying trust a number of ways. Some scholars have attempted to clarify the concept conceptually, and establish a working definition that can be applied across disciplines. Other studies have focused on how political institutions become trusted over time. Finally, there are a number of studies that focus on what trust means for the government in the short-run and the viability of the regime in the long run.

Defining Trust:

To begin, it is important to establish a working definition of the concept of institutional trust. This is easier said than done, and when scholars take on this task, they are met with warnings like that from Daniel Metlay (1999) who argues that this endeavor

is a “journey into a conceptual quagmire.” To be sure, scholars have yet to establish a singular working definition of institutional trust, and the risk of Sartori’s “conceptual stretching” is seemingly high when taking on a concept that is deceptively simple at first sight, but grows more complex upon further reflection. “Political trust is a concept that people think they understand until they are asked to define it.”¹³³ Marc Hetherington (2005) shares the Metlay sentiment that one need look no further than how many different definitions of political trust scholars use as an indication of how poorly defined this concept remains.

An important first step to defining institutional or political trust is to differentiate it from societal trust. Rational choice studies of societal trust have boiled the concept down rather simply. Coleman (1990) argues that deciding whether or not to trust somebody is nothing more than placing a bet in which one decides whether or not a person can be trusted based upon the risks. Hardin (1993) adds in the dimension of a perceived benefit of deciding to trust a person, setting up a decision of whether or not to trust a person based on careful cost-benefit analysis. John Hudson (2006) argues that this cost-benefit analysis for deciding whether or not to trust a person is not applicable to institutional trust, but that does not mean that interpersonal trust plays no role in predicting trust in political institutions. In his landmark study Making Democracy Work: Civic Traditions in Modern Italy ,(1994) Robert Putnam found that greater levels of social capital found in regions in northern Italy led to greater degrees of trust in regional governments and ultimately better institutional performance of the regional governments in northern Italy.

¹³³ Hetherington, page 9

Scholars have made several different attempts to define institutional or political trust with various degrees of success. Niklas Luhmann (1979) defines trust as a commodity that helps political actors to achieve their goals. This definition is adequate at the personal level, and I think that most people would think it is intuitive that a leader who earned the trust of people would have more leeway in exerting his or her will over the society than a person who had not earned trust. Nevertheless, the definition is lacking in terms of missing the institutional component of the concept, which I argue should entail an unknown individual being trusted as a given based on their being cloaked in the authority of his or her position, such as a police officer. Mark Warren (1999) similarly misses the mark with his definition of trust as being something that peoples' willingness to follow the leadership of others.

William Gamson (1968) accurately captured the importance of institutional trust by characterizing it as the "creator of collective power". For Gamson, a basic level of trust is essential for any democracy as it allows the government to avoid resorting to coercion to exert its will or consulting with the people on every day to day decision. Evoking the language of the Leviathan, James Madison noted in Federalist no. 51 that, "government would not be necessary if men were angels." The Founders were wary of direct democracy, and believed the American Republic should be predicated on the notion of representative government in which the people elect leaders to make decisions on their behalf. Nevertheless, Madison in Federalist no. 10 indicated a distrust of potential leaders as well, noting that "Enlightened statesmen will not always be at the helm."¹³⁴

¹³⁴ Gamson, page 42

Marc Hetherington (2005) has a definition of political trust that encompasses both instrumental and normative aspects. Hetherington defines trust as “the degree to which people perceive that government is producing outcomes consistent with their expectations.”¹³⁵ However, Hetherington himself cautions readers that perception of performance can create a very high standard for a government to achieve, noting that “people’s view of government is far different than its actual performance would predict.”¹³⁶ Hetherington cites a 1996 study by Haynes Johnson and David Broder to make his point. Johnson and Broder (1996) had pointed out that in the era of the decline in trust in the American government (second half of the 20th century) had actually been characterized by dramatic successes for the United States including the expansion of civil rights, improvement of the environment, strong economic growth, and the collapse of the Soviet Union and communism in Eastern Europe.¹³⁷

Where Trust Comes From:

Other scholars have focused on where trust comes from, and of course a debate over which came first-better institutional performance or high levels of societal trust- which establishes a nice chicken or egg first debate in the literature. Max Weber (1968) argued that legitimacy for a government derives from its deference to citizenry by making arguments that the citizenry find normatively appropriate.¹³⁸ For Weber, securing legitimacy is essential for democratic governance, as it reduces the transaction costs to governing- the opposite of course, being the authoritarian regime that has to

¹³⁵ Hetherington, page 9

¹³⁶ Hetherington, page 10

¹³⁷ Hetherington, page 10

¹³⁸ Weber, page 213

spend so much of its resources coercing compliance. David Easton (1965) argued that in order for a regime to enjoy a diffused sense of legitimacy, the electorate must trust the government to do what is right most of the time. Fukuyama (1995) argues that trust comes when there is a clearly-defined sense of community and a shared set of values. For Fukuyama, the identification of the shared set of values is imperative for determining an appropriate set of policies to achieve the shared goals.

The Importance of Trust:

Scholars have been pursuing a conceptualization of institutional trust since the 1960's in the United States, and have consistently reiterated the importance of studying this topic. Overwhelmingly, scholars have taken a normatively positive view of institutional trust with Mara (2001) going so far as to say "(trust is) essential to a democratic community's well-being."¹³⁹ Arthur Miller (1974) parsed no words in articulating the importance of examining institutional trust in his seminal study. Miller stated that democratic regimes that have lost the confidence of their societies run the risk of being overthrown by revolution.¹⁴⁰ Miller views the relationship between state and society as a psychological balance between institutional outputs and the public satisfaction with said results. For Miller, the greater the disparity between the actual outputs and expected outputs, the more likely the result will be that there is a decline in institutional trust in the democratic institutions. Incidentally, this is similar to the relative deprivation argument that Davies (1962) makes for why revolutions occur. Davies' important contribution to the revolution literature was that differences in expectations and

¹³⁹ Mara, page 820

¹⁴⁰ Miller, page 951

outputs could ultimately culminate in a revolution to punish the regime that failed to keep pace with the societal demands.

However, for Miller, the presence of widespread discontent with democratic institutions in and of itself is not enough to warrant such a dramatic outcome, and in fact can ultimately be beneficial as it can initiate a process of social change. Miller argues that periods of social upheaval allow democratic institutions to showcase their flexibility by self-correcting the disparities between public expectations of institutional performance and the actual performance of said institutions and showcase an ability to manage conflicts between cleavages in the society. Miller's study differentiates short-term and long-term distrust in government, arguing that they are separate problems with a different set of remedies. He argues that short-run dissatisfaction with the government polices can erode trust in democratic institutions, but can be remedied by something as basic as a wave election in which "the rascals are thrown out", and presumably replaced by representatives with policy preferences that are more congruent with those of the majority of the public. However, Miller argues that long-term discontent with governmental institutions likely indicates the presence of deeply-rooted resentment in the society between social cleavages, coupled with a pervasive notion amongst some groups in the society that government does not work for their benefit. Miller states that these groups over time tend to develop a sense of hostility toward both elected officials and governmental institutions that cannot be ameliorated by simply "voting the bums out".

He argues that societies that experience a prolonged period of political malaise may be characterized by political systems that are unable to manage societal conflict in a fully operative manner.¹⁴¹

Jack Citrin (1974) made an important contribution to the trust body of literature by focusing on the groups that reported higher levels of distrust in the government. Citrin divides those who report high levels of distrust into 3 categories: “ritualistic” cynics who report high levels of distrust in the regime no matter which party is in power, partisans who are in the out of power party, and “alienated cynics” who believe there is no viable alternative to whoever is in power. Citrin’s study finds that there are considerable differences in orientation toward the regime and participation in political activities between the three categories which requires each to be understood separately of the others.¹⁴²

Citrin also makes several noticeable departures from Miller’s seminal work. Miller believed that for partisans, it was more complex than just being unhappy with the other party’s policies when they were in office and thus in turn more likely to report distrust of political institutions. Miller argued that Americans on the far-left and far-right of the ideological continuum would likely be annoyed with centrist policies of both the Republican and Democratic Parties, and therefore feel more alienated and be less likely to report trust. However, Citrin notes that while elites have staked out clear leftist, centrist, or rightist positions on some issues, others remain poorly ideologically defined. For Citrin, it is hard to imagine that for issues where it is difficult to line up clear ideological positions, that there could be clear political discontent amongst the political

¹⁴¹ Miller, page 951

¹⁴² Citrin, Page 979

“extremes” that reduce trust. In the case of response to the financial crisis in Europe, it is hard to imagine a clear left-right distinction, just as Citrin indicates, but failure to handle the crisis in an acceptable manner could severely limit trust in the institution going forward.

Marc Hetherington (2005) has reinvigorated the trust literature, particularly as Hetherington has switched trust from being the dependent to the independent variable. Hetherington argues that there has been a decline in trust levels in the United States since Watergate that has reduced the desire for the American people for the government to intervene in new policy eras. Thus, Hetherington attributes a decline in the American peoples’ desire for their government to broaden its intervention into new policy domains or deepen into existing ones not to a rightward shift amongst the American electorate, but rather a distrust of the government to intervene with positive results.

Trust in Europe:

To date, very few studies have taken on the topic of trust levels in supranational Europe. Mishler and Rose (2001) used regression analysis to analyze the trust levels in Central and Eastern Europe of several institutions: the European Parliament, trade unions, police, media, and the courts. Their results were then averaged to generate a level of trust for all state institutions.

John Hudson (2006) finds that distrust is not engrained in people, but learned over time through experiences. His study finds that dissatisfaction with the performance of one institution will likely coincide with dissatisfaction in the institutional performance of

other institutions as well, a finding that could explain why American and European voters are reporting distrust in a wide-variety of their political institutions.

Fischer and Hahn (2008) examine determinants of trust in the European Central Bank. In their study they find that those who perceive inflation will be more likely to distrust the ECB while those countries that have a national income on the rise will be more likely to trust it. Unemployment levels did not have a significant effect on levels of trust in the ECB in the Fischer and Hahn study.

Holes in the Literature:

There are still considerable holes in our understanding of institutional trust, and I argue that scholars to date have paid scant attention of trust levels in the European Union. To date, most work has focused on levels of trust in one institution within the EU, rather than employ a holistic approach that examines the trust levels in the entire EU. The debt crisis in several member states that use the Euro as their currency clearly represents a case in which the European Union failed to enforce rules that it had on the books pertaining to the caps it had placed on debt and deficit levels, and its failure to do so could have significant consequences for other member states that followed the rules. A debate rages on in the literature of how to classify the European Union and how to think of the power balance between the sui generis EU and its member states. However, what is lost in the debate is European citizens' perceptions of the EU and its capacity to manage external and internal pressures that have previously been dealt with by the state. I argue that perception that the European Union is capable of withstanding globalization

pressures and managing internal conflicts will be an important factor in determining whether or not a citizen trusts the European Union.

Additionally, debate over the democratic deficit in the European Union has been occurring since the days of the European Coal and Steel Community. Since the 1950's, scholars and statesmen alike have been grappling with the need to balance the desire for greater cooperation and coordination at the continent level with the ability of citizens to hold supranational Europe accountable. The EU has long been vulnerable to criticisms of the democratic deficit but integrationists have sought to ameliorate this concern by consistently strengthening the role of the European Parliament, the only democratically elected branch of the EU government. With the switch from the cooperation to co-decision procedure as a result of the Maastricht Treaty, the European Parliament secured a true check over the legislative process, as the co-decision procedure ensured that the Council and European Parliament must both pass identical versions of the same bill. Subsequent treaties such as Nice and Lisbon have strengthened the role of the EP even further, particularly Lisbon which granted the European Parliament control over the entire EU budget and the now defunct second pillar of Common Foreign and Security Policy and third pillar of cooperation in Justice and Home Affairs. Nevertheless, the Irish voters have rejected both Nice and Lisbon in referenda (and subsequently voted for them) which clearly could be taken as a rejection of the terms to which they can influence the European Union. What I mean by this, is that if one believes that strengthening the European Parliament is a mechanism designed to combat the democratic deficit in the European Union, Irish voters' rejection of Lisbon and Nice can be taken as a clear signal that this attempt to address the democratic deficit is inadequate. In this chapter, I will

examine the effect the perceived democracy deficit in the European Union has on levels of trust, expecting to find that individuals who perceive a democracy deficit will be less likely to trust the EU than their counterparts who do not perceive a democracy deficit.

Theoretical Development:

For the purpose of this study, **the definition of trust shall be the extent to which political institutions sustain a pervasive sense of legitimacy amongst those whom they govern.** It is important to point out that this does not mean every individual who occupies a position within the institutional framework enjoys widespread trust, nor do I suggest that short-run variances in trust levels pose a significant threat to the viability of a democratic regime. The heart of the matter gets to how much institutions are valued, even when they produce policies that are contradictory to the public's preferences or ask the majority to make sacrifices for the good of the society.

The contribution this dissertation makes is to examine trust as the dependent variable, much like the early studies done on trust in the context of the American government. The recent sovereign debt crisis in the European Union has highlighted the difficulties associated with uniting several disparate economies and political systems into the same currency, and has revealed the limitations individual member states have for dealing with the crisis as a result of their membership in the European Monetary Union. In response to the 2008 recession in the United States, the American government employed both fiscal and monetary tools aimed at reducing the severity of the recession and limiting its duration. The Federal Reserve reduced the discount rate to extremely low

levels, attempting to ameliorate banks' concerns about lending money and in turn keep money pumping into the economy. In addition, the federal government attempted to stimulate the economy with a stimulus package that cut taxes, supplied cash-strapped state governments with money to avoid layoffs, and invested in infrastructure projects. Fiscal and monetary measures such as those I have mentioned are regularly employed in countries in an effort to combat economic downturns or other crises. However, as a result of their membership in the EMU, many European countries have forfeited their ability to pursue a unilateral strategy to combat their economic woes, and have instead been forced to work within the confines of policies such as the Growth and Stability pact which set clear limits for deficits and debt levels that all the member states are supposed to abide by.

By forfeiting their ability to take unilateral action, member states have essentially left the EU the task of dealing with a crisis such as the sovereign debt crisis. However, by 2011, it was clear to many observers that the European Union lacked a clear plan in place to deal with the crisis. The level varying degrees to commitment to integration were exposed by the various remedies that were suggested to combat the crisis. On one extreme, some economists have called for the monetary union to kick Greece out, let their economy bottom out and return quickly based off a unilateral solution that is tailored to their individual needs. Most of the policies favored by Merkel and Sarkozy have been in the middle of the spectrum, which have included bailout packages to shore up the Greek economy in the short-run combined with austerity measures aimed at securing solvency in the long-run. Recently the Commission has begun to call for Eurobonds, which would be the pro European solution which would allow Eurozone members to share liability for

the debt of all member countries, and thus ameliorate investor concerns. However, to date, Germany has been adamantly opposed to such a measure, and the Treaty of Lisbon explicitly stated that each member state is liable for its own debt.¹⁴³

The failure of the European Union to achieve the type of political integration that is necessary to combat an economic crisis of the magnitude the Europeans are facing is the heart of this problem. However, I argue a primary reason for the shortcomings in integration is the fact that the citizens of Europe have been reluctant to let integration go further, and have thrown a wrench in the process of a number of times when given the chance to do so.

Giandomenico Majone (2009) offers an interesting take on integration that I think best represents what actually has occurred to this point. Majone argues that prominent advocates of integration such as Jean Monnet fiercely advocated the concept of supranational Europe to the point that the end result ultimately became a secondary goal to the movement itself. Majone cites the work of Alan Milward (1992) who interviewed a Belgian statesman who related to Milward that “everything that tends to European organizations was good.” Majone refers to these people as “cryptofederalists,” and he thinks of them as proponents of a federalized system who understand the political constraints to achieving their vision for Europe, and therefore seek intermediate goals in order to advance their cause the best they can in a hostile political environment.¹⁴⁴ In the words of Milward, for these people, “any form of integration, any common authority in Western Europe, had become the indispensable guarantee for post-war security, and he

¹⁴³ <http://www.reuters.com/article/2011/12/01/us-eurozone-germany-roesler-idUSTRE7B00XN20111201>

¹⁴⁴ Majone, page 73

(Spaak the Belgian foreign minister) became increasingly indifferent to what that authority might be or do.”¹⁴⁵

Majone goes on to argue that Monnet was astutely aware that integration in the European Coal and Steel Community was likely to have an impact beyond the industrial sector, and force the hands of member states to seek more cooperation in non coal and steel sectors of the economy in order to maintain the viability of the first organization. Majone believes that Monnet and the early functionalists were quick to write the epitaph of the nation-state, and naïve to think that limited integration in the industrial sector of the various economies would ultimately lead to broader economic integration and political integration- at least the political integration that had the capacity and legitimacy to act quickly and decisively in key moments. The hastily thrown together political integration of Europe, according to Majone, is a direct result of a cryptofederalist strategy to “integrate by stealth,” in order to avoid having to win over popular support and attain political integration by cultivating conducive public opinion and winning elections.¹⁴⁶ The integration by stealth strategy has consequences though: including contributing to the perception of a democracy deficit and creating political institutions that lack the capabilities to enact optimal policies.

Variables and Hypotheses:

Conducted against the backdrop of the unfolding Greek budget crisis, Eurobarometer 73 revealed the lowest level of trust recorded for the European Union

¹⁴⁵ Milward, page 324

¹⁴⁶ Majone, page 67

since 2001. Europeans noted a wide variety of suspicions about the way the EU was handling a variety of issues from the financial crisis to the proposed membership of Turkey. The survey revealed noticeable reductions in the proportion of citizens that believed their country benefited from membership in the European Union and the proportion that believed in general that EU membership was a good thing for their respective country. The fact that support had declined significantly from mid-decade levels seemed to pose a stark contrast to a Commission spokesman's analysis of the survey, which suggested that the results indicated a strong public demand for "more Europe" at a critical time. The spokesman's response arguably flouts conventional wisdom but nevertheless fits into a pattern of EU proponents' analysis of setbacks revealed by referenda or survey results. Regularly, when a referendum over Europe fails, a response such as that of the deputy leader of the Irish Fein Gael party is heard: If only the proponents had clearly stated their case, the public would have voted differently. The notion that the public is generally on board with the broadening of EU power into more policy domains and the deepening of cooperation into existing ones is pervasive amongst the elites who support Europeanization. For subscribers to this theory, the degree to which the public supports the European Union is mainly a function of how well proponents can articulate the benefits membership provides to the citizens in the respective member states.

What is missing from this analysis is that citizens in a wide-variety of EU member states and prospective member states have consistently thrown a wrench in the integration process when given the chance. Additionally, Eurobarometer polls have revealed considerable apprehension about the European Union's capacity to address major

challenges such as the debt crisis in Greece, Ireland, Italy, Portugal, and Spain. In this paper, I am examining the relationship between perceptions of the European Union capabilities and perceptions of a democratic deficit on the levels of trust citizens have in the European Union.

Independent Variables:

There are two independent variables that I will examine the relationship between the attitudes Europeans have about the capacity of the EU to navigate the continent through the difficult economic times brought on by the global recession and debt crisis that many member states were facing during the early 21st century and their levels of overall trust in the European Union. The data I use comes from Eurobarometer 71.3 which was conducted during the summer of 2009. The Eurobarometer asks EU citizens the following question: **“To what extent do you agree or disagree that the European Union has sufficient power and tools to defend its economic interests in the global economy?”** (EU tools on table) Respondents are asked to rate their answers on a four-point scale ranging from 1 (totally agree), to 4 (totally disagree) with 2 (tend to agree) or 3 (tend to disagree) in between. I am using the preceding question as a proxy measure for the perceived capacity of the EU to handle the economic crisis, and it is one of the two independent variables that will be tested in this chapter.

As I have mentioned, it is my argument that the process of Europeanization is slanted toward the proponents of a more integrated Europe. In referenda over the integration process, citizens in Denmark, France, Ireland, and the Netherlands have rejected key treaties and the EU Constitution, only to have the matter brought to a second

(retry) vote or taken up by the Parliament in an effort to bypass the people altogether. In regard to the Treaty of Lisbon, eleven member states initially signaled a desire to hold a referendum over ratification, however only Ireland (who was constitutionally mandated to do so) followed through. I argue that the process by which Europeanization occurs contributes to a notion of a democratic deficit in the European Union. In this section of the paper, I will examine the effect of the perceived democratic deficit in the EU on the levels of trust in the supranational organization. Eurobarometer 73.1 asked EU citizens to respond to the question: “**My voice counts in the European Union.**” This independent variable (voiceEU) is a dichotomous variable with 1 being “tend to agree” and 2 being “tend to disagree”.

Dependent Variable:

The dependent variable for chapter 3 is trust in the European Union. Respondents in Eurobarometer 73.1 were asked **whether or not they tend to trust the European Union. (TrustEU)** The responses are coded 1 for tend to trust the European Union and 2 for tend not to trust the European Union. As this is a dichotomous dependent variable, I will use logistic regression to test the two independent variables effects on the dependent variable of trust

Hypotheses:

Hypothesis 1: Respondents who indicated that the European Union lacks sufficient power and tools to defend its interests in the global economy will be significantly more

.likely to distrust the European Union than respondents who indicated the EU has sufficient power and tools.

Hypothesis 2: Respondents who indicated their voice does not count in the European Union will be significantly less likely to trust the European Union than respondents who indicated their voice does count in the European Union.

Control Variables:

Inglehart (1970) and Karp et al (2003) argued that those with more knowledge and understanding of the European Community/European Union would be more likely to support their country's membership in the EC/EU than individuals who did not have a working understanding of the functioning of the EC. Eurobarometer 73.1 asked respondents a series of questions on whether or not they had simply heard of components of the EU such as the Commission, the European Parliament, or the European Central Bank.

Trust in the domestic parliament (trustdom) is included as a control variable. Christopher Anderson (1998) found that EU citizens have very little understanding overall of the institutional makeup and the inner-workings of the European Union. Therefore, Anderson argued that citizens make decisions about the EU based upon their evaluation of the more salient domestic government.

The Eurobarometer asks respondents to identify whether or not their country has benefited from membership in the European Union. Intuitively, I am inclined to think

that those who indicate their country has benefited from membership in the European Union will be more likely to trust the EU.

Membership in the original six is another factor that contributes to attitudes toward the European Union. In the days of the permissive consensus, Lindberg and Scheingold (1970) argued that the electorates in the original 6 were generally seen as cooperative to the elite-driven efforts to craft a supranational European government. Some theories about the breakdown of the permissive consensus Opinion polls have consistently found less enthusiastic support for the EU in countries that joined the EC or EU well after the original six countries of France, Germany, Italy, the Netherlands, Belgium, and Luxembourg. I have recoded this variable into a dichotomous variable in which 1 represents a country that was an original 6 member, while 0 represents a country that joined the European Community or European Union at a later time.

Prior research has show ideology is a significant factor in whether or not individuals feel positively toward the EU, with citizens toward the center of the ideological continuum generally supportive of the EU, while those on the far-left and the far-right are less likely to be supportive.

Inglehart (1970) and more contemporary research has suggested that age plays a significant role in attitudes towards the EU, with younger citizens more inclined to view the EU favorably than their older counterparts.

V. Results and Discussion:

Table 4.1: Frequency of Trust Response

Tend Not to Trust EU: 6,148 40.3%

Tend to Trust EU: 9,101 59.7%

N= 15,249 Note: Respondents who answered “don’t know” were dropped.

As seen in the table 1, there was a distribution on the dependent variable question of whether a person tended to trust (or no trust) the European Union that slightly favored the respondents who reported they generally trust the European Union. The next table will then examine the relationship between perception of the European Union’s capacity to handle a crisis and perception of a democratic deficit and the dependent variable of trust in the European Union.

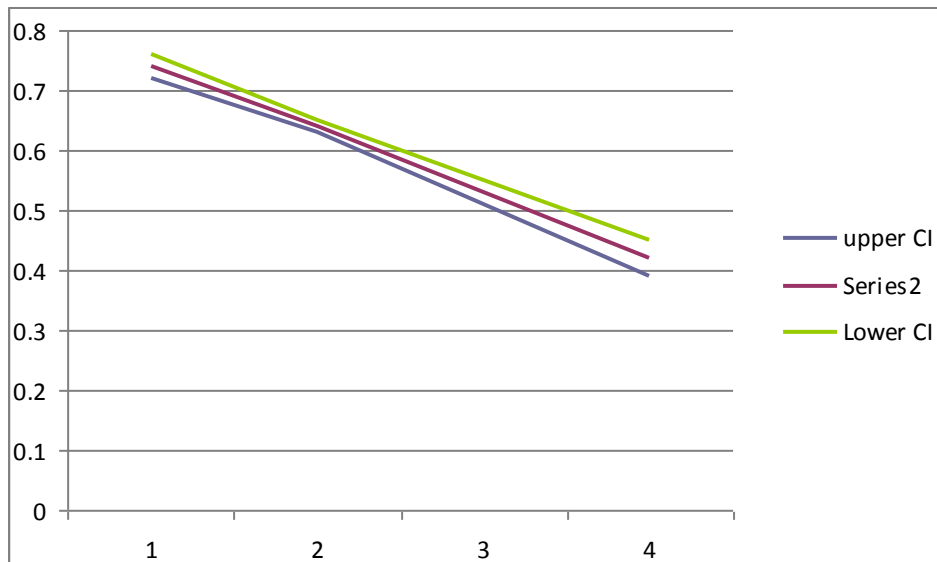
Table 4.2: Effects of Perception of Capacity and Democracy Deficit on Trust

Variable:	Beta:	S.E.	Significance
EUtools	-.458	.032	.000***
VoiceEU	-.729	0.45	.000***
UndeEU	-.613	.042	.000***
TrustDom	-1.351	.045	.000***
Benefit	-1.784	.046	.000***
Orig 6	.283	.049	.000***
Ideology	0.22	.014	.104
Age	-.007	0.001	.000***
Constant	7.755	.167	.000***

N= 15, 249 Cox & Snell R Square .331 Nagelkerke R Square .448

(Variable codes included in Appendix A)

As Table 2 shows, both independent variables were significant and in the predicted direction.¹⁴⁷ Respondents who believed the EU has the tools necessary to defend its interest in a globalized world were more likely to report that they trust the supranational institution. As I previously mentioned, the EUtools variable was coded 1 through 4, with respondents who most strongly agreed with the statement that EU has the necessary tools being coded 1. The table below shows the change in levels of trust for each of the 4 responses.



The EU has tools necessary

Figure 4.1: Predicted Probabilities for EUtools

As the reader can see in the table, there was a considerable difference in trust levels between those who agreed the EU had the tools to defend its interest in the

¹⁴⁷ Trust was coded 0 for tend not to trust, 1 for trust. EU tools was coded on a scale of 1-4. Respondents who agreed the strongest with the statement that the EU has the tools to protect interests were coded 1, while those disagreeing the strongest were coded 4. Those who believed that their voice counts in the EU were coded 1, those who believe their voice does not count were coded 2.

globalized world and those who did not. This significant result offers support for the hypothesis that this would be the case, and raises an important question about the importance for the EU in maintaining a perception that it has the tools necessary to defend European interests in a globalized economy.

In the early days of the Weimar Republic, hyperinflation as a result of the government's effort to rebuild infrastructure and finance reparations created widespread hardships throughout Germany. While the economic situation stabilized considerably in the late 1920's, the damage had already been done as many peoples' perception of the Weimar Republic was tied closely to images of men carrying paychecks home in wheelbarrows or people burning worthless paper money to stay warm.

While not at the same degree faced by Weimar, the sovereign debt crisis the European Union faces is the biggest threat the supranational government has had to face since its creation as a result of the Maastricht Treaty. In economic matters, we constantly hear how important perception of strength is, normally in the context of consumer confidence or investor confidence in the United States. What the European Union is facing is considerably more dramatic than these key economic indicators. The Euro is the culmination of a decades-long process of integration, and its viability is integral to the success of the European Union. The inability of the EU to project an image of being able to maintain its currency and defend its interests in a globalized world could have long-term deleterious effects on trust levels in the European Union that could long out-live the duration of the crisis itself.

The other independent variable is whether or not a person feels they have a voice in the EU. Scholars have long-debated the notion of a democracy deficit in the European

Union, but to date I found no studies that directly connected the notion of a democracy deficit to levels of political trust. The results for this variable again offered support for the hypothesis that those who felt they have a voice in the European Union were significantly more likely to report they trust the EU.

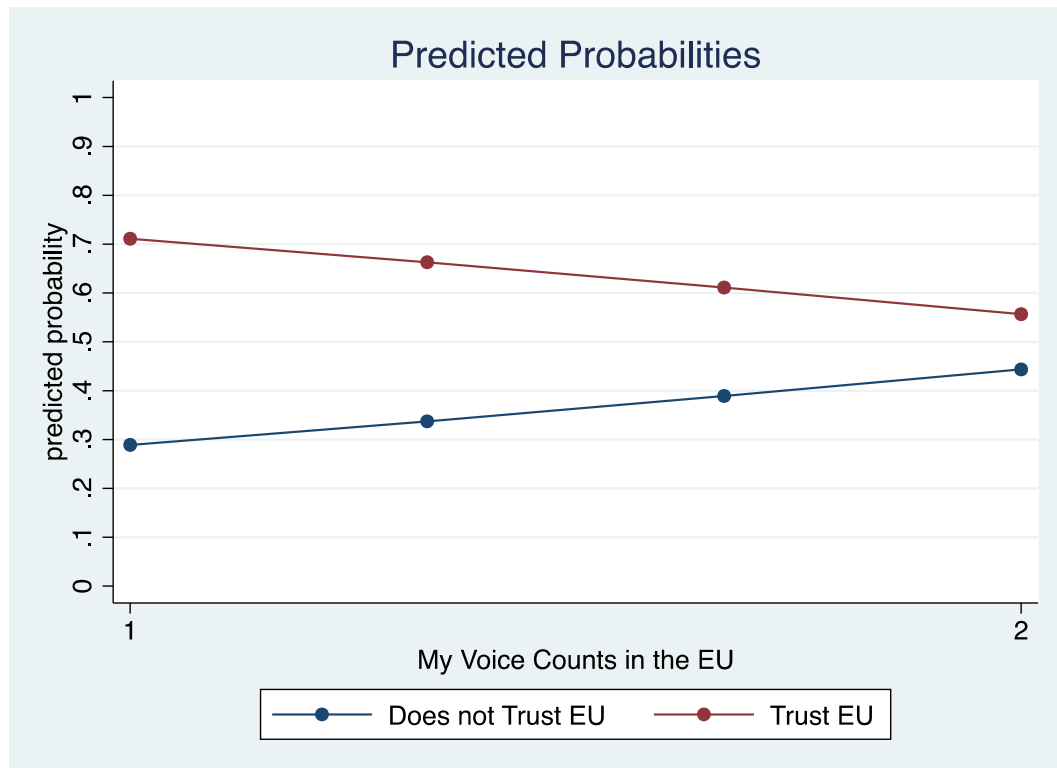


Figure 4.2: Predicted Probabilities for Voice EU

As the reader can see from Table 4.4, there is a significant difference in percentage of respondents who report trust in the European Union between those who feel their voice counts in the European Union and those who feel their voice does not count. A respondent who agreed that his or her voice counts in the European Union (coded 1 on the chart) was much more likely to report trust in the European Union than a

respondent who believed their voice does not count. The data indicates that there is over a 70% chance that a respondent who believes their voice counts in the European Union will report trust, compared to a roughly 55% chance for respondents who report their voice does not count. Thus the perception of a democratic deficit had a significant and negative relationship with levels of trust being reported. (if a person reports the presence of a democratic deficit, they are more likely to report they do not trust the European Union.)

While the results for this question are from EU respondents writ large, and interesting variation on this question would be to focus solely on respondents from Eurozone countries that are being coerced to adopt austerity measures. Nevertheless, it is important to make the argument that these results suggest the European Union must find a way to make its citizens feel as if they have a voice in the project in order for them to feel as if they can trust the EU. Consisting of 27 member states and having a population of over 500,000,000, the European Union could easily be viewed as too remote, large, and impersonal to give its citizens a voice. While intergovernmental agreements between member states has long been a norm for conducting EU business, the recent response to the sovereign debt crises has been dominated by two member states in particular, France and Germany. Having decisions imposed on them from a supranational institution that they benefit from is perhaps one thing, but having decisions imposed from leaders of other member states is something different entirely. The nature of the response to the sovereign debt crisis should be an important case in when we study the democratic deficit in future research.

This one example of EU decision making aside, there are institutional characterizations that perhaps contribute to the perception that the EU is remote and out of touch with its citizens. A federalist model of government in the United States provides citizens with several levels of government, and astute American citizens know they can apply pressure at any level in order to get more favorable policies. The federalist model for Europe that Jean Monnet envisioned has not come to fruition for the EU. Furthermore the structure of a typical parliament, consisting of a government and an opposition that provide a credible alternative to it, is missing in the EU. In order to maintain high levels of trust, it will be essential the EU strives to provide its citizens a voice.

As the reader can see from table 2, all the control variables were significant and in the hypothesized direction, with the notable exception of ideology which came out in the hypothesized direction, but did not get significance. (see Appendix A for the description of how all the variables were coded). I recoded ideology into the absolute value from the mean in order to test for the theory that ideological moderates would behave differently than ideological extremes, regardless of which side of the spectrum they were on. Previous research has found that those on the center, center-right, and center-left are generally more supportive of the European Union than those on either ideological extreme. While I found that those on the ideological extremes were less likely to trust the European Union, interestingly enough, this was the only independent or control variable that the model revealed was not statistically significant.

The remainder of the findings were generally in agreement with previous research, and will likely make sense to the reader intuitively. One control variable I was

interested in was trust in domestic parliament, as there can be several different ways to determine how those variables could be connected. In cited Anderson (1998) whose study found evidence for the hypothesis that citizens will evaluate the EU based off their evaluation of their domestic parliament. My analysis found some support for his claim, as those who reported that they trusted the EU were likely to report they trusted domestic institutions as well, and the converse was true as well that those who reported not to trust, reported distrust in domestic and the supranational institutions across the board.

However, I could have easily imagined respondents who reported a lack of trust in the European Union reporting trust in the domestic parliament, which they could believe is more receptive to democratic pressure and has better capability to manage the country's interests. However, the results did not come out in that direction, and generally found that those who reported distrust in political institutions, in general, reported distrust across the board (just as Andersen suggested). I would be interested to see if future studies are able to either replicate his findings or give another explanation for what could be occurring.

Conclusion:

The sui generis nature of the European Union makes it fertile ground for research, and studying trust levels in the EU is an important topic that scholars should not shy away from. The sovereign debt crisis in several EU member states has plunged the entire Eurozone into jeopardy, and therefore the capability of the EU to manage the crisis in a manner that is acceptable to its citizens is of the utmost importance. In the wake of Maastricht, some scholars began to question the ability of citizens to make their voices

heard within the context of a more broadly and deeply integrated European Union.

However, given the powers the EU enjoys, it is important to hold it to the same standard we would hold any democracy: to earn the trust of its citizens by providing effective, responsive government.

“The Prince must have people well disposed toward him. Otherwise, in times of adversity, there is no hope.” –Niccolo Machiavelli

Chapter 5: Europe without Europeans?

Introduction:

On January 1, 2002, a group of journalists decided to see for themselves how the new currency, the euro, would be perceived on its first day of circulation. Understanding that citizens in the key economic centers of Europe such as Paris, Rome, and Berlin would likely be somewhat comfortable with unfamiliar currency, the journalists decided to take their experiment to the outskirts of the European Union. On the first day the euro was circulated, one of the journalists visited a small mom and pop store in the Greek isles, and sought to pay for his merchandise in euros. The lady at the cash register examined the money, made a comment about its appearance, and then put the money into the cash register. The result was similar in the other locations the journalists visited that day, and on the macro level, the transition away from member state currencies to the Euro went as seamlessly as anybody could have expected.

The euro is now a decade old, and there is still some intermittent grumbling about the negative effects of the change. For example, many of my Italian friends complain about prices being rounded up during the conversion to euro from lira, and thus some associate the euro with higher prices and thus less purchasing power. Nevertheless, some negative feelings were inevitable in a transition of this magnitude, particularly in regard to money, something many people feel insecure about in the first place. Additionally, in Germany, the stability of the Deutsche Mark was a considerable source of pride for a

society that was reluctant to openly embrace many of its cultural traditions for much of the time period since defeat in World War II.

Nevertheless, the transition to the euro was remarkably successful, and it has without a doubt simplified business and travel on the continent. One of the strategies the architects of the singular currency employed to alleviate the tension of the transition was to put the faces of respected leaders in the member states on the new currency. The importance of this was to mix familiar leaders with the new currency in an attempt to retain some traditions amidst the transition.

The European Union is regularly dogged by an appearance of excessive bureaucracy and ineffectiveness. One of the most famous quotes regarding supranational Europe (colloquially and falsely attributed to Henry Kissinger) is the idea of “who do you call if you need to call Europe?” The quote pertains to a lack of sense amongst EU citizens and representatives of other countries as to who the primary representative of the European Union is on the international stage. The lack of a clear answer to that question is commonly perceived as an inability for the EU to rapidly respond to a crisis in the same manner that a state could, particularly one led by a president or prime minister given some constitutional leeway to act in a manner that he or she sees fit to in the time of a crisis.

Another negative symbol of the European Union was the literally empty chairs when the French recalled their representative to the Council amidst a dispute with the other member states over the procedure of qualified majority voting (qmv). Before the Luxembourg Compromise, each state had the ability to veto every EC measure it objected to, creating a situation where advancement of a European agenda was rendered nearly

impossible. The empty chairs of the French delegation thus became a symbol of member state resistance to supranational Europe, even in cases where the vast majority of states were on board.

The era of so-called eurosclerosis is over, and the Single European Act, Maastricht Treaty, and Treaty of Lisbon have all strengthened the institutional capacity of the European Union in an effort to confront challenges faced by the people of the Europe in a unified manner. Nevertheless, the Inglehart (1970) notion of a new, emerging supranational polity is still not the norm, and many Europeans cling to their respective national identities. What gets to the heart of the matter is a question posed by Michael Bruter (2003) “Is it fair to create a new citizenship and fully institutionalized European political system if citizens do not ‘feel’ European yet?”¹⁴⁸

In the aftermath of the Risorgimento, the unification of the Italian peninsula, the Italian intellectual Massimo d’Azeglio famously remarked, “We have made Italy, now we must make Italians.” The quote has been recited countless times as a reminder that the legitimacy of any political entity is derived from people who feel a sense of belonging to it. From the beginning, integration has been viewed as an elite-driven enterprise the reluctant masses will tolerate until the effects of integration become salient. As I discussed in Chapter 3, the people have emerged as the opposition to the European project, particularly since the breakdown of the permissive consensus in the 1960’s or 1970’s.¹⁴⁹

For their part, the staunchest proponents of European integration have worked tirelessly to cultivate the emergence of a “European” identity. At the first meeting of the

¹⁴⁸ Bruter, page 4

¹⁴⁹ Lindberg and Scheingold (1970)

European Coal and Steel Community, Jean Monnet famously told the delegations in attendance that they were not there to discuss coal and steel, but rather Europe. “We are uniting a people, not forming a coalition of states,” was the Monnet perception of the project.¹⁵⁰ To that end, integrationists have worked tirelessly to downplay the traditional national identity, and cultivate the transnational European identity. As part of the effort to generate support for the political institutions, leaders of supranational Europe have introduced numerous symbols of European unity such as the European Union flag, anthem, and even a holiday known as “Europe Day.” However, there is really no one European symbol that is particularly salient, and I venture to guess that if one asked people on the streets to identify some, there would be some confused responses. The reality is that the retention of strong national identities exists in the contemporary European Union, and this perhaps is an obstacle to the crafting of supranational institutions at the European level. There are undoubtedly shortcomings in institutional performance of the European Union to date that have an impact on institutional trust. However, is the creation of a European identity a solvent that can wash away some of the imperfections and give the European Union a better chance of securing the reforms that can lead to better supranational government?

Literature Review:

The importance of identity in maintaining the social contract between state and society has been a heavy focus in the literature since Rousseau’s update of the social contract theory in the nineteenth century. Rousseau believed that any sense of legitimacy for the state must be derived from the acceptance of its power from the citizenry. Weber

¹⁵⁰ Hermann, page 40

(1946) believed that without a strong sense of identity, the state would not retain a long-term ability to coerce its citizens, and maintain its monopoly on the right to use force.

A portion of the literature over identity has focused on trying to narrow in on a commonly understood definition of the concept. Abrams and Hogg (1990) define social identity as a psychological link between social groups or communities that ties everybody in the group or community together. Tajfel (1981) describes social identity as, “that part of the individual’s self-concept which derives from his knowledge of his membership of social groups (or groups) together with the value and emotional significance attached to that membership.”¹⁵¹ Hermann and Brewer (2004) describe two stages to the formation of a group identity. The first stage is to define “*who* is us?” Hermann and Brewer elaborate on that by saying the social identity must have a clear differentiation of who the “in” and “out” groups are. The second stage is to define “what are we?” The duo describe this second phase as identifying what attributes the group shares (whether they be values, characteristics, symbols, etc.) that is the basis for that identity.¹⁵²

A seminal study that shed light on how identity is determined is Benedict Anderson’s Imagined Communities (1983). Anderson weighed in on the debate of whether identity is ascertained through primordial instinct or constructed by the desire to be part of a community. Anderson’s seminal work argued that identity is constructed, and that people search for their identity in hopes of being part of a community based off of a common characteristic such as ethnicity, religion, linguistic ties, etc. Anderson’s work has been used by so many scholars as a framework for studying identity, and Anderson himself used his constructionist theory to explain nationalism, a sense of pride

¹⁵¹ Tajfel, page 255

¹⁵² Hermann, page 6

people have in their community. It is important to note that nationalism can be constructed at the state level (for example the nationalism many French people felt in the Napoleonic Wars) or at a level that has nothing to do with state boundaries. (for example Kurdish or Basque nationalism, which is a sense of nationalism between respective ethnic groups who reside in more than one state.)

The nature of citizens' orientation toward supranational Europe has always been difficult to conceptualize, as the definition of what "Europe" is to begin with is anything but definitive. William Wallace (2000) documents the expansion of Western Europe into Central and Eastern Europe, and wonders where the geographic limits of "Europe" might be. At the time of Wallace's study, there was a wide-range of applicants to the European Union, including on one end states such as Poland and the Czech Republic, whose close geographic proximity and similar cultural identity to Western European appeared to make them obvious future member states. A hazier category in the middle of the spectrum would be Romania and Bulgaria, places where political systems were traditionally more linked to the Soviet Union, and the prospects for consolidated democracy seemed to face more challenges than some counterparts in Central Europe, at least at the turn of the new century. A third category included applicants such as Turkey and Morocco, whose geographic, cultural, and religious features made some members of the EU question if these states were part of "Europe" at all. Wallace (2000) writes about the difficulty in determining who is "in" and who is "out" and the consequences such decisions will have on international relations in the post-Cold War era.

Majone (2009) argues that the questions posed by studies such as Wallace (2000) are still very much unanswered. Majone states that the Iron Curtain provided a clear

boundary to the east for “Europe” and that the presence of a clearly-defined border in the Cold War era made the construction of a European identity easier. Majone states that expansion of EU institutions into new areas and the debate over expansion into others has made the concept of “Europe” more difficult to define, and in doing so made the construction of a European identity even tougher to conceptualize.¹⁵³ Lipmann (1943) reminded Americans that the establishment of a more centralized federal government in the United States was made possible because of common political institutions, shared history, and common language of the various states. Majone (2009) states the obvious that Europe does not have that, and this makes the construction of a European identity much more difficult.

Despite the difficulty, scholars and journalists have tirelessly worked to shed light on the nature of a transnational European identity. Lewis (1993) discusses the notion of spreading a European identity by sword going back to the days of Caesar, through Napoleon Bonaparte, and finally ending with the defeat of Hitler’s Third Reich in 1945. Lewis recounts the failures of crafting a European identity by sword, and expresses the opinion that it may occur at the ballot box instead.¹⁵⁴

The transition to cultivating identity by peaceful means occurred in the aftermath of World War II, when neo-functionalists such as Haas (1956) began to write about the need to downplay traditional national identities and cultivate a European identity. Inglehart (1970) wrote about a shift of values in the younger generation in the post-industrial states away from the “materialist” values of their parents’ generation toward post-materialist values. Inglehart noted that the new generation thought about issues such

¹⁵³ Majone, page 206

¹⁵⁴ Lewis, page 12

as the environment or human rights, and solutions to these problems that would require political coordination beyond the traditional state level.

Citrin and Sides (2004 in Hermann et. al) analyzed Eurobarometer data over time, and found a steady increase in identification as European since the ratification of the Maastricht Treaty. However, the caveat to the study is that the duo also found that citizens reported greater intensity to their respective national identities than identity with Europe.

However, Stryker (1980) found that the concept of identity does not have to necessarily be placed into mutually-exclusive categories. Stryker's work is often associated with the concept of overlapping identities, meaning that individuals can share attachment to multiple varying entities simultaneously. Hermann et al. (2004) elaborate by explaining there can be three different ways for multiple identities to relate to each other. The concept of the nested identity best describes the relationship between a citizen of a member state of the European Union. (or a resident of any state in the United States) In this form over overlapping identities, each identity is related at a general level, and it works its way smaller like Russian Matryoshka dolls. For example, a person could consider themselves European and also Italian, the Italian identity being a narrower identity, but still fits inside the first category. From there, the person could also be from Genoa and still have pride in that identity without drawing away attachment from the broader political entities of Italy and the European Union.¹⁵⁵

The mere existence of a political community, however does not guarantee that people will have any attachment toward it, a fact that was not lost on Jacques Delors in the wake of the ratification of the Maastricht Treaty. “(These decisions) will not be

¹⁵⁵ Hermann, page 8

enough to make Europe a tangible reality. Each and every Community citizen needs to feel bound by the links which unite European society.”¹⁵⁶ David Michael Green (2007) asks if there are any Europeans in Europe. His study examines the development of the European identity over time, and finds that for the most part, there is quite a strong sense of European identity.¹⁵⁷ A chapter in his book entitled, “how European are the Europeans,” Green finds that many Europeans claim they would make the same types of sacrifice for Europe as they would make for their own country.¹⁵⁸

Bruter (2003, 2005) also finds the growth of a common European identity. Bruter (2005) examined people who participated in focus groups’ response to symbols of European integration. Bruter disentangles the political identity concept by separating it into two components: cultural and civic. The cultural component Bruter defines as a sense of belonging to a particular group, while the civic component refers to identification of citizens with a political structure.¹⁵⁹ Bruter used symbols to prompt a reaction from the focus groups in order to ascertain how the respondents view their orientation to Europe. He found that some respondents identified heavily with cultural symbols that brought up feelings in them such as unity and peace, while others identified more with civic symbols such as declining relevance of a national border. Interestingly enough, Bruter found that there was little difference in the normative appraisal of supranational Europe between the two categories. Additionally, his study finds that many

¹⁵⁶ Lodge, page 303

¹⁵⁷ Green, page 69

¹⁵⁸ Green, page 145

¹⁵⁹ Bruter, page 11

of the respondents felt that the more exposure their fellow citizens have with Europe, the more likely they are to feel European.¹⁶⁰

Theoretical Development:

In the latest installment of the acclaimed Critical Citizens series, Pippa Norris (2011) describes the various levels of system support. At the most specific level, support for a political system is determined by approval incumbent office holders. At this level, a citizen can feel as if a president or prime minister has personal characteristics that they admire such as honesty or responsiveness to the public concerns. Additionally, at this most specific level of support, the citizen will have a generally positive orientation to the platform of the office holders. The most specific in nature, this first level of system support requires the citizen to have knowledge of a certain leader and his or her platform before the office holder can attain the citizen's support.

Heading toward more diffuse support, the next most specific level is confidence in regime institutions. At this level, the person may not know anything about the specific office holders of any given institution, but nevertheless report confidence that the institution will perform as it was designed to. At the confidence of regime institutions level, a citizen will have an expectation of being treated fairly by any representative of the regime such as a police officer or a judge, by virtue of that person representing the regime.

In the middle of the spectrum is evaluation of the regime performance. In this level of support for the regime, the citizen does not just approve of the regime outputs as in the most specific first case, but also the process by which outcomes are attained.

¹⁶⁰ Bruter, page 31

Citizens who have this level of support expect that after the political process works its course, that outputs will be satisfactory.

The second most diffuse level of system support is approval of core regime principles or values. At this level, the citizen feels as if the institutions exist to promote the values and principles of the citizenry. At this level, support for the regime is diffuse enough that the citizen can disagree with the policies of any incumbent office holder, while still believing they are simply pursuing different means to a similar end.

The most diffuse level of system support is national identity. In this level, the citizen feels a sense of belonging to the community the system represents. This sentiment is typically expressed through feelings of patriotism or nationalism, both of which are typically promulgated through symbols of a shared cultural identity. Norris points out that this level of diffuse support for a regime is taken for granted in many countries, but fundamentally lacking in many countries such as Afghanistan.¹⁶¹

I find Norris' classification a helpful tool in differentiating levels of system support. If Norris is correct, the cultivation of a shared identity is the pinnacle of achieving diffuse system support. The question becomes, if the European Union can achieve a strong sense of supranational identity amongst its citizens, could that be the solvent that washes away some of the low marks the European Union gets in areas such as managing the financial crisis or providing its citizens a voice in how the EU is run? However, perhaps each level of system support is in some ways determinant on the next and an institution has to climb them in the same manner a person climbs a stairwell. Perhaps a common supranational identity cannot be realized until the European Union

¹⁶¹ Norris, pages 24 and 25

attains milestones such as positive evaluations of its performance and approval of core regime principles.

What Constitutes European Identity?

Bruter (2005) separated those with a sense of identity toward Europe into two categories: cultural and civic. In the focus groups he analyzed, Bruter reported finding a generally even mix of those who felt a cultural connection to other people in Europe and those who felt a civic bond to a political community. Bruter’s study found generally positive orientation toward Europe in both groups. Eurobarometer 71.3 asked respondents to identify the two most prominent features of the “European” identity from a list of choices. In Table 5.1 below, I have summarized the results.

Table 5.1 What constitutes a European Identity

Trait:	% Mentioned	% Not mentioned
Democratic Values	40.8	59.2
Geography	26.6	73.4
A Higher Level of Social Protection	26.4	73.6
Common History	22.5	77.5
Common Culture	21.6	78.4
Entrepreneurship	11.5	88.5
Religious Heritage	8.5	91.5
Don’t Know	7.8	92.2
There is no Identity	3.6	96.4
Other	0.6	99.4

In a bit of a surprise, democratic values were by far the most cited component of a European identity, which is clearly what Bruter would refer to as a civic orientation toward supranational Europe. This is an interesting finding for two reasons. On the one hand, it makes countries who do not share a religious heritage or common history with

Europe a possible fit into supranational Europe if they can sustain democratic institutions and commitment to the democratic process. With emphasis on a political feature as a leading component of the European identity, states on the periphery of cultural Europe such as Turkey could have a better prospect for EU membership than if the main emphasis was something cultural like religious heritage. As a caveat, however, I wonder if there could be a Wilder effect in which people respond to questions such as this by downplaying the importance of religion or common culture in order to not come appear as prejudiced in their response.¹⁶²

The emphasis on democratic values as being a key component of the European identity sets the bar very high for the political institutions of the European Union. As I discussed in Chapters 2 and 3, there is often a strong perception of a democratic deficit in the institutions of the European Union who are often viewed as remote and detached the citizens they represent. However, if the European identity is constructed based primarily off of commitment to democratic values, what does this say about the fit of a political entity that often lacks it with this culture? Is the European Union essentially un-European in this regard?

How does a sense of European Identity relate to trust in the European Union?

In addition to asking respondents what constitutes a European identity, Eurobarometer 71.3 asked Europeans how European they feel. Responses were coded on a four-point scale ranging from 1 (strongest sense of European identity) to 4 (weakest sense of European Identity). In Table 5.2, I have included identity into the model I used to

¹⁶² The Wilder Effect refers to black candidates in the U.S. sometimes polling higher in opinion polls than their actual vote share in the election.

predict trust in the previous chapter. My hypothesis is that people with a strong sense of European identity will be more likely to trust the European Union than those with a weaker sense of European identity.

Table 5.2 Effects of Perception of Capacity, Dem. Deficit, and EUID on Trust

Variable:	Beta:	S.E.	Significance:
EUtools	-.438	.032	.000***
VoiceEU	-.673	.045	.000***
EUID	-.208	.026	.000***
UndEU	-.584	.043	.000***
TrustDom	-1.328	.045	.000***
Benefit	-1.733	.046	.000***
Orig 6	.290	.05	.000***
Ideology	.021	.043	.119
Age	-.006	.001	.000***
Constant	7.845	.168	.000***

N= 15, 208 Psuedo R2= .3016

As the reader can see from table 5.2, those who reported a stronger sense of identity (lower scores) were more likely to indicate that they trust the European Union than those who reported having a weaker sense of a European identity. This finding is not surprising, and offers further support for the Bruter finding that those who establish a civic European identity often have a positive orientation to the European Union. In table 5.3, I show the effect the independent variable identification has on the likelihood of trusting the European Union for each of the 4 values the Eurobarometer uses to measure identification with Europe (1 being the highest, 4 being the lowest).

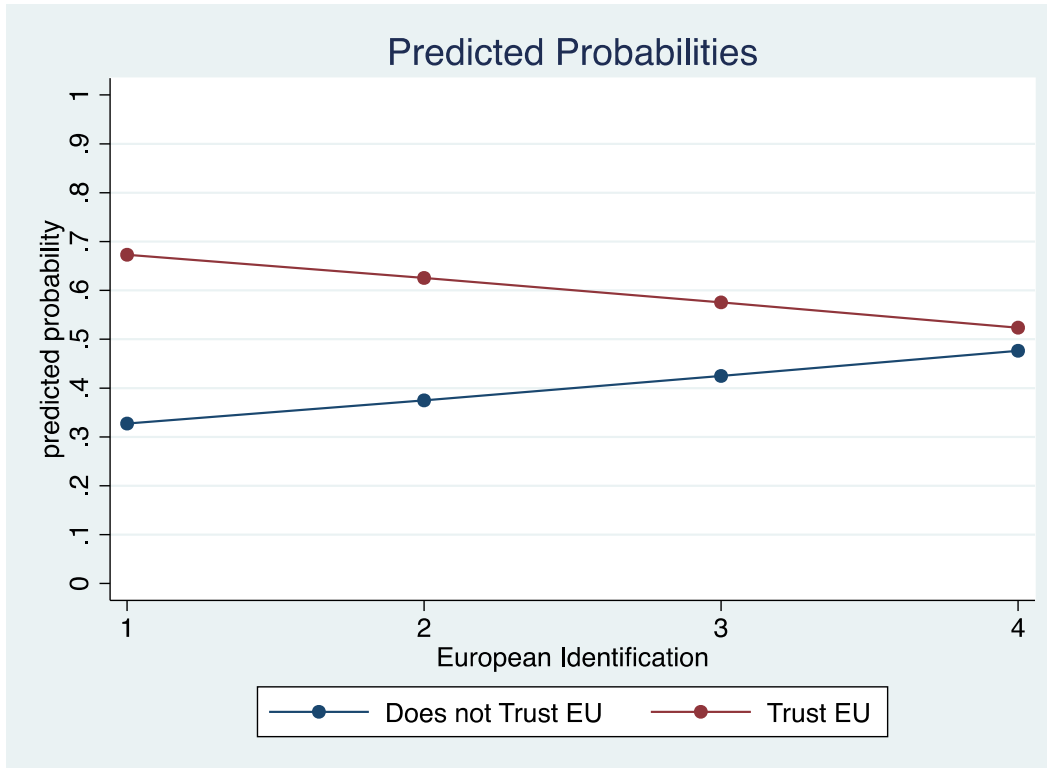


Figure 5.1: Predicted Probabilities for European Identification

As the reader can see in Table 5.3, there is roughly a 20% difference in the likelihood of trusting the European Union between those who claim a strong sense of European identity compared with those who have a weak or no sense of European identity. This finding is interesting and different from the findings reported in Chapter 4, because the variables discussed in that chapter were all institutional in nature. It is very intuitive that people who believe the European Union has the tools necessary to manage Europeans' interests in the globalize world and those who feel there is no democratic deficit in the European Union will be more likely to trust the EU, because those sort of institutional variables really get to the heart of what capabilities the EU has to generate optimal outputs in terms of performance and responsiveness. The identity variable, on the other hand, is a cultural variable that some may believe has little to do with the orientation a citizen has to a political institution. Nevertheless, the results offer

considerable support for the hypothesis that those who feel European will report greater trust levels in the supranational government that ties all Europeans together than those with a weak European identity.

What does “identity” mean for the viability of the European project?

Despite the political and economic shortcomings in the European Union that most people acknowledge, there is undoubtedly a European identity emerging amongst European citizens. In table 5.1, the reader can see that less than 4% of respondents indicated a lack of presence of any European identity, a finding that is consistent with prior research such as Green (2007). The degree to which people feel European or citizens of their respective nation-state matters as well, and clearly the retention of national identities is stronger than federalists like Jean Monnet would have likely preferred. However, identity does not need to be nicely compartmentalized in mutually-exclusive categories, but can be overlapping. Discussing this topic with one of my classes, a young man once drew a parallel to college football: noting that students at LSU cheer for the Tigers, but will also chant “SEC” when another member of the conference is playing in the championship game. In this same sense, a citizen can be a proud Italian or Belgian, yet still feel a sense of affinity with citizens from different member states of the European Union.

As Norris (2011) states, establishing a sense of identity with a political entity is the most diffuse support the regime can attain. In this world, disliking certain leaders or policies can be overlooked in the short-run, as the person still feels a sense of belonging and commitment to the institution writ large. If the European Union is having an effect

of cultivating an identity amongst the people from its various member states, it could be on the road to achieving diffuse support, despite the notable shortcomings I have discussed throughout the project.

Some of the most staunch integrationists have maintained that grumbling over EU outputs is not a rejection of supranational Europe, but merely the version of supranational Europe that the EU has currently established. While there was plenty of reluctance amongst various citizens of the original 13 American states to turn over more sovereignty to a stronger federal government, the founding fathers of the republic realized that the integration levels established by the Articles of Confederation were not suitable for obtaining optimal results. If the Europeans have a sense of identity, there may be little will for scrapping the project entirely, regardless of what lies ahead with all the uncertainty surrounding the fate of the monetary union. The integrationists may have an argument that the lack of integration is the driving force behind the perceived failures of the European Union, and that deeper integration may be the key to establishing a more perfect union between the disparate member states. However, as discussed in Chapter 3, the people have long been the brakes to the integration effort, and any attempt to achieve greater levels of integration will almost certainly have to be achieved with the electorate on board.

Conclusion:

The future of the European Union is unclear, and many challenges exist that could potentially undermine the project and reverse the trend of integration that has occurred for over 60 years. However, despite the political shortcomings of supranational Europe, there is clearly a sense of identity emerging amongst the various people who compose the European Union. What effect this development has on the future viability of the project remains to be seen.

Conclusion:

In this dissertation, I have found that perceptions of the capability of the European Union to manage European interests and perceptions of whether or not there is a democratic deficit in the European Union have significant effects on the likelihood of a person reporting trust in the EU. Additionally, I have found that those with a stronger sense of European identity will be more likely to report they trust the European Union than those with a weaker identity.

These findings are interesting, and I hope the reader of this dissertation has come away with a new way of thinking about the process of integration and the democratic deficit. If there is any point I am trying to make in all this, it is to argue that political trust is not something that is just given, but rather earned through the long process of assembling effective political institutions that can withstand various pressures placed upon them, and produce outputs that meet the citizens' expectations. Additionally, the institutions must be viewed as being responsive to the citizenry, which is difficult to do in most any country, let alone a supranational entity that encompasses 27 states and over 500 million people.

The sovereign debt crisis in Europe, and the manner in which the EU has responded, have brought this topic to the forefront. I was inspired to pick this topic for my dissertation as I began watching the crisis unfold in 2010, and after two years of studying it closely, I must admit that I have no idea what the outcome will be for the European Union. Some political observers have noted that if the European Union is able to withstand this crisis, it could emerge with more credibility than it had before the crisis began. Others have suggested this could be a huge stumbling block in the integration

process, in which gains of the last two decades are not only halted, but even reversed.

While none of us can predict the future, the importance of this period in determining the short and medium-term direction of the European Union is just about universally agreed upon.

Calls for Future Research:

There are so many different ways a person approaching this question could take a project like this, all of which could offer insight into what is happening right now in terms of public opinion of the trustworthiness of the European Union. The first that comes to mind is some sort of before and after the crisis approach, to see how attitudes changed after a period in say 2010 or 2011. Using Eurobarometer data from several different surveys, a researcher could compare how perception of the EU changed as a result of the crisis. A study like this one only gives us one snapshot of what the attitudes were at one period in time. While this makes a contribution, an interrupted time series model would give us a great view of how attitudes changed as a result of the crisis.

Another way to approach this project would be to look how respondents answered the questions by country. I approached this study looking at trust levels reported by citizens across the EU, and no distinction from one country to the next. However, the pain from the sovereign debt crisis has undoubtedly been felt more in Greece, Spain, Portugal, Italy, and Ireland than in member states such as the United Kingdom, Luxembourg, Belgium, and the Netherlands. It would be interesting to see if the perception of the project was different in the states that have been more adversely affected than in states that so-far have not had much of a problem. The differences in

perception of a democratic deficit, in particular, would be interesting to compare between countries like Germany and France who have dictated the direction of policies, and Greece who have been more dictated to.

The European Union gives us so much to study, as it is a unique political institution that does not resemble any political structure in the world. Nevertheless, the sui generis nature of the EU should not give it special treatment from scholars, and it should be held to the same normative standards we hold for any functioning democracy.

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Appendix:

Dependent Variable: Trust in the European Union:

- 1: Tend to trust
- 0: Tend not to trust

Independent Variables:

The EU has sufficient power and tools to maintain its economic interests in a globalized world

- 1 = Totally Agree
- 2 = Tend to Agree
- 3= Tend to Disagree
- 4= Totally Disagree

My Voice Counts in the EU

- 1= Tend to Agree
- 2= Tend to Disagree

To What Extent do you feel European?

- 1= To a great extent
- 2= Somewhat
- 3= Not Really
- 4= Not at all

Control Variables:

I understand how the European Union works

- 1=Tend to Agree
- 2= Tend to Disagree

Trust in Domestic Parliament:

- 1= Tend to Trust
- 2= Tend not to Trust

Taking everything into account, would you say on the whole that our country has benefitted from EU membership?

1= Benefitted

2= Has not Benefitted

Is the respondent from an Original 6 Country? (France, Germany, Luxembourg, Belgium, the Netherlands, or Italy?)

1= Yes

0 = No

Ideology= Eurobarometer asks Ideology questions on a 1-7 scale... I recoded based on absolute value from the mean.

4 (moderate) = 0

3/5 = 1

2/6= 2

1/7= 3

Age= Respondent's Age

Vita:

Nathan Price was born in Oregon, Ohio and raised in nearby Genoa. He is a 2000 graduate of Genoa Area High School, where he was active in the soccer club, CYO basketball, student council, and National Honor's Society. Following high school, he attended college at Miami University, earning his bachelor's degree in 2004. While at Miami, he studied at the Miami University Dolibois European Center located in Differdange, Luxembourg. Following college, he elected to attend graduate school at Louisiana State University. He earned his M.A. in 2007, and his Ph.D in 2012. While studying at LSU, he was very active in teaching courses in the political science department. He is the son of Carmen and Dean Price and brother to Christine and Andrew Price.