How Affect and Cognition Link Ideas to Preferences

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Abstract

Identities represent schemes through which objects in the international system are interpreted, and the main argument of this thesis is that these interpretations are significant determinants of political behavior. The present work utilizes both quantitative and qualitative techniques to extract the cognitive and affective elements of national identity from political discourse. However, a focus on national identity tends to depict the group as undifferentiated, obscuring the significant diversity which exists within the political community, at least in terms of how political objects are interpreted. Accordingly, another objective of this work is to investigate the diversity of interpretative schemes among different classes of individuals in the same political community. Another key argument is that discourses obscure undesirable political realities, domestic and international, at least temporarily. Apropos this thesis, the euro was sold by some elements of the ruling class in miraculous terms, as some sort of ‘savior’ that would solve all of Italy’s problems. This obscured the fact that only Italians, and not the euro, could lead to the real and sustained political and economic modernization that Italians desire. In the international sphere, the euro was sold as a policy that would help end Italy’s marginalization in Europe of second-class status (compared to the first-class status enjoyed by Germany, France, and the UK). This obscured the fact that the determinants of status in the international system are rooted in other variables, most of which have little to do with whether a country adopts a common currency like the euro. The case study to explore the validity of these arguments is the European Monetary Union (EMU), specifically, the links between national politics and EMU. Two countries were selected: Italy, which initially wholeheartedly supported EMU, and the UK, which overwhelmingly rejected the common currency from its inception in 1999.
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Chapter 1
Introduction

On February 7, 1992, European heads of government met in Maastricht, Netherlands to sign the Maastricht treaty. It was a pivotal moment in the history of European integration, brought to life by both external and internal pressures. Regarding the former, the collapse of Communism and the reunification of Germany helped to create the impetus towards deeper integration, especially because for some, especially France, this was essential to tame the power of Deutschland (Levitt and Lord 2000). Internally, the treaty, of which monetary union was only a part, aimed to complete the internal market established in the Single European Act (SEA). The main purposes of the Maastricht treaty were to establish a common foreign and security policy, develop a Community social dimension, and, most importantly for this dissertation, establish the European Monetary Union (EMU). The thrust of EMU was to ensure the coordination of member states’ economic policies and provide multilateral surveillance to enforce financial and budgetary discipline. The relatively stronger influence of Germany is evident by the fact that the European Central Bank (ECB) was modeled on the Bundesbank, would be located in Frankfurt, and the name of the new currency would be called “euro”, all of which reflect German preferences (Cole 2008, p. 158). The main rigorous public finance rules, known as the “Maastricht criteria”, were the following:

- a fiscal deficit below 3% of GDP
- a public debt either below 60% or moving towards that level
- interest rates on long term bonds that are not higher than 2% of the long term average rates of the three members with the lowest inflation rates
• an inflation rate that is below 1.5% of the average of the inflation rates of the three best performing Member-States.

These criteria were difficult to meet even for Europe’s “elite” countries, and initially many doubted the capacity of Southern European countries like Italy to satisfy the criteria and make the first round. This scepticism was well founded in light of Italy’s tendency to massively expand deficits and debts, its sclerotic political system with many veto points that allowed interests to block reform, and its general unwillingness or inability to respect its obligations to apply all rules of the European Union. But Italy surprised almost everyone, including itself: it found the capacity and willingness to make the painful reforms that were necessary to meet the Maastricht criteria. It consequently entered the first round with a sense of accomplishment, achievement, dignity, and enhanced collective self-esteem.

This impressive feat has spawned much scholarship that aims to explain how the country was able to overcome its past handicaps and make the necessary reforms to satisfy its European partners. Generally, scholars explain this from an elite-led, an institutionalist, or a political economy perspective. Despite their differences in theoretical focus, all mention the role of public support for EMU as a necessary ingredient in successfully meeting the criteria, although with some exceptions, few deploy their theoretical tools to explain this public support. The research that does elaborate on the structure and character of public support for EMU mostly focuses on the traditional and cross-party pro-European attitudes of Italian elites, and in particular, on the pro-European books, articles and statements that have been written or expressed by many high-profile Italian intellectuals. The research that examine’s the pro-EMU position of the Italian masses typically relies on unsystematic—but not necessarily inaccurate—deep knowledge of
Italian culture. Others base their arguments on the many Eurobarometer polls which confirm the Italian masses’ pro-EMU attitudes, especially during the latter half of the nineties.

Focussing on elites or on Eurobarometer polls can generate important contributions to our understanding of public attitudes towards EMU, but they are insufficient for a number of reasons. First, focussing on the pro-Europeanism of Italian elites does not help us understand the extent to which, and through what mechanisms, this pro-Europeanism has percolated to the masses. Second, asserting Italians’ pro-Europeanism implicitly reduces the population to an undifferentiated mass, ignoring important qualitative and quantitative distinctions between different categories of individuals in the ways in which their pro-Europeanism, or lack of it, is expressed.¹ Third, the research on Italy’s pro-Europeanism does not shed light on how this culturally observable sympathy towards Europe translates into preferences; in other words, the ways in which ideas that are embedded and transmitted through culture become preferences for one policy to the exclusion of others. Eurobarometer polls have been very helpful in highlighting the pro-European attitudes of the Italian population, but they have been less helpful for theorizing the mechanisms through which pro-European ideas become preferences.

This thesis aims to fill these gaps. It will adopt an interpretivist approach that focuses on how people construct their worlds, with the aim of exploring how ideas that are collectively held—culture—translate into the preferences that are reported in the polls that expressed Italians’ pro-Europeanism in the immediate pre-euro period (mid to late nineties). Pro-European attitudes are mostly rooted in the ways in which Italians evaluate their country compared to Europe’s “elite” countries. This idea is not original: other scholars have highlighted how support for EMU, and for Europe, emerged from the desire for “normality” and “progress” and

¹ There are a few exceptions, such as Maurizio Cotta, Pierangelo Isernia, and Luca Verzichelli., L’Europa in Italia (Bologna: Il Mulino, 2005).
“modernity,” and these concepts are almost invariably defined in terms of the standards of Europe’s elite countries. But the approach in this thesis differs in a number of ways. First, it introduces a theory to explain the causes of these attitudes, and elucidates the mechanisms through which pro-European ideas translate to preferences. It does this with a theory that fuses the insights of several disciplines, including social psychology, cognitive anthropology, and behavioural economics. An integrated theory that makes use of the insights of these disciplines will demonstrate how culture is refracted through the cognitive mechanisms that make culture meaningful to the everyday lives of actors. These cognitive mechanisms are social comparison processes that actors use to give meaning and substance to their groups, and cognitive shortcuts or proxies that serve to help actors make sense of complex issues that they do not truly grasp; to make sense of such issues, actors make ample use of stereotypes and metaphors that imply causal theories about the relationship between their nation and larger social aggregates. The meanings that emerge from these social comparisons, cognitive shortcuts, and implicit theories are imbued with an emotional salience that produces motivation and preferences for some policies to the exclusion of other, equally or more plausible, policies.

I also differ from other scholars in that I do not presume implicitly that pro-European attitudes are coherent, bounded, or undifferentiated. I demonstrate that the wish for equality with Europe’s elite countries actually has many variants among different categories of the population. For some, this wish for equality has a political character, for others an economic character, and still for others a cultural character. This ambiguity in the meaning of European equality explains why many people who could agree on not much else agreed that Italy had to enter the euro in the first round, regardless of the costs. Moreover, I demonstrate how different categories of actors are more likely to possess particular kinds of schemes through which they interpret their
understandings of the relationship between Europe and Italy. In this regard, other scholars have mostly focussed on differences between left-wing and right-wing individuals, individuals with high political awareness and low political awareness, or different age groups. I too will explore the differences between these categories (with the exception of the last group, i.e. age categories), but I will also investigate differences between other groups: Northerners and Southerners, public and private sector workers, and, most importantly, elites and non-elites. One of my findings will be that, despite their higher level of knowledge, elites are more prone to the kind of thinking that is associated with identity dynamics than are non-elites. Another interesting finding from my field work is that elites looked to Europe to protect them from the masses, while many among the masses looked to Europe to protect them from the elites.

I differ also in that I do not rely exclusively on Eurobarometer polls, or the pro-European tracts written by Italian intellectuals and other elites, or on a deep intimate knowledge of Italian culture. In order to test the arguments mentioned above, I conducted ethnographic research in the form of semi-structured interviews with 253 subjects in Italy over the period from May to October 2010. The sample consists of elites and non-elites, all of whom were asked a series of questions that were intended to probe the cognitive mechanisms outlined above—social comparison processes, cognitive shortcuts, implicit theories, and emotional salience. I also coded 430 newspaper articles in major Italian newspapers within the period 1996-2004. I also use a source that, to my knowledge, other scholars investigating this case study have not used: talk shows and television news programs that discussed EMU immediately before and immediately after Italy entered; this source is particularly appropriate given that 66% of Italians receive their information about Europe from TV (while 39% get it from newspapers).² The purpose of these two media sources is to reconstruct the intersubjective context in the pre- and post-EMU period.

They will provide a richer account of how elites influence the masses’ understandings of the relationship between Italy and Europe.

This thesis will explain several interesting puzzles in this case study. The first puzzle is the strange fact that Italy was predicted, accurately, to be one of the losers of EMU, and yet the country enthusiastically supported entering the first round by any means necessary. Another puzzle is the curious fact that, as my and other researchers’ results show, the political left in Italy was the most enthusiastic supporter of EMU even though this policy was a neo-liberal development, in spirit and in letter. The Stability and Growth Pact that was part of EMU was a direct repudiation of the Keynesian policy of fighting unemployment during recession through deficit spending (although this pact was ignored by most EMU countries when push came to shove). More broadly it is a curious fact that Italians, both elites and non-elites, generally were extremely enthusiastic for this neo-liberal development even though the country has a very weak liberal culture (the truly liberal political parties rarely receive more than 5% of the vote). Another curious feature of this case study is that the most enthusiastic supporters of EMU were, as my results will show, public sector workers, even though they would suffer the direct and severe costs of the inevitable belt-tightening that the EMU entailed (which is exactly what happened, since cuts to everything from education to infrastructure were and are justified by the need to respect the obligations incurred under Maastricht). This thesis, by identifying the precise meanings that are ascribed to Italy and Europe, and the cognitive mechanisms which translate these meanings into preferences, will, I hope, go a long way towards explaining these puzzles. And in the process, I will fill a gap in the constructivist literature on public attitudes towards the Europe.
Division of Chapters

The first chapter will be a review of the literature on Italy’s entering EMU. The literature can be broadly divided into two camps: rational choice, and identity/constructivist. The rational choice literature is not homogenous. I have identified two key strands that differ on how actors’ interests are constructed. For some, interests have an economic character that flows from actors’ positions in the socioeconomic structure; for others, interests have a political character that flows from the nation-state in which actors belong. To test the hypotheses that emerge from these theories scholars typically look for relationships between support for EMU and economic, political, and socioeconomic indicators. But I will argue that scholars’ assumptions about actors “interests” are often more a reflection of the scholar’s beliefs than the actors’. Moreover, these approaches typically do not rely on semi-structured and detailed interviews that penetrate deep into actors’ schemes, and hence tell us little about how actors construct their interests, or how actors conceptually link their presumed interests with European integration.

The constructivist literature can usefully be divided into three camps, each of which conceptualizes the ideational variable differently: for some, it is “national identity”, for others, “discourses”, and for others feelings of belongingness or appropriateness. This literature can also be divided on the basis of geographical scope: one strand which focuses on Italy, and the other which focuses on Europe writ large. My research has implications for all these literatures, but it is most directly relevant to the Italy-based constructivist literature, much of which focuses on the pro-European identity that Italians are known for. But there are key shortcomings in this literature. First, most of it relies on sources that demonstrate the pro-European attitudes of Italian elites as evidenced in their public statements, publications, interviews, and other sources. Often,
when generalizing these pro-European attitudes to the population, scholars typically rely on either intimate knowledge of the country, or Eurobarometer polls. Both are important, but are of limited value for systemically exploring the extent to which, and how, elite pro-European attitudes percolate to the masses; they also tell us little about how these attitudes translate into preferences.

The second chapter will outline my theoretical framework. Within political science, much of the constructivist/interpretivist/identity-based literature has the following strategy: demonstrate how rational choice explanations fail to account for the particular outcome, identify the dominant discourses and identities present in the case study, and then proceed to argue that these discourses or identities have more explanatory value (Moravscik 1999). This approach is unsatisfying, which is why I explored the literatures of other disciplines to try to find insights on the way that ideas embedded in, and transmitted through, culture translate into preferences or decisions. I discovered that social psychology, behavioural economics, and cognitive anthropology have much to teach us in this regard, which is why I integrated some of their insights and applied them to the present case study. This theoretical framework will also form the backdrop of the chapters that follow. The second chapter will also highlight my methodology: my two media sources, my sample of 253 individuals, interview techniques and questions, coding rules, statistical tests, and other aspects of my method that will allow me to test the hypotheses that flow from the theoretical framework. In addition, the limitations of my methods will also be addressed.

The third chapter will focus on the structure of Italian public attitudes towards EMU during the period 1996-2004. Here, I will begin to present the findings of my field work with a focus on the dominant tendencies within the sample, allowing me to construct the cognitive
schemes that were collectively held by large swaths of the population, schemes that interpreted Italy-Europe relations immediately before, during, and immediately after joining EMU. Focussing on the dominant tendencies within the sample will allow a reconstruction of the intersubjective context before, during, and immediately after Italy entered EMU. The results of the semi-structured interviews will highlight the cognitive mechanisms highlighted above—social comparison processes, cognitive shortcuts, implicit theories, and emotional salience—that are present among a significant portion of the population. The emphasis here will be on the ideas and cognitive mechanisms that are collectively held because only these widely shared ideas and cognitive mechanisms can usefully be called culture or identity. But, as the next chapter will show, focusing on the “culture” or “identity” of a group must not obscure the fact that there exists significant variation within groups regarding the ways that the nation, and its relationship to other social aggregates, like the EU, are perceived.

This fourth chapter will focus on the diversity within the group in the presence and operations of the cognitive mechanisms mentioned above. My results find significant differences between the following categories of individuals: centre-left and centre-right, public sector workers and private sector workers, and socioeconomic classes. I also find differences, but less significant ones, between men and women, and Northerners and Southerners. The most important focus will be on the similarities and differences between elites and non-elites. Highlighting the congruence and incongruence between elites’ and non-elites’ cognitive schemas will permit me to identify the extent to which elite ideas about Italy-Europe relations have percolated to the masses. This will fill a large gap in the identity literature that focuses only on the statements and publications of elites, and I will do this by testing the congruence of the three sources: Talk shows/news programs, newspapers, and the sample of 253 individuals—69 of
whom are elites, while the rest are non-elites. There will be a particular focus on the interviews, because elites and non-elites were asked the same questions in a series of interviews that I conducted during the period from May to October 2010. These questions were designed by me to explore the character of the social comparisons, cognitive shortcuts, implicit theories, and emotional salience that explain the link between pro-European ideas and preferences for the EMU.

My fifth chapter will elaborate on what the findings of my research suggest about the character of Italian society. Although most of the pro-European ideas held by Italians find their sources among Italian elites, some of which then percolate to the masses via the media, there are dynamics present in the population that made these ideas resonate with them: Italians’ collective wish to transcend their perceived national inadequacies, and their belief that an outside entity, and not they themselves, can serve this function. I will argue that this emerges from a wish to obtain the benefits of being a “European” country while avoiding the personal sacrifices that are necessary to achieve this goal. Many Italians, from all socioeconomic classes, benefit from the state of affairs that they have a tendency to decry so loudly, and the uncomfortable reality is that in order to achieve their goal of being a European country, they will have to give up these benefits, and recognize that only they themselves, and not some outside entity like Europe, can change the country to make it more “European.”

The sixth chapter will probe deeper into the implicit theories that actors in Italy possess in their cognitive schemes that help them to make sense of their group’s relationship to Europe. A significant section of Italians construct their nation according to the characteristics of larger social aggregates to which it belongs. To many Italians, their country’s perceived national inadequacies make sense only in relation to a hierarchy of nations in Europe that places Italy on
the second tier of this hierarchy. Italians want to feel a sense of equality with Europe, and they hoped that belonging to Europe would be sufficient to achieve this equality; but for many this hope became transformed into the implicit theory, embedded in actors’ cognitive schemes, that securing belongingness would be sufficient to achieve this desire to have equal status or condition with Europe’s elite countries. And so in the period immediately after belonging to EMU was assured, many felt that Italy was “equal” to other European nations in the objective sense. This sense of equality was felt even though Europe’s hierarchy remained largely unchanged, with Italy relegated to second-tier status. I call this phenomenon “vicarious evaluation”: the properties of the self (Italy) are evaluated, in part, based on the properties of the group to which the self belongs (Europe).

The final chapter will be a comparison between Britain and Italy. I will systematically compare Italians’ and Britons’ attitudes towards EMU, and highlight how the variations in attitudes emerge from the qualitatively different cognitive and affective dynamics that are evident in these respective nations. The purpose of this comparison is to provide variation on the dependent variable. The outcome observed in Britain is very much the opposite of what was observed in Italy: while the latter enthusiastically embraced the euro, the majority of Britons were opposed, which gave the winning hand to the eurosceptics in the debate on whether the country should enter EMU. But below the surface, there were a very similar type of dynamics, as nationally based narratives and affective dynamics suffused the cognitive schemes through which the euro was interpreted. To support this argument, I collected evidence from three sources: interviews with three prominent members of the British political elite, the parliamentary debates on the euro, and a sample of the pro-euro media.
The conclusion will draw the main findings of this project together and highlight how they contribute new ideas, methods, and arguments to the debate on the politics of the euro. Many of these findings are highly relevant to the seemingly irresolvable Eurozone saga that started in 2010. In particular, the crisis suggests that many of the euro-enthusiastic beliefs that motivated many Italians were unfounded. In fact, in many ways the opposite of what many Italians believed and hoped for has happened since the country adopted the common currency. This has created political dynamics which have substantially increased euroscepticism in Italy, which represents a stunning reversal of the consensus in favour of the euro that reigned supreme in the late nineties. The interviews conducted in Italy for this project were carried out in the summer of 2010, just before Italy’s full-blown crisis emerged. And so many of the responses reflect attitudes before the dramatic events of November 2011, when Italy’s democratic process was suspended in order to install a technocratic government to prevent a chaotic default. Had the interviews been conducted a year later, it is likely that many of the responses would have been very different. In many ways this is serendipitous, for the responses reflect perceptions of the euro that were on the cusp of a major shift towards a more eurosceptic position.
Chapter 2
Literature Review

Much of the literature on the European Monetary Union falls into one of three camps: elite focused, institutionalist, or political economy. For the case of Italy, the elite focused account argues that Italy was able to join EMU because of the group of technocrats which obtained decision-making power at a crucial juncture (Dyson & Featherstone 1999). This group, composed of economists, liberal technocrats, and other professionals were able to implement the reforms that the country needed to bring its public finances within the parameters of the Maastricht criteria. In this effort, they were supported by the epistemic communities which provided the research, analysis, and intellectual framework that helped to legitimize and hence propel the reforms that were necessary to enter EMU. The technocratic character of these actors also helped to separate them from the Byzantine messiness of Italian democratic politics, a politics that had been resistant to reform in the past because of the many veto points in its institutional structure.

The institutionalist approach focuses on a number of dynamics that link institutions with the success of Italy entering EMU. One dynamic is “institutional learning”: policymakers adjust the institutional status quo in light of past policy and new information, and these adjustments enabled policymakers to implement the necessary reforms (Ferrera & Gualmini 1999). The profound institutional changes in the Italian political system after the Tangentopoli scandal are also credited for enabling the implementation of the Maastricht criteria (Giuliani 2001). The
clientelistic, Christian Democrat-dominated party system that existed before the scandal—a system which is blamed for playing a large role in Italy’s third-world-like public finances—was inimical to the painful reforms that the Maastricht criteria entailed. The Tangentopoli scandal dismantled this system, which opened the way to a party system that made the necessary reforms possible. This was helped, some argue, by the change in another crucial institution, the electoral law, which took place after Tangentopoli: Italy became a mixed first-past-the-post and proportional system that created a more bi-polar party system that weakened the influence of minor, disruptive, and clientelistic parties, which was more conducive to the reforms (Hallerberg 2004).

The political economy approach looks at the structural changes in the global economy that occurred during the nineties (Della Sala 2004, p. 1055; Padoa-Schioppa 2004). It was a time when the onward rush of economic globalization was sweeping the globe and seemed to impose certain policy choices on domestic actors. Free capital markets, and the emergence of trading blocs like North America and the rise of Asian countries, meant that if Europe was to compete in a new globalized world, it would have to unify, and the common currency would be a step towards that goal (this was one of the standard narratives of the European Commission in its promotion of the euro (Jabko 2006)). Eliminating national currencies would, it was believed, lead to more trade and economic growth because of lower transaction costs and lower interest rates. Countries like Italy had no choice but to adhere to this logic of economic globalization, otherwise they would have been left even further behind, unable to compete with the rising East or other emerging economic powers. Italy therefore had little choice but to transfer powers to the supra-national level, especially to the European Central Bank (ECB), so that the country could adapt to the economic changes that were unfolding in what was believed would be a new era: the
end of the Cold War and the triumph of the market at the expense of the nation state (with the nineties a decade and a half behind us, one is struck by how quaint this argument now seems). It was also argued that economic globalization diluted the sovereignty of the nation state in other, more indirect ways, which impeded countries like Italy from resisting the inexorable logic of the new borderless world. Golden, for example, argues that the DC clientelistic system—which was necessary for Italy to fix its public finances and enter EMU—collapsed, not because of the Tangentopoli scandal, but because of the logic of globalization (Golden 2004). In a world of free trade and free markets, countries, in order to be competitive, could no longer engage in the clientelistic practices that the DC was notorious for. The system therefore collapsed, as the structural logic of globalization superseded the preferences of domestic actors, and this collapse of the DC was a sine qua non of Italy’s entering EMU.

The elite-focussed approach does not challenge the constructivist arguments that will be presented in this dissertation; in fact, the two complement each other: one of the reasons that the technocrats were able to implement the painful reforms is that the Italian public was largely willing to accept these sacrifices. For instance, to adopt the euro required cuts to pensions and other social programs, as well as tax rises that, in normal circumstances, would have been politically difficult, if not impossible. But these austerity policies were largely accepted because they were sold to the public as being essential to meeting the Maastricht criteria and hence entering EMU. The constructivist arguments that will be presented in this thesis do challenge the institutionalist and political economy approaches. The institutionalist approach assumes that actors adjust their strategic behaviour in the light of institutional changes, and that this strategic behaviour made euro-entry possible. But the evidence that will be presented below indicates that Italy would have entered the euro regardless of, say, whether it had a proportional or first-past-
the-post electoral system. And the reason is that the overwhelming majority of Italians wanted their country to enter in the late nineties, and it is highly unlikely that interest groups would have been able to override this support even under the old electoral system.

The political economy approach uses the language of impersonal structural forces to explain how it was possible for the country to adopt the euro, but it implicitly relies on a certain model of human behaviour that will be problematized in this thesis. It assumes that actors chose the euro because it was the best means of satisfying their material interests, namely, increased competitiveness and economic growth. Actors, in this model, had other options, like not entering, and attached probability values to each option. It was determined that Italy (and other countries) had to enter in order to compete in a globalized world. This narrative was indeed part of the debate, and undoubtedly many elites sincerely believed it. But, rather than a rational analysis, this is better understood as a hope or a wish that was used by pro-euro forces to justify and build political support for their views. Indeed, as will be argued below, the notion that Italy would become more competitive by entering the euro had little material basis, since a country’s capacity to compete depends on many variables—like unit labour costs, levels of corruption, technological innovation, the efficiency of the legal system, even demographics—that have little or nothing to do with whether said country belongs to a wider currency union. Therefore, although many actors expressed their support for the euro in terms of material interests, it does not follow that they rationally evaluated the euro on the basis of the objective material interests of the country, since to do so would have led to arguments against entry into the common currency. Indeed, the experts who evaluated the euro on the basis of only material interests and not on the basis of idealistic pro-European impulses, not coincidentally, predicted what actually
transpired, namely, that Southern Europe, including Italy, would lose competitiveness after joining the common currency.

Despite the differences between the elite-led, institutionalist, and political economy approaches, it is instructive that scholars that defend one or the other in their work on the euro mention, with varying degrees of emphasis, the importance of Italian public opinion in the country’s entering EMU (Eichengreen & Frieden 2001, p. 43; Dyson & Featherstone 1999, p. 498; Ferrera & Gualmini 1999, p. 27). This highlights that, even when, as in the institutionalist and political economy approaches, they challenge arguments based on public opinion and ideas, they cannot ignore the ideational variables that will be the focus of this thesis. The final theory, political economy, with its focus on the structural logic of economic globalization, perhaps places the least emphasis on the Italian public’s views towards the euro. But the other two approaches recognize how important it was. The institutional changes in the aftermath of Tangentopoli, and the undoubtedly crucial efforts of policy elites, were by themselves insufficient without the consensus of the Italian public on the need to enter EMU, for Italy is a democracy where public opinion cannot be ignored. Across Europe, other scholars have noted the crucial role that public opinion plays in the integration process (Kaltenthaler & Anderson 2001; Kaltenthaler & Anderson 1996; Sbragia 2001; Feld 1976). The best known examples are the Dutch and French rejection of the Constitutional Treaty in referendums, but many other cases highlight that policymakers can no longer simply rely on permissive consensus for integration initiatives, especially ones like Maastricht which involved painful cuts to public services.

Ideas, Beliefs, and Opinions
This section will highlight and evaluate the literature on public opinion and European integration. Broadly, it can be divided into two well-known categories: rational choice and constructivist (ontologically, this difference can also be understood as between materialist and ideational).

Let us first look at the rational choice literature. Across Europe, there seems to be a pattern that can be generalized: better educated, higher income individuals, and professionals display more support for European integration than do less educated, lower income members of the working class (Gabel 1998; Brinegar & Jolly 2005) (this pattern seems to have become accentuated by the recent rise of anti-Europe right-wing parties whose supporters tend to be less educated members of the working class). In the last decade, studies show that support for EMU remains high—at or above 85%— for the highly educated professionals whereas by 2009 support had gone down to around 60% for the working class (Hix 2009, p. 60). The idea here is that EMU, like all other policies, produces winners and losers, and better educated professionals are said to be winners while the less educated working class supposedly lose from it. Just as globalization produces winners and losers, EMU does too, and so we can expect, according to this logic, that winners will support, and losers oppose, the policy. Highly educated professionals are said to be winners because they have the attributes and skills that have value across the continent: cosmopolitanism, bi- or multi-lingual, and other forms of human capital that can be transferred across borders. The less educated working class, meanwhile, lacks these attributes and skills, which means that they have much less to gain from integration initiatives like EMU. Other scholars highlight other categories of winners and losers from EMU, such as importing firms (winners because they will have easier access to foreign made goods) and exporting firms
(losers because they will have to face more competition from foreign firms) (Eichengreen & Frieden 1998).

The strength of this approach is methodological simplicity: winners and losers from EMU simply have to be identified according to their position in the socioeconomic structure, and then one must determine whether this division correlates with support or opposition towards EMU. But this methodological simplicity comes at the cost of theoretical poverty. Although many polls do show that better educated professionals have as much as 25% higher support for EMU than less educated members of the working class, the support among the latter, at least before the current Eurozone debt crisis, was still relatively high—between 55% and 60% in some cases. This model utterly fails to explain why almost 60% would support a policy that they supposedly lose from. Other students of Italy, in fact, have discovered that this model does not have much predictive value for the country (Talani 2000). Second, asserting that better educated professionals are “winners” because of their possession of the mentioned attributes and skills, while the working class are “losers” because they lack these things, relies on a set of problematic assumptions. Many better educated professionals do not have the skills and attributes that are valuable in other countries, because despite the common market, Europe’s service sector—where many higher-educated professionals work—is still largely a national affair. Many of these better educated professionals are also public sector workers who actually can be more usefully be placed in the “loser” category because they incurred the direct cost of the public sector budget cuts that were necessary to meet the Maastricht criteria. Similarly, although importing firms may gain because they have access to a larger array of goods and services, they also lose because, with deeper economic integration, the domestic consumers who buy the importing firms’ goods have a broader range of alternatives. Contradictory effects are also visible among those who
“lose” from EMU. Members of the working class may lose because they lack fungible human capital and because the firms they work for risk bankruptcy from being exposed to stiffer competition. But they also gain from having a strong currency that does not erode their savings and that helps to keep energy costs down. The general criticism is that policies like EMU often have complex and contradictory consequences on actors, and so it is not clear that individuals fall neatly into either the “winners” or “losers” category. It is more accurate to say that the same actors benefit on some socio-economic dimensions and lose on others.

Another school of rational choice that relies on ideas of economic utility maximization posits that winners and losers can be identified, not so much on the basis of position in the domestic socioeconomic structure, but on the basis of the country of origin. Simply, some European countries benefit more from EMU, while others benefit less or lose from it, and so we can expect higher levels of support for EMU from the former, and lower levels of support from the latter. It is argued that countries with a history of loose monetary policy and inflation had much to gain from the economic orthodoxy of EMU (Kaltenthaler & Anderson 2001), especially from the Stability and Growth Pact, which ostensibly established constraints on policymakers’ capacity to behave recklessly with their public finances. Other countries without this history of loose monetary policy and inflation had less to gain from the strictures that EMU ostensibly imposed on countries. This model seems to fit a country like Italy quite nicely, a country with both a history of reckless monetary policy and high support for EMU. But this classificatory scheme of winners and losers across Europe writ large has similar problems to those that were encountered in the previous paragraph. If it is not clear that individual actors’ fall neatly into one of these categories, it is even less clear that whole countries do. Reality is much messier, especially for policies like the EMU which have implications for so many areas of a country’s
economy and polity. Like individuals, it is more accurate to say countries benefit on some dimensions and lose on others. For example, a country may gain from the low-inflation monetary policy of the ECB, but the same country could lose from this tight monetary policy because it makes its exports more expensive on world markets.

Another school of rational choice constructs actors’ interests in political rather than economic terms. It too relies on the classificatory scheme of “winners” and “losers”, but here the gains and losses are not simply rooted in more or less employment and trading opportunities, or higher or lower interest rates, transaction costs, and inflation. Rather, gains and losses derive from increases or decreases in national sovereignty. EMU, like other integration initiatives, lowers the scope of national decision-making, which suits the interests of citizens of corrupt countries, like Italy, Portugal, and Greece, but which does not suit their interests in well-governed countries like Germany, Britain, and the Scandinavian countries. There is convincing empirical support for this argument: countries that score high on the widely used Transparency International Corruption Index have had higher average levels of support for European integration than do countries that scored low on this index (Sanchez-Cuenca 2000).

This politically based form of rational choice is much more convincing than the economically based approach mentioned above, but it is not without problems. Take Germany, one of the countries that supposedly had an interest in preserving its sovereignty. Why then do approximately half of Germans still support European integration? Or why do large numbers of citizens in relatively more corrupt countries oppose European integration when they would supposedly gain from losing their national sovereignty? In fairness, Sanchez-Cuenca does not say that these political calculations explain all of the support for European integration. But despite this qualification, one still encounters the problems that afflict rational choice models
that are based on the division of units into “winners” and “losers”, and then proceed to place countries (or individuals) into one of these categories. Undoubtedly many citizens in corrupt countries support European integration because they want more decision-making power to be transferred to the European level. My own findings that will be presented in the following chapters highlight that this indeed is the case. But my findings also demonstrate that equally significant numbers have other political calculations: many support integration because they want to unify the continent in some areas while ensuring that national sovereignty is preserved in other areas, and this preference is not necessarily rooted in the belief that it will somehow reduce the scope of corruption of public officials.

This brings us to the question on what is exactly is meant by “rational. “Some would argue that the materialist ontology is not a necessary assumption of rationality (Fearon and Went 2002). There are actually two models of rationality in the literature: the “thin” and the “thick” version (ibid). Regarding the former, there is no necessary assumption that the actor chooses a policy to increase her material well-being. Rather, rationality is simply a mental process characterized with instrumentality that is compatible with any desire or goal. The “thick” version objects and assumes that actors choose rationally on the basis of their material interests, which is mostly understood to mean enhancing material—political and/or economic—well-being.

The problem with the “thin” version is that, if we take it at face value, it explains almost everything and hence it does not become a theory that can be tested and refuted. Very few people would dispute that all actors have goals and that they act instrumentally to achieve them. There are some exceptions where behaviour is not goal-driven, for example, when actors are under extreme duress from poverty, oppression, illness, or other conditions that may “force” certain forms of behaviour (Eckstein 1991). But these exceptions are clearly not relevant to the
case studies under investigation, namely, Italy and the UK, two first-world rich countries that had the option of accepting or refusing the common currency. Therefore, the thin version of rationality explains too much, making it in effect a tautology: since actor X desires and acts to achieve Y, actor X is rational. Seen this way, it becomes difficult to generate a real debate or to falsify the theory. Fearon and Wendt (2002, p. 60) admit as much when they say that “in order to generate a real debate [between constructivists and rationalists] it is necessary to arbitrarily restrict the rationalist position to a particular thick theory of actor preferences.” I would dispute the word “arbitrarily” in that quote, for one of the purposes of theory is to generate debate and disagreement with competing theories. The “thick” version does precisely that. It generates predictions that can be tested and refuted. Indeed, the rational choice literature on public opinion and the euro that was analyzed above is the thick version, since all assume that preferences are based on the desire to maximize material well-being. But most importantly for this thesis, the thick version competes with the interpretivist focus on ideas and meanings that have little or no relation to interests and other material factors.

However, this thesis does not accept the strong form of interpretivism endorsed by Wendt, the “rump materialism” that presumes ideas all the way down, with a few notable exceptions, namely where there is brute force, technological superiority, or the constraints and drives of human biology (Wendt 1999). For Wendt, the desire to maximize political and economic well-being is constituted by ideas. Therefore, any rational-choice model that adopts this material interest maximization assumption is fundamentally ideational; as Wendt himself says, “interests are ideas” (Wendt 1999, p. 98; emphasis mine). Applied to this case study, it becomes difficult to envisage how one might falsify or challenge this theory: if most actors in Italy supported the euro because they believed that it would somehow maximize their economic
and/or political well-being (which was the case), this provides ipso facto grounds for the argument that ideational variables explain the outcome. It is for this reason that I argue for a more restricted conception of ideational arguments and a wider application of our conception of materialism. This thesis argues that a rational choice model that presumes actors desire to maximize economic and political well-being, and act rationally to pursue that end (rationally meaning possessing the relevant objective knowledge of options and the consequences that flow from them) is a materialist argument, even if we accept that the goal to maximize material well-being is culturally constituted. This competes with the interpretivist argument that, although they desired to maximize material well-being, the actual ideas in their heads through which they interpreted the political object had little substantive correspondence with the policy—i.e., the euro—that they wanted.

Thus Wendt’s rump materialism, at least theoretically, is not useful because it explains too much (on a philosophical level, he may have a stronger argument). Wendt is trying to assimilate materialist arguments into an ideational framework because his purpose is to construct a “via media”, that is, to find a middle ground between apparently antagonistic theories (Guzzini and Leander 2005), in particular, rationalism and constructivism. It is a legitimate enterprise but ultimately I argue that it is better to keep rational choice and interpretivism antagonistic. Wendt might reply that they are not antagonistic because “rational choice has a strong subjectivist component” (Wendt 1999, p. 115). This is not convincing, because most social science theories have much to say, either explicitly or implicitly, on human subjectivity. Even structural realists, who on the surface have little to say on subjectivity, repeatedly mention the importance of fear in motivating human action. If we presume, as many constructivists would, that fear is constituted by ideas and socialization, should we therefore attempt to find a via media by fusing
the insights of structural realism and constructivism into an integrated whole? As the theories are currently understood, they generate different predictions and hypotheses that compete with each other. It seems to make little sense to try to integrate them, unless we presume that both are simultaneously true, which would be a contradiction, since the theories have different ideas about what ultimately causes behaviour in the international system.

The thick version of rationality is appropriate for other reasons. First, the theory has a long and established pedigree, going all the way back to Hume’s conception of rational behaviour which assumed exogenously given interests (Wendt 1999, p. 19). Second, in much IR theorizing, rationality presumes the materialist assumption, understood as maximizing wealth and military power. Marxists and liberals also conceive of wealth, or the forces of production, or economic interests, to be exogenously given—that is, existing materially independently of human subjectivity. Their arguments are therefore mostly understood as materialist, although liberals have more faith in the power of ideas to change the social structure. Third, the origin of rational choice theory is the academic discipline of economics, where wealth maximization was and is an essential element of the theory. When political scientists adopted the model, interest maximization was a central component, in part because of these origins, but also because in actual democratic elections, where much rational choice theorizing has been applied, many, perhaps most, vote on the basis of their material well-being. It is no coincidence that GDP growth and unemployment rates have strong effects on elections. It is therefore not surprising that many actors would endorse the euro for similar reasons. In fact, as the data will show, a majority of Italians supported the euro because they believed that it would maximize their political and/or economic well-being. But these beliefs, by themselves, do not pass the rationality criterion adopted in this thesis. Rather, a rational preference must have some
objective correspondence with the substantive elements of the policy in question, and with the means to achieve this preference as well as available alternatives. The reason is that rationality implies empirically defensible links between means and ends, which implies the possession of all relevant information and a decent computational ability to calculate probabilities of different options.

There are other models of rationality that are worth assessing in terms of relevance to this thesis. One well-known model is “bounded rationality”, which qualifies the rational actor model with the following assumptions:

- Cognitive schemes are important determinants of behaviour, which requires extensive supplemental knowledge of the actors’ goals and conceptual orientation.
- Actors have information and computational deficits which limit their capacity to draw empirically defensible links between means and ends (Monroe 1991, p. 6).

Bounded rationality suffers from the same problem as the thin version of rational choice mentioned above, namely, that there is little to distinguish it from an interpretivist account of human action. As such, it generates similar predictions and hypotheses. This thesis argues that this is unsatisfactory, and that it is preferable to theorize in ways that allow actual debate, in the sense of the generation of competing predictions of political outcomes. The “thick” version of rational choice does precisely that, which is why it will be adopted in this thesis. It also allows us to envisage the conditions that would challenge the arguments in this thesis. For instance, as will be shown in subsequent chapters, Italian support for the euro was largely based on the preference to maximize material—political or economic—well-being, but if this preference reflected a
computational capacity to draw empirically defensible links between this goal and the means to achieve it, then one could argue that a rational-choice model is more appropriate even if we accept that the wish to maximize material well-being is culturally constituted. But, as will be argued in this work, those conditions—i.e., the possession of all relevant information and a computational capacity to draw links between means and ends—were absent, making an interpretive account more convincing.

The thick version of rational choice certainly is useful in explaining, say, preferences for relatively simpler policies like tax-cuts or spending increases, where it is relatively easy to draw links between one’s interests and the policy that will maximize them; it is not as useful in explaining support or opposition to EMU, for several reasons. There is the fact that EMU was more than the introduction of a new currency. It was a policy that had political, social, and economic dimensions, that even many learned and educated actors had trouble grasping. But even if one focuses strictly on the economic aspect, from a strictly economic perspective the weight of the evidence did not support the notion that EMU would have the benefits that euro-enthusiast politicians said would accrue to their countries. It is striking that before the euro was introduced, eminent economists as ideologically diverse as Paul Krugman and Milton Friedman predicted, accurately, that the euro would create difficulty in the economically weaker countries.³ In addition, Europe did not form an Optimum Currency Area (OCA) (McNamara 1998), which means that without the integration of fiscal policies, unifying the currency would be detrimental to weaker members. This prediction has been verified by subsequent events. The main losers from EMU have been Italy, Portugal, Spain, and Greece, all of which have seen either anaemic or debt-fuelled unsustainable growth since the euro was introduced. And with the

exception of Italy, all the mentioned Southern European countries have received humiliating bail-outs that impose limits on their political sovereignty. The reason for these outcomes, in part, is that these countries had to adapt to a currency value that was more appropriate for Europe’s economic behemoth, Germany, which has been the greatest beneficiary of the euro. But I digress. The point is that most citizens lack the basic conceptual and cognitive tools to make these kinds of evaluations. Indeed, it is likely that even among the highly educated, only a tiny minority could explain an Optimum Currency Area and the operations that the European Central Bank uses to control interest rates and credit creation. This therefore suggests that their support is rooted in the meanings that they ascribe to EMU which, as my findings will show, are often only loosely, if at all, related to the substantive content of this policy.

A similar criticism can be applied to the more convincing rational choice model, i.e., the one focused on the wish to transfer sovereignty to Europe. For actors to make the kinds of calculations that would be consistent with the assumptions of this framework, at a minimum they would be able to identify which area of national decision-making would be transferred to Europe, and whether losing sovereignty in this area would maximize their utility. In the case of EMU, the only aspect of sovereignty that would be transferred would be over monetary policy (in principle, the Stability and Growth pact was meant to place limits on fiscal policy, but in practise it did not). In the case of Italy, the people who explicitly supported EMU for this specific reason were a small minority, mostly the highly educated economists who had a relatively high level of knowledge of EMU and of Italy’s history of loose monetary policy and fiscally irresponsible deficit spending. But this does not characterize the masses, most of whom could not identify the operations of a central bank. Moreover, when people complain about corruption in Italy, few of them are referring exclusively or even primarily to monetary policy.
They are referring to a generalized belief that the entire political class is corrupt, and the belief that EMU could or might help to solve this problem of a corrupt political class is not rooted in a sober and rational calculation of what EMU actually represented.⁴

Recognizing that citizens lack the basic conceptual and cognitive tools to substantively evaluate policies like the EMU, some scholars have tried to salvage the rational calculator by arguing that citizens compensate for this lack of knowledge by using proxy indicators. These proxy indicators may be economic growth, rates of inflation, or general government performance (Kaltenthaler & Anderson 1996). But this has not solved the information problem. Much research has shown that citizens’ perceptions of economic growth or inflation are objectively inaccurate (Giuliani 2001; Anderson 1998; Giuliani & Piattoni 2001), which suggests that their beliefs about these indicators are rooted in their own personal circumstances, not the nation’s.

Lupia (2006) argues that some proxy indicators ensure that voters will choose as if they were rational. Since actors can identify whether some highly knowledgeable person or group shares their interests, they simply have to choose one option or another the same way that the knowledgeable person or group does. Applied to Italy, many actors make up for their lack of knowledge by following the elites that make up the political party of their choice; these elites do have relatively more knowledge than does the average voter, and so therefore actors, provided they follow the preferences of their party of choice, choose one policy or another as if they had a high level of knowledge. This argument is valid for Italy, where political parties play a significant role in citizens’ preference formation. But this does not solve the knowledge problem. First, it is not clear that citizens’ interests are aligned with the political party of choice, and this is especially apposite in light of the decline of class-based parties and the concomitant

⁴ Mario Monti arguably reflects the “European” leadership that many wanted. But he was unelected and installed only to make the painful decisions to avoid a default. As Italy is a democracy, only through the democratic process can Italians durably change their political class.
rise of populist and charismatic politicians that, rather than appeal to shared interests, appeal to fears, loyalties to leaders, and other primal emotions. Second, the mainstream Italian political parties’ support for EMU was rooted more in their ideological proclivities than it was in a rational appraisal of the actual costs and benefits for the country. Interestingly, the only parties that evaluated the substantive costs and benefits of EMU were extremist parties, the Lega Nord on the right, and Rifondazione Communista on the left. Both were highly critical of EMU, in contrast to the other parties, which paid much less attention to the actual costs and benefits.

The argument that actors rely on proxy indicators has some validity, though, because in forming their preferences for complex policies like the EMU, actors do rely on indicators that are evaluated in an instrumental way. The main flaw in this argument is the assumption that this somehow compensates for their lack of cognitive capacity and allows them to evaluate options in a rational way. Actors evaluate policies according to whether they perceive that the policy helps them to achieve their goal. This process, though, relies on meanings and beliefs that are often loosely, if hardly at all, related to the substantive content of the policy in question, especially for EMU, which was and is beyond the grasp of most non-elites (which was confirmed by the findings that will be presented in the following chapters). But even elites, most of whom have the cognitive capacity to evaluate a policy like EMU, rely on meanings and beliefs that are rooted in their vision of political order, feelings of belongingness, and other elements that lead them to minimize the concrete costs while accentuating the intangible, abstract, and highly uncertain benefits. In this sense, even when actors have the amount of information that might allow them to actually evaluate a policy in a way that is consistent with the rational calculator, their actual cognitive content does not correspond with this model. Counter-intuitively, in fact, more knowledge and cognitive capacity seems to be associated with a higher propensity to focus
on the abstract, idealistic, intangible, and uncertain at the expense of concrete, tangible, material, and certain elements; in this sense, highly knowledgeable elites are even less inclined to display the cognitive processes that we would expect from a materialist-based, rational appraisal model than are the less knowledge non-elites.

Ideas, beliefs, and political reality

Unlike the rational choice literature, the constructivist literature can be usefully divided into the following two camps: scholarship focussed exclusively on Italy, and scholarship focussed on Europe. The reason for the near absence of rational-choice orientated articles that focus exclusively on Italy, I suggest, is that this theory does not fit the Italian case particularly well. Constructivist-based approaches can also be divided into the kinds of ideas that are focussed on: for some, it is national identity, for others, policy-specific ideas that constitute the discourses that were prevalent in the case study, and for others, feelings of belongingness. There are also differences in the causal weight that ideas are purported to possess. For some, ideas are constitutive and hence have independent causal weight, while for others, ideas have causality only when paired with economic power, institutions, or elite strategy. This section will evaluate this constructivist literature, first the scholarship that is focussed on Europe, and subsequently the scholarship focussed on Italy.

Many scholars argue that relative levels of support for European integration derive from whether the nation has a “strong” or “weak” identity (Messina & Fishman 2006; Verleve & Pepermans 1998). For persons with a strong sense of their nation, the only legitimate exercise of sovereignty can be performed at the national, not supranational, level. Transferring decision-
making power to the European Parliament (EP), ECB, European Court of Justice (ECJ), the Commission, or other European institutions represents a threat that must be resisted. In contrast, actors with a weaker sense of their nation recognize that legitimate authority can be exercised at multiple levels—supranational, local, and national. For them, therefore, transferring power to Europe does not pose a threat; indeed, many of those with a weak sense of their nation positively welcome a transfer of decision-making power to other levels of authority.

This model has been subjected to empirical scrutiny, and the findings are decidedly mixed. Both Carey (2002) and Muller-Peters (1998), for example, find what seems to be intuitively obvious: persons with nationalistic attitudes are more hostile to European integration. But the latter also find that patriotism has the opposite effect: it correlates positively with support for integration. It is not clear why patriotism, which connotes a strong sense of national belongingness that would privilege national sovereignty, would have the opposite effect. Others have used this framework to explain the high support for European integration in countries like Italy which apparently have a “weak” sense of nationhood (Berezin 2009; Bedani & Haddock 2000). To support this argument, scholars often point to the historical factors that conditioned people’s sense of nationhood. Countries like France and Britain, which have centuries of nationalizing events and practises behind them, naturally have a strong national feeling and hence are relatively less euro-enthusiast than, say, countries like Italy which became a modern nation state only in the 19th century and that had been divided for centuries by different empires which created myriad local realities on the peninsula. In the context of national-Europe relations, Berezin calls this a “flexible consolidation regime”, which refers to the putative weak link between national culture and the national state (Berezin 2009, p. 238). She claims that this is more conducive to European integration because it produces political, economic, and emotional
flexibility towards the EU, while nationalistic attitudes produce the kinds of resistance to the EU that can be observed in states like France. Therefore, we can expect higher levels of support for the EU in countries, like Italy, that possess this “flexible consolidation regime”.

The first criticism of this “weak identity” thesis is empirical. Many polls have found that, contrary to what is widely believed, Italians have a strong sense of national identity. Italians have been asked to rank, in order of importance, the degree to which they feel a sense of belonging to the local, regional, national, and supranational levels. Large majorities choose the national as the most important (Isernia 2005, p.258). What is more, Italians with a strong national feeling are more likely to support European integration (ibid). Apart from these polls, one remembers the significant national feeling that was on display at the many events in the spring of 2011, when the country celebrated its 150th anniversary. Even in strongholds of the separatist Lega Nord, like the region of Lombardy, there were ubiquitous displays of Italian flags and other symbols of national feeling. One may argue that the existence of the Lega, a separatist party that enjoyed high levels of support in the North, is evidence of the country’s weak sense of nationhood. But polls show that only about 2 in 10 of the separatist Lega Nord’s voters support the secession that this party’s top brass endorses.\(^5\) The vast majority of the Lega’s votes come from those who are afraid of the effects of immigration, globalization, and European integration. In other words, the existence of a separatist party with significant levels of public support is not evidence of the existence of a weak national identity.

Moreover, the predictions of this weak identity thesis only loosely correspond with the facts. First, Italy has not, as this model predicts, adapted well to the exigencies of globalization. In the past 15 years, for example, there has been a surge of immigration from North Africa and

the Middle East to Italy, and immigrants now form around 10% of the population. Rather than adapting to this surge, we have seen in Italy a pattern that is present in countries with a “strong” national identity: the rise of anti-immigrant radical right-wing groups. Indeed, unlike in other European nations, in Italy the radical right entered government and ruled the country in a coalition. This highlights the fact that the purported “flexibility” and “openness” that is present among nations with a “weak” identity is very selective; flexibility and openness seem to be applicable to some and not others. Italy has also not adapted to the economic dimensions of globalization: it has lost competitiveness and market share, and has not grown in the past 10 years. One of the reasons is that Italian capitalism relied on the state for protection from competition, for subsidies, to devalue the currency, and for a host of other protections, and as globalization and European integration have gone forward, some of these protections have been dismantled. The fact that the country has not adapted well to this new economic openness and competition does not fit very well with the idea that a weak national identity makes the country more open and flexible towards globalization.

The other problem is theoretical. What exactly do scholars mean when they divide groups into those with “strong” and “weak” forms of national identity? It is clear that radical-right wing parties across Europe have “strong” national identities that are exclusivist and ethnic based, and hence are hostile to outsiders. But the vast majority of Italians (and Europeans) do not fall into this category, and these majorities feel a strong sense of belongingness to their nations. Moreover, among this latter category that constitutes the majority, national identity has different meanings among different actors. Within this group that forms the majority, there is much variation, not only in how their belongingness to the nation is perceived, but also in how they perceive the relationship between their nation and Europe. The division of groups into those with
“strong” or “weak” forms of identity does little to help explain the qualitative and quantitative character of these variations in perception. To do that, we need to identify the precise way that different actors construct, not only their nation, but also the relationship between their nation and Europe.

The next batch of constructivist-informed literature focuses on how discourses that are diffused in the form of symbols, ideas, and beliefs become interpretive schemes through which European integration initiatives are evaluated. These discourses make some preferences more likely than others because of the intellectual climate that they produce. Discourses legitimate some options and delegitimize others, emphasize some information and disguise other facts, define some objectives to the exclusion of others, and so on. This is the framework that McNamara (1998) uses in her study of the adoption of the European Monetary Union. She first rejects the interest-based approach, arguing that the low level of information, even among elites, precluded the kinds of rational and calculated appraisals of costs and benefits that this rational choice model depicts. She then points to the failure of previous discourses, in particular, the Keynesian framework that policymakers discarded after the oil crisis. The failure of this discourse created the conditions for a new discourse: the neo-liberal and monetarist paradigm of low inflation, low deficits, and more faith in the market’s capacity to produce growth and employment. But for McNamara, this discourse by itself did not have causal force; rather, it was German power and influence that made it influential. Germany’s economic success together with its endorsement of the neo-liberal and monetarist paradigm induced “policy emulation” on the part of other countries, which culminated in the acceptance of the EMU, which was a kind of institutionalization of the German model.
Jabko (2006) also looks at the discourses that dominated the intellectual climate in Europe before the adoption of EMU. Like McNamara, Jabko highlights how the huge costs and uncertainties of EMU make it hard to argue that this policy was legitimized by, and a function of, a rigorous cost-benefit analysis. But, in contrast to McNamara, he makes the distinction between the discourses as they appeared and how they were understood by a range of actors. The key discourse was the “market”, and it was promulgated by the Commission in a deliberately ambiguous way in order to create the coalition necessary to establish EMU. For some, the promotion of the “market” meant the promotion of the neoliberal austerity that McNamara identified above; for others, it meant the unity to consolidate Europe’s social market economy; and still for others it meant the strength that was necessary for the continent to face the competitive pressures of economic globalization. Jabko calls this “strategic constructivism”: discourses have causal significance only because they are tools and resources that the Commission used to strategically promote its agenda. The Commission adopted this strategy because relying on arguments that were based on material, economic interests would not have produced the consensus that was a *sine qua non* of EMU. Arguments based on material, economic interests would not have convinced many actors because a) there were just as many economic arguments opposed to EMU as there were in favour, and b) it would not have convinced the actors who viewed EMU through the lens of European unity and strength, or Europe’s famed social model, for whom capital accumulation and economic growth were either not important or only important as a means towards other goals.

Work by Risse echoes that of the previous two authors (Risse 2003; Risse 2001; Risse et al. 1999). He first challenges the notion that EMU emerged from a rational and calculated appraisal of the concrete costs and benefits of this policy. On the basis of a sober and rational
appraisal of the concrete costs and benefits, there were just as many arguments against EMU as there were in favour. Indeed, hundreds of economists in Germany published a letter against EMU, arguing, correctly it turns out, that EMU would incentivize reckless behaviour and force Germany to eventually bail out countries that spent beyond their means (Risse 1999, p. 150) (one is struck by how prescient they were). Therefore, Risse argues, we must look at how national identities, and not economic interests, explain the variation in attitudes towards EMU. He differs from McNamara in that the discourses that he argues are relevant to this case are national, not economic, in character. And he shares both McNamara’s and Jabko’s belief that ideas and discourses by themselves do not have causal significance. Both Risse and Jabko argue that discourses only have significance to the extent that they are strategic resources used by elites to promote their aims. Whereas for Jabko these elites were the individuals in the Commission, for Risse they are national elites that make use of nationally specific narratives and discourses. For example, in Germany, elites utilized the narrative that has been used to legitimize European integration from the beginning: the atrocities and destructiveness of Nazi Germany meant that the country had a moral obligation to tie itself to Europe. In the UK, elites used the narrative of Europe’s “otherness” to oppose the nations’ adoption of the euro. In France, the narrative of Europe as France writ large was the legitimizing factor. And in Italy, the widespread lack of confidence in national institutions and high amount of confidence in European institutions was the dominant legitimizing discourse.
Analysis

For the case study under review in this dissertation, these constructivist accounts of EMU have both strengths and weaknesses. First I will address the former. As all three point out, material economic interest-based accounts do not explain the adoption of EMU very well. In fact one could persuasively argue that, based on economic interest alone, EMU would not have been a viable policy. Indeed, one is struck by the fact that many of the criticisms of EMU before it was adopted—that it would incentivize reckless behaviour, that it would force Germany to bail-out these countries, that it would make many countries uncompetitive and hence reduce growth—have come to pass, while the arguments in favour—that the lowering of interest rates and transaction costs would produce growth, that the Stability and Growth pact would ensure discipline—have not come to pass for most of the countries, especially in the periphery.

Another positive contribution is that, unlike the “weak” identity thesis, it recognizes the existence of multiple narratives that are present in political communities and that filter, guide, and interpret attitudes towards European integration. However, although Risse highlights five different narratives, most of the others focus on only the dominant narrative, mentioning the alternatives only in their oppositional function; that is, the way that the excluded or delegitimizized narrative contrasts with the included and legitimate one. In addition, most of these scholars rely on Eurobarometer polls to make inferences about the masses’ receptiveness to these elite-created narratives; but these polls do not allow a detailed analysis of the cognitive schemes of these masses. Analyzing these cognitive schemes is essential to determine the extent to which, and in what way, these discourses influence the masses. Another strength of this approach is that it recognizes, with varying degrees of emphasis, the important differences
between elites and non-elites. Elites are the ones who invent, promulgate, and promote the said discourses, while non-elites are the receivers of them. But, as will be shown below, the nexus between elites and non-elites is much more nuanced and interesting, particularly in Italy. It is true that elites and non-elites shared some attitudes towards European integration, such as the wish to escape the country’s problems, an attitude which translates into the wish to transfer sovereignty to Europe. The data that supports this, which has been presented in a multiplicity of secondary sources, comes from the Eurobarometer surveys which highlight an inverse relationship between trust in domestic institutions and support for Europe (Martino & Stefanazzi 1995; Risse 2003). This argument found plenty of support in the interviews that I conducted in 2010. But there are nonetheless different patterns and logics between elites and non-elites. Non-elites’ cognitive schemes towards European integration are conditioned by other variables, and hence they are not simply passive receivers of these elite-created discourses.

Another strength is that all recognize that ideas, by themselves, do not explain the outcome, and that therefore we must look at how ideas interacted with other variables. For McNamara, ideas interacted with German economic power and success, inducing a kind of policy emulation across Europe. For Jabko, ideas were strategic resources used by the Commission to produce the consensus that was necessary for EMU to happen. For Risse, ideas were strategic resources of elites who selectively used the repository of narratives that were embedded in national identities to promote their aims. In this sense, Jabko and Risse appear to find a compromise between rational choice and constructivism by decoupling the former from the materialist-based accounts with which it is ontologically associated in the literature. For them, actors are indeed rational, but this rationality is not reducible to the maximization of material-based economic gain or utility. Rather, actors have political goals that are rooted in
their vision of European order, a vision that often minimizes or ignores the actual, concrete costs and benefits that are involved. To promote this vision, actors utilize discourses, narratives, and ideas in a way that maximizes their probability of achieving this political goal. Thus the actor is calculating, instrumental, and goal-driven, but the content of these appraisals does not necessarily correspond with the actual material facts of the case; it is made up of ideas that are rooted in discourses, narratives, and identities that constitute the actors’ visions of political order.

Now, the weaknesses of this approach will be addressed. First, if we define as “rational” any behaviour that is goal-driven and instrumental, it becomes difficult to see what might be non-rational, since all or most political and economic behaviour is goal-driven and instrumental. Therefore, the attempt by Jabko and Risse to find a compromise between rational choice and constructivism raises the problems with the thin-version of rational choice that were mentioned above, namely, that without the assumption of the maximization of objective material interests, there is little substantive difference between interpretativism and rationalism. This makes it difficult to generate a real debate between the two, which would run counter to the goal of theory construction. Second, both McNamara and Jabko rely exclusively on elites, both theoretically and empirically. The main actors for McNamara are the epistemic communities that provided the new framework in the aftermath of the perceived failure of Keynesianism, and the high-level bureaucrats and officials, both national and supranational, that translated these ideas into policy. Her sources are elite statements, as expressed in their publications or public speaking, and interviews with selected elites. The same can be said, mutatis mutandis, about Jabko. The key actors for him are the Commission, which promulgated the ideas, and national public officials, which received the ideas and translated them into policy. His sources are interviews with high-
level officials in the Commission and high-level national officials in strategically important countries, like Germany and France. But this approach does not shed light on the extent to which, if at all, the discourses that they focus on permeated the masses and conditioned their support or opposition, and this is not insignificant when we take account of the fact that the support of the masses was a necessary element in implementing the Maastricht criteria. In particular, it is highly doubtful that the masses, especially in Italy, supported EMU because of their belief that Keynesianism no longer worked and that a neo-liberal paradigm was the solution. My own findings, which will be presented in the following chapters, highlight that not one non-elite member mentioned this discourse.

It is more plausible that Jabko’s discourse of the “market” permeated significant numbers of non-elites, especially in light of the fact this idea of the market was deliberately ambiguous in order to allow different actors to interpret it in a way that was coterminous with their disparate, even contradictory, visions on European order. One of the interpretations of the “market” that Jabko identifies, for example, is the idea that EMU was necessary to unify the continent and that only through this unity could Europe address the new challenges posed by the era of globalization. In my sample, there were many individuals, both non-elites and elites, who conveyed some variant of this idea, which suggests that this narrative was widely held. But among the masses, this was only one discourse out of many; and there were other discourses that were prevalent among the masses that are not accounted for in Jabko’s model. The main one, which will be elaborated in the chapters that follow, is the wish for Italy to be equal with Europe’s top-tier countries; and this wish for equality became a theory that EMU would have the effect of conferring equality to Italy. This idea of equality, incidentally, was interpreted in
different ways by different actors, which is consistent with Jabko’s argument that the “market” was interpreted differently, depending on the actor’s vision of political order.

Unlike McNamara and Jabko, Risse does investigate the discourses that are present among the masses. Since the narratives he identifies are embedded within national identities, he explores these national identities with two key sources: Eurobarometer polls, and secondary sources that have highlighted the nationally distinct narratives that people now take for granted (i.e. Germany and its Nazi past, Britain and its distrust of the continent, France and its illusions of grandeur and leadership, Italy and its distrust of national institutions and adulation of European ones). Apropos the case of Italy, he cites the widely used Eurobarometer poll that shows a strong negative correlation between confidence in national institutions and European institutions, which supports the near consensus that the Italian masses were in favour of EMU to escape their perceived national inadequacies (Risse 2003, p. 497). I found substantial evidence for this in the findings that will be presented in the following chapters. But in positing that this is a function of Italian identity, as Risse does, there is the risk of excessively homogenizing the masses (which is a risk that all identity-based accounts are prone to). My findings show that there were many other reasons for support, and that these different reasons tended to correlate with different categories of individuals, in particular, those on the centre-right or centre-left, different professions, genders, and, most importantly, elites and non-elites, which, as I will show, differed in both form and content in their support for EMU. Moreover, although Eurobarometer data gives us a good picture of the public’s attitudes, it is less effective in probing deeper into actors’ interpretive schemes (Checkel and Katzenstein 2009, p. 10). To do this often requires ethnographic research and semi-structured interviews that are time-consuming
to conduct and to code; the time-consuming character of these kinds of interviews is often in tension with the generalizability that Eurobarometer polls prioritize.

Italian Interpretations of the Euro

I will now address the constructivist literature that is focused only on Italy. One of the main ways in which scholars explain Italy’s well-known traditional European enthusiasm is by identifying some major statements written by some of the country’s most influential intellectuals. The assumption seems to be that the ideas of intellectuals are what constitute, codify, and express a nation’s identity (which is a very defensible assumption), and hence they are appropriate sources of evidence to identify and measure this identity. In Italy, among the main intellectuals who are cited are Spinelli, Albertini, and Einaudi, all of whom were important theorists who helped to create and promulgate the vision of a united, federal Europe (Padoa-Schioppa 2001; Triandafyllidou 2005; Malmborg 2002).

These scholars also tend to look at some of the elements of Italian history to explain Italy’s European enthusiasm. Malbourg (2002) argues that European integration rests on key elements of Christian civilization: the search for community and striving for progress towards an unattainable goal across the entire continent. In this sense, he argues, it is a form of secularized Catholicism that fits with the influence of the Catholic Church on Italian culture. The late Italian economist and former minister of finance Padoa-Schioppa (2001), one of the key architects of the EMU and a devoted believer in the European project, argued that it is impossible to understand Italian attitudes towards Europe without referring to the mix of Roman civilization, Western Christianity, and Renaissance thought that emerged on the peninsula and that
constituted much of Western culture. The distinguishing feature of all three of these influences is that they are universal in character and in scope; and the European project, in the minds of many Italians, is also universal, an attempt to spread and apply values and principles that are eternal and applicable to all peoples. This explains, it is said, why Italy was a fervent supporter of Spain’s, Portugal’s, and Greece’s accession to the European common market despite the fact that these countries competed with Italy in world markets. Italy’s scant attention to the actual costs of European integration results from the universal principles mentioned above that are embedded into its national identity.

These methods of analysis rely on a deep intimate knowledge of the country, in the intellectual sense, and hence they make assertions about the identity of a group without the standard use of polls or other sources that can measure and verify the identity in question. Although these techniques may make some positivists cringe, one should not underestimate their significance. There are some aspects of a nation’s identity that are not reducible to quantification. This is one of the reasons why some scholars reject outright the use of surveys to measure identity (Smith 1992, p. 57), and instead endorse the identification of symbols that are present in literature, in the media, in the taken-for-granted ways of expression, in the everydayness of the individuals that comprise the group. A national identity can be present even though large samples of individuals may respond to surveys in ways that are not coterminous with the identity in question (ibid, p. 59). An identity is not the sum of individual beliefs; it is rooted in that amorphous realm of intersubjectivity that influences and is influenced by, but is not reducible to, individuals’ beliefs. Concretely, many Italians, especially the uneducated ones, may be unaware of how the universal aspects of the Roman Empire, the Catholic Church, and the Renaissance have influenced their pro-Europeanism; but this lack of awareness does not mean
that this influence is absent. More often, it is elite spokespersons like Padoa-Schioppa who have the intellectual tools to draw these links, and hence they are the true interpreters and repositories of a nation’s identity.

This is a convincing argument, because there can be no doubt that some elements of a nation’s identity are not reducible to the quantifiable responses that are given to the surveys that positivists endorse. But this is not the only way to identify a nation’s identity. If we presume, as I and others do, that actors are influenced by the idiosyncratic features of the national group to which they belong, then we should be able to identify this influence in a measurable and verifiable way. It is true that surveys do not capture some aspects of a nation’s identity, but we cannot conclude on this basis that they are useless technique for research on identity. As the following chapters will show, the results of the interviews conducted highlight that people do respond in ways that express features of Italian identity, and that these expressions can be coded, measured, and tested. Moreover, by complementing interviews with other sources that contain the symbols that can only be found in the realm of intersubjectivity, one can help to compensate for the shortcomings of survey research. This is precisely the reason why this dissertation will also utilize two key media sources: newspapers, and television talk shows that discussed EMU.

Now I will discuss another group of constructivist scholars that focus only on Italy. According to Giuliani (2001), in Italian discourse Europeanization has two key meanings. The first meaning refers to the ways in which increasing integration impacts domestic institutions. This meaning is found mostly in the specialized literature and is relatively marginal in mainstream discourse. The second meaning of Europeanization connotes “normalization”, the idealization of foreign countries (read Europe’s elite countries). A generic reference to other European countries is a device to normatively legitimize many different, even contradictory,
policies, such as tax cuts and spending increases. This reference to a generic and hypothetical normative European standard is uncontested, taken for granted, part of the general Zeitgeist, and is used as a rhetorical device by most major political parties who could not agree on much else to legitimize their policy proposals (Fabbrini 2003). This is the dominant discourse that is crucial in understanding Italians’ European enthusiasm. But for Giuliani, this discourse is not enough to explain the major success of entering EMU. For that, we must look to epistemic communities that emerged in the nineties. It was this constellation of actors—experts, academic consultants, technocrats, think-tank specialists—that were the brokers of the monetarist ideas that ensured the implementation of the Maastricht criteria.

This focus on epistemic communities is echoed by Radaelli, who investigates how “networks of expertise” were instrumental in implementing the Maastricht criteria (Radaelli 1998). The way in which these networks of expertise create “paradigms” is assessed because these paradigms establish the normative contours of public policy. For many public policy areas, there are competing paradigms among competing groups of intellectuals who try to influence policy. But in the nineties, there was a striking convergence around the monetarist principles that were embodied in Maastricht. There was a consensus among economists in elite universities and the Bank of Italy that in order to institutionalize sound public finance, Italy had to enter EMU (this consensus is confirmed by my interviews with dozens of economists in Italy). Because one paradigm became dominant, counter-discourses were not seriously considered, which explains why in Italy many perceive that there was no real debate about the merits of entering EMU (Qualgia 2004). Even the idea of, heaven forbid, being excluded from EMU in the first round was met with ridicule, disbelief, or even anger. To understand how this paradigm became dominant, according to Radaelli, we need to look at this constellation of intellectuals who act as
a kind of conveyer belt of ideas from the Commission, academia, and think-tanks to the realm of public policy.

In other work, Radaelli puts more of a focus on the content of the discourses that were present in the political debate in the late nineties (Radaelli 2002). One of the most curious features of these discourses was the way that EMU was conflated with the EU, which created the widespread belief that if Italy did not enter the former, it would be excluded from the latter. Entering EMU in the first round was often expressed as the need to “entrare in Europa” (enter Europe), which implied—incorrectly—that if Italy did not enter EMU in the first round, it would be excluded from Europe (this observation is confirmed by all my sources—interviews, newspaper articles, and talk-shows). EMU was dramatized in other curious—some might say amusing—ways. It was not uncommon for EMU to be framed as “Europe or death”, as if not entering the first round would have entailed the destruction of the country (Radaelli 1998). It is these kinds of discourses that explain the instructive example of Bertinotti mentioned by Sbragia (2001). Bertinotti was the leader of Rifondazione Comunista (RC), one of the only parties that were critical of EMU. When RC did not support Prodi’s budget cuts that were necessary to satisfy the Maastricht criteria, the government fell and this threatened Italy’s goal to enter in the first round. The reaction to RC was outright hostility, even from individuals who might otherwise support the party. Crowds booed Bertinotti, he was harshly criticized by left-wing newspapers, and RC headquarters was flooded with messages demanding a change of course. Consequently, Bertinotti compromised with Prodi.

This is evidence, Sbragia persuasively argues, that much Italian support for EMU was not rooted in the wish for lower interest rates and transaction costs. Rather, this disproportionate reaction derives from what Bertinotti represented when he placed an obstacle to Italy’s entering
EMU: a threat to the country’s belongingness status in Europe. She focuses on another key aspect of the discourse in the nineties: that of “inclusion” (ibid p. 94). This need to be included emerges from a sense of Italians’ belongingness in Europe that transcends an evaluation of the concrete costs of integration. It describes why reformers who worked to implement the Maastricht criteria had more credibility than others who questioned these criteria, who were silenced or ignored.

This focus on both the epistemic communities and the discourses that were present in the nineties finds much support from the findings of my field work. Radaelli’s and Giuliani’s arguments on the role of these epistemic communities will therefore not be contested in this dissertation. Rather, the findings that will be presented are complementary to their work. The same can be said, mutatis mutandis, about the three authors’ arguments on the role of discourses: Giuliani’s focus on how Europeanization embodied ideas of normalization and the idealization of other European countries; Radaelli’s account of how EMU was dramatized by depicting the alternatives as either exclusion from Europe or the destruction of the country; Sbragia’s argument about the discourse of “inclusion”, which was rooted in a deep feeling of belongingness to Europe. All these observations and arguments are amply accounted for in the findings of my own research. My differences with them are more empirical than they are theoretical. All of these authors rely primarily on the statements and publications of elites. Their sources for the masses are the Eurobarometer surveys which testify to Italians’ European enthusiasm during the late nineties, when public support for EMU reached 85%. But, as was argued above, there are limits to these sources of evidence. They do not allow us to systematically test for the different kinds of support among different categories of individuals,
nor do they allow us to probe deeply into the cognitive schemes of the masses to explore the extent to which, or in what way, these elite-created discourses percolate into the masses.

Diversity in Discourse

The research that will be presented in the following chapters most closely resembles the final category of constructivist oriented literature that will now be discussed. This research goes beyond identifying dominant discourses by identifying qualitatively distinct discourses that correlate with qualitatively distinct forms of support for Europe. Della Porta and Caiani (2007), for example, highlight three key ways in which Europe is framed in Italy: market Europe, political Europe, and social Europe. The centre-right tends to display the first frame, because in their vision of a unified Europe the free market has a central role. Therefore, their support is conditioned by the extent to which European integration produces free trade, labour mobility, and broader liberalization (one must be sceptical of this free market rhetoric on the centre-right, since some of the biggest protectionists are in the centre-right Lega Nord and Forza Italia). The second frame, political Europe, refers to the federalist vision of Europe, and is more prevalent on the centre-left. Their support for integrationist initiatives is conditioned by whether these initiatives bring closer the dream of a unified continent, and not by the concrete economic costs and benefits of integration. This relative indifference to the concrete costs and benefits leads the writers to label it identity-based, while the centre-right’s interpretive frame, which ostensibly takes account of these concrete costs and benefits, is more utilitarian based. The last frame, social Europe, is an emerging critique on the part of some actors on the left that Europe is too focused on the market and not enough on social issues; but on the left this frame is marginal
compared to the political Europe frame. These authors’ sources for these frames are major newspapers and interviews with journalists; they assume, and do not verify, the presence of these frames among the masses.

In his investigation of the variation in attitudes towards Europe among Italian political parties, Conti also identifies important differences in the interpretive frames present among those on the centre-left and centre-right (Conti 2009). For left-wing parties, Europe is good in the absolute, unconditional, and total sense. It is a necessary agent for the modernization and political stability of the country. For the centre-right, there is an emphasis on free trade and broader liberalization. Unlike the centre-left, the centre-right is sensitive to the actual costs of European integration, and hence their support is more critical and lukewarm. For them, there are limits to what Europe should do, and one of these limits is the Italian national interest. This is in stark contrast with the centre-left, which typically does not distinguish, at least in rhetoric, between Italian and European interests; they are one and the same. In this sense, on the left there is clearly a stronger feeling of belongingness and identity where Europe is concerned. The only parties that are truly and coherently critical of Europe are the extremist parties: RC on the left, and the Lega on the right. The sources for these arguments are exclusively the political party platforms of Italy’s major parties.

These key differences in the interpretive frames of the centre-right and centre-left have also been identified by other scholars. Depending on the scholar, these differences have been variously framed as “affective” and “utilitarian” (Ammendola & Isernia 2005, p. 133), or, inspired by Easton’s (1975) famous framework of political attitudes, “specific” or ”diffuse”, or “functional” and “identity” (Frachiolla 2010; Conti 2005). These frames are distinguished by their evaluative character: utilitarian and functional frames evaluate on the basis of what Europe
does, while affective and identity evaluate on the basis of what Europe is or represents. Similar to the scholars previously mentioned, these authors find that the centre-right is more associated with the former, while the centre-left is more associated with the latter. Also, there are important differences between elites and non-elites. For parliamentarians, for example, EMU was interpreted as an agent of economic growth, increased prestige in Europe, and social and economic equality, while there was also a recognition that this would come at the cost of the loss of sovereignty (Bellucci 2005, p. 194). Meanwhile, many members of the masses associated with EMU things that have nothing to do with this policy, such as a solution the problems of organized crime, corruption, and a deficient political class (Isernia 2005, p. 237), suggesting that non-elites were less rational than elites in their interpretations of EMU. This comports with the many scholars who have observed the shockingly low level of knowledge that the Italian masses had about EMU and the EU (Giuliani & Piattoni 2001). Lastly, age and gender do not appear to influence the character and level of support for Europe (Niedermeyer 1995, p. 94).

As with the preceding category of constructivist scholarship, my differences with Della Porta and Caiani, Conti, and Fracchiola are more empirical than they are theoretical. The differences in interpretive frames between the centre-left and centre-right outlined by them are amply accounted for in my findings. But while Della Porta and Caiani, as well as Fracchiola, base their arguments on semi-structured interviews with journalists, Euro-barometer polls, and newspaper articles, and while Conti’s arguments are based exclusively on political party platforms, my findings are largely based on 253 semi-structured interviews that will allow me to systematically compare the interpretive schemas of elites and non-elites; this will allow me to hypothesize the extent to which, and in what way, the discourses of elites percolate to the masses. In this sense, my work closely resembles Isernia’s. But it goes further than that, because
I will challenge the implication of Isernia’s argument, namely that less knowledge is associated with less rationality. I will argue that elites, despite their higher level of knowledge, were more prone to the logic of identity in their interpretive schemes than were non-elites. Also, this thesis identifies a significant variation in the interpretive frames within the non-elite part of the sample. The division between centre-right and centre-left is one of the most significant determinants of the observably different interpretive frames. But there are also differences among different professions, regions and, to a lesser extent, economic-sectors and genders. Then there are the individuals who have such a low level of knowledge that EMU has no meaning at all, other than the concrete existence of a new paper bills and coins with which to go shopping. They do not fit easily into any of the cognitive schemes highlighted by other scholars or myself, but this does not mean that they should be excluded from the analysis. Furthermore, unlike all the scholars mentioned on the previous page, I aim to establish the causal processes that link discourse, cognition, affect, and preference formation. My semi-structured interviews with elites and non-elites will permit me to test for these processes in a way that Eurobarometer polls and elite sources could not. After identifying these causal processes, the dissertation proceeds to explore the implications of Italian political discourse about the euro for Italy’s relegation to second-class status in Europe, arguing that these discourses obscured the domestic sources of this percieved second-class status; this represents another novel contribution to the literature on Italy and the euro. Lastly, unlike other constructivist-oriented students of Italy and the euro, this thesis systematically compares the national approaches of Italy and the UK towards the common currency.
Summary and conclusion

This literature review has not been exhaustive, because EMU has spawned a huge amount of literature in many different disciplines, making it unfeasible to account for all of it. But it has addressed the key literatures that are relevant to the findings that will be presented in the following chapters. Within political science, EMU has been investigated from the elite focused, institutionalist, and political economy perspectives. It is instructive that despite their differences in theoretical focus, all these perspectives mention the importance of public opinion in the adoption of EMU, although with varying degrees of importance. The next chapter will theorize the cognitive and affective mechanisms that link discourse to preferences. These mechanisms are social comparisons, stereotypes, implicit theorizing, and the emotional salience attached to the ideas that emerge from these processes. The next chapter will outline in detail this theoretical framework.
Chapter 3
Theoretical Framework

This chapter will be organized in the following way. First, I will present the basic outlines of IR constructivist theory, and highlight the ways that it differs from the constructivist arguments presented in this thesis. As will be elaborated below, constructivists assert the importance of cognition in understanding human behaviour, but often without a detailed elaboration on the content of this cognition. This thesis emphasizes that the content of this cognition is essential to understanding interpretations and preferences for EMU, and will rely on literatures outside political science to theorize the links between cognition and human action. Second, the relevant literature and concepts from social psychology will be addressed, with a focus on how scholars in this field have theorized the character of intergroup relations. I will then address the literature that looks at the role of affect in influencing motivation and preference formation. It will be shown that both social psychologists and behavioural economists possess concepts on the role of affect and preference formation with much explanatory value. Subsequently there will be a discussion of the insights of cognitive anthropology, and how it theorizes the link between culture and cognition. After addressing these literatures, the key concepts will be integrated into a theory that will be the framework through which Italy’s entering EMU, and Italian-European relations in the period roughly between 1994 and 2004, will be interpreted.

At the most basic level, constructivists do what is implied by the name of their theory: they identify how actors “construct” political objects and assume that human action is a function of these constructs. Ideas and identities have a central role in the theory. They are held intersubjectively and cognitively, constituting both political reality and political preferences. Actors have goals, interests, and desires, but all are constituted by ideas and identities (Wendt 1993; Wendt 1994; Wendt and Fearon 2002). That ideas and identities are sequentially and temporally
prior to material interests perhaps is the contention that underlies the main dispute with the interest-based arguments that assume the reverse.

The framework adopted in this thesis differs in several respects from this model. First, as mentioned in the previous chapter, this thesis rejects Wendt’s rump materialism, whereby ideas determine outcomes “all the way down” with a few exceptions, namely, where there is brute force, technological superiority, or the constraints of human nature (e.g., biological reproduction). Rather, this thesis sustains that it is preferable to preserve the traditional model of rational choice, with its assumption of the drive to maximize material—political or economic—well-being, while possessing the capacity to draw empirically defensible links between ends (or interests) and the means to achieve them. This would constitute a materialist explanation that competes with interpretivist accounts of human behaviour. Other conceptualizations of rational choice, like the purely subjectivist model endorsed by Wendt, whereby all goal-driven and instrumental behaviour is rational, generate predictions that have little substantive difference with interpretivism and hence will be rejected. Second, the unit of analysis for Wendt’s model is the state. In contrast, this thesis focuses on individuals, some of whom are members of the corporate body of the state, others of whom belong to important groups who influence state behaviour. The assumption in this thesis is that inter-state behaviour has a domestic basis, in the sense that states are constrained by the beliefs, desires, and emotions of the individuals who constitute the polity; as mentioned in the previous chapter, it is unlikely that Italian policymakers would have been able to implement the painful reforms required to enter EMU without the support of the majority of Italians. Wendt (1999) accepts the assumption that foreign policy has a domestic basis, incidentally, although he does not elaborate on the mechanisms, nor does he address the potential contradiction with his argument that identities that arise out of interaction
in the state-system determine political outcomes. Granted, both can be true, depending on the circumstances, although Wendt’s model does not provide us with a systematic attempt to explain the kinds of cases where domestic variables or inter-state interaction may be more determinative. Third, constructivist scholars (Leander and Guzzini 2005) have recognized that the lack of attention to language and discourse is one of the shortcomings in Wendt’s work. The present writer agrees and argues that language and discourse are crucial empirical links between ideas and human action. Accordingly, the arguments in this work will be based on an interpretive recovery of meaning embedded in debates on the euro, in both Italy and the UK.

Another difference is the role that is given to cognition and identities. In Wendt’s model, the stuff of cognition is “inter-subjective knowledge” and “theories that actors use to understand the world” (Wendt 1992). These, in turn, are the result of inter-state interaction and practice. Formulaically, Wendt’s causal chain starts from state practice and interaction, and goes to cognition and identity, and then to state behaviour. This thesis does not account for the independent role of inter-state behaviour in the constitution of cognition and identity. Rather, the focus is on the way that national identity is filtered through cognition, which leads to preferences for a policy to the exclusion of other, equally plausible, policies. Lastly, this thesis assumes that inter-subjective knowledge and “theories in actors’ heads” represent an incomplete picture of cognition. To complete the picture in explaining human behaviour, I assert that affect has a central role. Other scholars have recognized the lack of focus on affect as a serious shortcoming of Wendt’s constructivism (Ross 2006). This is especially the case in light of the fact that ideas that constitute motivation and political and social reality are highly imbued with emotion, often unconsciously (Ross 2006, p. 214). Accordingly, affect will be a central element in both the theoretical framework and empirical investigation.
Most of the differences arise, in part, from the different objectives of Wendt and myself. The former aims to establish a systemic theory of IR; the scope of this thesis is not as grand. It is rather to explain how identity and ideas influenced the national approaches to the euro in Italy and, to a lesser extent, in the UK. The aim is to show how individuals and groups, some of which are part of the corporate body of the state, and others of which influence state behaviour through the democratic process, construct political objects in the international system (i.e., the euro) and then behave towards these objects. In this sense, the work here is closer to a model of foreign policy than of inter-state behaviour. Both Wendt (1999) and Waltz (1998) agree that theories of foreign policy and the state-system are of different species that require different focuses, although both obviously have implications for each other.

Social psychology and international relations

To understand the character of inter-state relations from the perspective of social psychology, we need to first understand how actors construct their nations, how they give content and meaning and substance to them. These constructions take the form of collective representations that are widely, but not universally, held and accepted, often totally uncritically. The scholar uses the word “representation” because there is an assumption that these representations do not necessarily correspond with reality. But for the actor, these representations are real and objective and, as such, they influence his attitudes, as a member of a group, towards other social aggregates.

One of the key insights of social identity theory is that these constructions are intrinsically rooted in intergroup comparisons more than objective properties of the group (Taijfel 1978; Abrams & Hogg 2004). There are many dimensions to these intergroup
comparisons, but a key dimension is hierarchy of status or condition. In this dimension, a large number of actors within a group typically perceive their group as superior, equal, or inferior in relation to other key groups (Horowitz 1985). Whether large numbers of actors within the group perceive themselves in one or the other of these categories depends heavily on stereotypes that are perceived as real and objective. Actors rely on stereotypes because they are simplified versions of reality that help to economize and organize information (Ross 1995). They make a complex and contradictory world comprehensible and coherent (Lippman 1998). They produce certainty and hence reduce the cognitive discomfort of uncertainty (Hale 2004). These stereotypes are generalized towards both the ingroup and other social aggregates. They are central in making groups feel like real, coherent, and substantial entities. Social psychologists have labelled this phenomenon of stereotypes making groups feel real and coherent “entatitivity” (Castano 2002; Hamilton 1994, p. 224). Entatitivity is an essential condition for the perception that one’s group has the status of inferior, equal, or superior to other groups. If one’s group did not feel like a real, bounded, and coherent entity, it would make little sense to apply one of these labels to it.

The status that one ascribes to one’s group will influence intergroup behaviour. If one’s group is perceived to be on the low end of the hierarchy, there will be motivation among a large number of actors within the group to obtain the status of equality (Turner and Reynolds 2004). This need for equal status becomes activated by certain “events” that make intergroup comparisons, and in-group construction, salient (for the role of events, see Brubaker 1996, p. 19). Certain events evoke entatitivity and hence make collective representations psychologically operative. Events can be a threat to one’s relative status, or an opportunity to increase the group’s relative status, or a combination of both (Sorrentino and Yamaguchi 2008). They are

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6 Although Horowitz uses the relative status framework to explain group conflict in divided societies.
occasions when intergroup comparisons and the group’s relative status are widely discussed in newspapers, on TV, in workplaces, in households, and at the local bar.

European integration initiatives can be understood as one of these events that make collective representations salient and psychologically operative (Berezin 2009). When integration initiatives take place, they are often interpreted through the prism of the intergroup comparison dynamics mentioned above, and this is particularly the case for the masses, most of whom lack information about the substantive content of these initiatives (McLaren 2002). This lack of information is substituted by stereotypes about one’s group and larger social aggregates like the EU which are often only loosely, if at all, related to the substantive content of the event. When one’s group is on the low end of the hierarchy of groups, integration is interpreted by many actors to be a way to secure equality with elite-groups. This perception of equality is interpreted in various ways, which explains why many individuals who disagree on most things might agree that integration or inclusion is essential to achieve equality. For some, this equality principally means economic growth and opportunity, for others mainly better political and democratic institutions, and for others, it is understood as a way to improve the culture and civic attitudes of the group. But despite these different conceptions of equality, large numbers of actors who constitute members of the group at the low end of this hierarchy agree that integration is a way to promote it.

Intergroup comparisons during integration events do not emerge from cold, calculating reason; they are propelled by the affective properties of the ideas that constitute these intergroup comparisons (Baumeister 2007). These associations between ideas and affect activate approach or avoid tendencies: if the event induces positive affect, actors are inclined to accept or approach it; if it induces negative affect, they reject or avoid it (Slovic et al. 2002). In addition, much
research has shown that affective associations with particular stimuli induce cognitive appraisals that depart from the standard rational calculator model (Kahneman 2003). In particular, in contexts which require decisions on complex issues and where information is low, when a stimulus is associated with positive affect, we tend to emphasize the benefits and minimize the costs. When a stimulus is associated with negative affect, we emphasize the costs and minimize the benefits (Alhakami & Slovic 1994). The risks and probabilities of particular outcomes are also skewed: stimuli associated with negative affect tend to be perceived as more risky than stimuli associated with positive affect (Slovic & Leichenstein 1968). And, finally, the data-filtering function of cognition is skewed: information that has strong affective associations—whether positive or negative—becomes salient while other information with weak affective associations is minimized (Baumeister et. al. 2007).

The affective dynamics of cognition are a necessary but insufficient part of the story, however. To identify the nexus between ideas and preferences, we must look at the implicit theorizing that is present in actors’ cognitive schemes (Abdelal et al. 2009 p. 7; Hewstone 1986, p. 53; Wendt 1992, p. 398). The propensity for actors to possess theories with which they make sense of the world has been extensively documented by psychologists. Depending on the literature, this dynamic has been labelled “causal attribution theory” (Fiske & Taylor 1984, p. 20), or “causal schematas” (ibid, p. 34). The stereotypes mentioned above that differentiate groups, give them substance, and place them on one point in a hierarchy rely, whether the actor is aware of it or not, on implicit theorizing. The notion that “Italians are like X” and “Germans are like Y” relies on a very selective set of criteria that the actor finds important. For some, the Germans are better because of their economic system; for others, because of their largely honest political class; and for others, because German people have a strong sense of the common good.
But then actors go further and posit specific reasons for the fact that “Italians are like X” and “Germans are like Y”. For some, Germans have a superior political class; for others, Germans have a superior culture; and for others, Germans are biologically superior to Southern European peoples. The actor may be totally unaware that his or her diagnosis of the problem rests, to paraphrase Keynes, on the suppositions of some defunct intellectual. But indeed it does. The way that intellectuals diagnose the problem, through time, percolates to the masses and becomes part of that taken for granted repository of ideas that constitutes culture.

These stereotypical distinctions between elite European countries and other countries on the lower end of this hierarchy are reinforced by a curious phenomenon that social psychologists have recognized: the tendency of people to exaggerate how much better others are doing, which leads them to exaggerate how badly they themselves are doing (Jordon 2011). In Italy, for example, often when you tell an Italian that you are from Germany, France, or one of the Anglo-Saxon countries, they will often look at you with a dreamy look in their eyes and respond: “how beautiful! You are so lucky!!” The reason is that they have constructed a stereotype of these countries that presumes a fully functioning state, good levels of equality, endless economic opportunity and social mobility, in sum, a kind of utopia where all of Italy’s perceived deficiencies are absent.

Implicit theorizing not only takes place in the diagnoses of the problem; it also takes place when actors construct solutions to their nation’s relatively lower status. In this element of cognitive processing, actors have goals vis-à-vis their groups: to increase the relative status or condition of their group vis-à-vis other, more advanced groups. These goals are instrumental, in the sense that they possess a means-end structure. For some, the change required to achieve the end of relative equality of status or condition is to change their country’s culture; for others, to
change or weaken their country’s corrupt political class; and for others, to create more opportunities for their country’s firms to export. The sources of these theories are those taken-for-granted ideas that were invented by elites that subsequently percolate to the masses and constitute a country’s culture. The ideas that are associated with Europe are crucial here. Europe is often associated with “modernity”, “normality”, “strength”, “freedom”—all concepts, not coincidentally, that are associated with Europe’s elite countries. For many Italians, there was the desire and hope that securing inclusion in Europe will promote these wonderful concepts in their country. But this desire and hope became the theory that securing inclusion in Europe would promote these concepts in their country.

Feelings of belongingness induce affect during European integration events. Belongingness has two dimensions in Italy: as an end in itself, or as a means to another end. Although for some actors, belonging to Europe is good in and of itself, for most actors, belongingness is a means towards equality of status or condition with elite European countries. For the large numbers of individuals who perceive Europe in belongingness terms, inclusion is associated with positive affect, while exclusion is associated with negative affect. By implication, events that threaten belongingness status will produce negative affect which will motivate action to secure belongingness. To the actor, the entity to which one wants to secure belongingness may be perceived as simply “liked” while the idea of not being included will be perceived as “disliked” (Hewstone 1986). These feelings of like and dislike propel the cognitive processing of intergroup comparisons during integration events. They are what help to make stereotypes and intergroup hierarchy seem real. They are what produce motivation among

groups at the low end of the perceived hierarchy to secure belongingness and equality. These emotional associations explain why ideas or arguments that suggested that belongingness was not all that important were received with disbelief, contempt, or even anger. The concrete costs and benefits of the actual event are either ignored or minimized because citizens lack the knowledge to address them; but even citizens with knowledge about the concrete costs and benefits largely ignore or minimize them because they do not have the affective associations that intergroup comparisons do. Concretely, very few actors get worked up about integration initiatives because, say, they can’t wait to pay lower interests rates on their mortgage, or because there will be lower transactions costs; but actors, especially in countries that are placed at the lower end of this hierarchy, do get worked up about the prospects of achieving equal status or condition with, say, Germany, Britain or France. For them, it just “feels right” that it would be good to be on equal terms with these elite countries, even if “equal terms” may be interpreted differently by different actors, and since belongingness is felt to be a means to achieve this equal status, it is imbued with significant affective associations.

This is where cognitive anthropology comes into the picture. This literature compels us to look beyond cognition to explore how ideas and beliefs that constitute culture shape this cognition (Andrade 1984; Rosaldo 1984). Cognitive anthropologists do not assume that culture and cognition are separate. They are interdependent, and constitutive of each other (Andrade & Strauss 1992). It is culture that explains why distinct political communities tend to share distinct cognitive schemes. Culture embodies those stereotypes about the character of groups and intergroup relations that become suffused with the two elements which, I argue, explain the nexus between culture, cognition and preference formation: implicit theorizing and affect. The stereotypes are analytical and normative, possessing within them implicit theories that describe
the problems of the group, the reasons for these problems, and the solutions to these problems. These problems are understood in terms of social comparisons with other groups that are on the higher end of the hierarchy of European nations. It is culture that constitutes the stereotypes of both the in-group and larger social aggregates (Ross 1995). It is culture that constitutes the goal of achieving equality of status or condition (Andrade & Strauss 1992). It is culture that constitutes the hope and desire that belonging to Europe will further the goal of equality of status or condition.

These ideas that are part of the nation’s culture suffuse the cognitive processes that are propelled by the affective properties of the stereotypes: The feeling of belongingness to Europe is also associated with positive affect, while a threat to this belongingness status is associated with negative affect. There was the hope that belongingness to Europe would lead to equal status or condition with Europe’s elite countries, and this hope became the theory that belonging to Europe would promote these changes. These cognitive processes become activated when “events” emerge that threaten the nations belongingness status. During these events, the stereotypes, intergroup comparisons, and implicit theories are widely discussed in the media and in myriad social settings. They are emotionally charged external stimuli that evoke fear and dread because the thought of exclusion entails a reduction in the group’s relative status and socioeconomic condition. These external stimuli evoke emotions that propel the cognitive appraisals that make the stereotypes and implicit theorizing seem unquestionably real. Although this causal chain starts with culture, then goes to the event, then to affect and implicit theorizing, in reality they influence and constitute each other; for the actor, external stimuli and internal cognition are perceived as a single, coherent, subjective impression.
And this single impression was perceived as the preference for Europe to the exclusion of other, equally or more plausible, policies. When this single impression was felt, there was little room for alternative views rooted in a more sober analysis of the concrete costs and benefits. Equally or even more plausible proposals—such as entering EMU in the second round rather than the first (Cobham 1999), or only entering after the necessary structural changes have been made—clash with the pressing desire to obtain equality, the affective properties of the need to belong, and the implicit theory that belongingness is an essential condition to achieve the equality of status or condition. In this sense, with these cognitive dynamics widely held, the widespread support for Italy’s entering EMU in the first round was inevitable. But there was also variation in the character of support, which will be elaborated below.

Application of framework to Italy and the Euro

This section of this chapter will elaborate on the theoretical framework above with a stronger focus on the case study of this dissertation. First, I will outline the idea of hierarchy and Italy’s place in it. This framework will be used to interpret key texts on Italian identity, highlighting the coherence and complementarities between my ideas and the observations of important Italian intellectuals. I will subsequently draw concrete links between this framework and the arguments that will be made in each of the following chapters of this dissertation.

Italian perceptions of Europe are complex and multidimensional, containing elements of both pride and shame. Regarding the former, Italians are proud of their role in the founding of Europe, and of the pivotal role of many Italian statesmen and intellectuals in uniting the continent to promote peace, prosperity, and prevent a recrudescence of the destructive
nationalisms that tore Europe apart in the 20th century. However, as the literature and primary data sources will show, among Italians there also exists an idea inferiority vis-à-vis many other European countries. In his study of Italian political discourse as expressed in key texts and elite commentary, Husseyne (2006, p. 20) discovered the salience of this perceived hierarchy and labeled it the “imaginary geography of modernity” (this concept is different from the hierarchy of status and influence in Europe; that will be expounded below). This idea is an interpretive framework that is intrinsically relational and creates a hierarchy of nations based on relative status and socioeconomic condition. On the basis of this discourse, Britain, France, and Germany are considered the “normal” countries, while Italy is considered an “abnormal” country (Husseyne 2006, p. 20). This interpretive framework is highly selective: it relies on some criteria and excludes others. It exaggerates the uniformity of each nation: evidence of familism or corruption in one of the “normal” countries is ignored, while all instances of familism or corruption in Italy are accentuated. It is simultaneously analytical and normative, diagnosing the disease and constituting the wish to cure it. And these social comparisons of national stereotypes are part of the country’s culture, its general Geist, that repository of taken-for-granted ideas within a political community that can usefully be labelled identity.

It is important to distinguish between a mental map of a hierarchy of that is perceived by Italians, and the hierarchy of actual status and influence that exists within Europe. The former can be measured by simply recording perceptions of Italians in the way they conceive of their nation vis-à-vis Europe’s elite countries, which will be done shortly. The second is more difficult because measuring a hierarchy of status and influence between nations requires different indicators. Nonetheless, this thesis sustains that in terms of status and influence in Europe, Italy
is a second-tier nation, and the evidence in support of this argument will be presented in chapter seven.

To give the reader a sense of this mental map of hierarchy that is perceived by Italians, here are a few expressions that were discovered in the sample of newspapers that was collected as part of the research for this thesis:

- In the next European summit, if our numbers are in order, we can imagine that rather than being treated like the messy and poor relative, relegated to the Seria B in Europe and nervous about others’ diffidence towards us, we can be the ones who are critical of others’ political economy (Repubblica 15/04/1996)
- Veltroni is delusional: in Europe, the only ones who count when it comes to deciding are France and Germany (Corriere della Sera 27/08/1996)
- Anzar refused the Italian proposal for a Mediterranean axis to pressure France and Germany to delay the Maastricht criteria. It is obvious here that Italy is in the “periphery”, while Anzar believes that Spain is part of the Seria A of a Europe governed by conservative governments in Bonn, Paris, and Madrid (Corriere della Sera 07/10/1996)
- Italians are Europeans only in words, not in behaviour (Corriere della Sera 05/02/1997)
- When I hear people insult Italy and Spain, when bankers describe them disdainfully as “countries of the Club Med”, I am horrified. For me Italy is Dante, Spain is Cervantes (Corriere della Sera 24/05/1997)
• Yesterday the Financial Times raised the “Italian question” for Europe. This is a subtle way of saying that there exists a “Club Med” and that Italy is a potentially big problem (Corriere della Sera 06/02/1997)

• There are fears that the countries of “Club Med” [which includes Italy] will not participate in the monetary union (Corriere della Sera 25/02/1997)

• There is an attempt to exclude [from the euro] the countries of the so-called Club Med: Italy, Spain, and Portugal (Corriere della Sera 18/08/1997)

• Italy’s dilemma is serious…if the German Chancellor accepts weak countries like Italy, he will lose votes (Corriere della Sera, 05/02/1997)

• Why is there so much diffidence [in Europe] towards Italy? Because of the many stereotypes of Italians (Repubblica 26/01/1998)

• The Germans are disturbed about the members of the “Club Med” entering the euro—Italy, Spain, and Portugal—three countries that benefit from Europe because of their economic backwardness (Repubblica 02/03/1997)

• Ciampi knows well the diffidence of the Germans towards Italy’s place in Europe. We [Italy] have a reputation of being happy, creative but at the same time disorganized and dishonest, not completely trustworthy and afflicted with instability, corruption, and mafia (Repubblica 07/01/1998)

• If in Europe we were all Germans, few would like us, because the best are never loved. But if we were all Italians, who knows where we would end up (Republica 30/01/1998)
• In our euro-enthusiasm there is the desire to be governed by others. We are unique: the French, British, and Germans resist giving up sovereignty, while we desire to be protected from ourselves (Repubblica 09/02/1998)

• Without a doubt Italy is weaker and less influential than France and Germany (Repubblica 15/06/2001)

• What matters for the Italian head of state is that from Germany we see an impulse to unify Europe and that in this Italy is not excluded, breaking the old attempts to govern Europe only with France (Corriere della Sera 08/04/2001)

• In Europe there are rules and points of comparison, and the prejudices against Italy must be addressed with virtuous behaviour (Repubblica 30/06/2003)

• We are a country who is historically behind its neighbors to the North…we have been reminded by some of our best minds that we must strengthen our ties with our Northern neighbors, otherwise we would be associated with the South, which would bring only backwardness and stagnation (Repubblica 24/11/2004)

All these quotes are taken from articles that were about Italy and the euro. Within these quotes is embedded some variant of the idea that Italy is “behind” or “below” or “not up to the standards of” Europe’s great powers. Subsequent chapters will show that this idea was widely present among the interview sample as well, but first it is important to highlight the presence of this idea in the texts on Italian identity written by important Italian intellectuals and students of Italy.

One of the defects highlighted by Italian intellectuals that Italians purportedly possess is a deficient sense of the common good, the privileging of the private sphere to the detriment of the public. Local, parochial, and particularistic ties are pervasive in all sectors of society. And
contrary to widely held stereotypes about the “modern” North and “backward” South, this lack of common good and pervasiveness of particularistic ties is widely diffused in the entire peninsula. What is more, this social system has deep historical roots. Tullio-Altan (1999, p. 157) cites the texts of Leon Battista Alberti, a very influential intellectual in Florence during the Renaissance period who outlined a hierarchy of values that current students of Italy would easily recognize: at the top of this hierarchy resides the family, followed by the firm, and lastly, friends and clients (it is curious that in this hierarchy friends and clients have equal status). It would be bad enough if the common good appeared at the bottom of this hierarchy; but it does not appear at all, leading Tullio-Alton to argue not implausibly that it is emblematic of total lack of civic spirit.

These sentiments are echoed by Della Loggia. His harshest indictment of Italy’s “backwardness” is the lack of social mobility (Della Loggia 1998, p. 94). For him the reason for this stultifying low social mobility is the prevalence of family ties over public ones. This familism prevents the modernization of Italy, its development into a society where an individual’s destiny is determined on the basis of merit and ambition rather than family ties. This state of affairs leads to the absence of a modern, functioning, efficient, in other words, Weberian, state. The absence of the common good leads many Italians to treat politics as a means to satisfy their private interests. This, somewhat paradoxically, leads to an excessively politicized society with a multiplicity of political interests that are coterminous with private interests (to be sure, this dynamic is present in other Western democracies, but seems to be much more pervasive in Italy). The state becomes an arena for the struggle and competition of these private interests, preventing the formation of the modern state. Della Loggia agrees with Tullio-Altan that this state of affairs is diffuse across the entire peninsula, not only the “backward” South. He also
shares Tullio-Altan’s belief in the historical roots of this social structure, citing Dante and his contemporaries who observed Italy’s inability to become a “modern” nation (Della Loggia 1998, p. 138). Many other scholars and intellectuals have made similar observations about Italy’s social system (Cavalli 2001; Gentile 1999; Tullio-Altan 1986; Bedani & Haddock 2000, p. 206; Berger & Locke 2001, p. 41). However other scholars have problematized this hierarchy of modernity of Western European countries (Agnew 1997). But in public discourse the stereotypes are widely held, expressed by Italian intellectuals in books and newspapers, and in everyday conversations among citizens.

These stereotypes animate the wish to be on equal terms with Europe’s “modern”, “normal” and “advanced” nations, and from here it is a short conceptual leap to believe that Europe is the solution to the country’s problems. This is reflected in the works of Italian intellectuals. For some intellectuals, Europe is a sort of teacher that will inculcate Italians with the public spirit that they are presumably lacking. Tullio-Altan (1999, pp. 215-22) expresses this sentiment when he exhorts his country to aim for further European integration so that Europe can teach Italians the importance of following rules, and help renew the spirit of the public good. For Massimo D’Alema (1995), European integration is the solution to what appears to be all of Italy’s perceived defects: the lack of modernity, low collective esteem, lack of rules and civil rights, low social mobility, lack of economic development, etc. For other Italian intellectuals, European integration is necessary primarily to ensure that Italy’s economy meets European standards of economic development.

The implicit theory here is that inclusion in Europe will promote equality with Europe, even if equality means different things to different individuals. This widely shared idea fundamentally rests on the hope that European integration will promote equality, but it becomes
the theory that it will. This theory depends on the stereotypes and theories of hierarchy mentioned above that are part of the nation’s culture, that repository of taken-for-granted ideas that are held by large swaths of the population. And stereotypes and implicit theories are not perceived as such; for many they are perceived as unquestionably real, in part because of the affective properties of the ideas. For many Italians, Europe, which rests on a conception that exaggerates how well European elite countries are doing, is perceived with positive affect. This accentuates the dissatisfaction with the perceived condition of Italy and associates it with negative affect. Since Italians believed that European integration will produce equality, belonging to Europe was associated with positive affect, and exclusion associated with negative affect. When events emerge that threaten the nations perceived belongingness status, these stereotypes, implicit theories, and affective associations became salient. The pressing need for Italy to meet the Maastricht criteria in order to enter the first round was such an event. These kinds of events activate the motivation to approach Europe, producing a subjective impression that constitutes the preference for European integration to the exclusion of other, equally or more, plausible policies. These represent the causal links between ideas that are embedded within culture, and cognition and preferences; and since these cognitive schemes are present among wide swaths of the population, they represent the operations of what can usefully be labelled identity. This will be the focus of chapter four of this dissertation.

The constructivist focus on the role of identity risks homogenizing the population, as it projects a vision of an undifferentiated collection of ideas that influence actors. But the reality is more complex, nuanced, and messy. Many actors want equality, but this equality is interpreted in different ways by different actors. For some, it has a political character, for others, an economic one, and for others a cultural one. There are also related differences in the implicit theories that
construct the nation and its relation to larger social aggregates like Europe. For some groups, the cause of the nation’s problems is the lack of the civic culture, and Europe is essential to teach Italians about how to be good citizens. For others, the cause is a parasitic political class, and Europe is the means through which this political class can behave more like “European” politicians. For others, the cause of Italy’s defects is the masses’ individualist and familial culture, and Europe is a means to reduce their power to corrupt national institutions. There are also differences in the character of the affective properties of the resulting ideas. For some Europe is perceived in more enthusiastic terms; for others, in more sober terms (although this difference in affective properties of ideas may be difficult to disentangle from Italians’ proclivity to be passionate and theatrical). Moreover, these qualitatively different conceptions of equality, implicit theorizing, and affective properties, which together represent the cognitive schemes that links culture to preferences, are held by different categories of individuals. There are differences among men and women, Northerners and Southerners, individuals on the centre-left and centre-right, professions, and, most importantly for this dissertation, between elites and non-elites.

The differences between elites and non-elites are important because it is generally agreed among scholars of public opinion and communication that the discourses that constitute public attitudes towards political issues are largely elite constructions. Major authors such as Walter Lippman (1998) and Philip Converse (1964) recognized that very few citizens rely on independent reasoning to form opinions about political issues, especially about complex foreign policies. For Lippman, among the masses stereotypes are the cognitive devices that are used to simplify and makes sense of a complex world, but the masses do not invent them. Rather, these stereotypes come from elites and are promulgated through various channels that link elites and non-elites. In a similar vein, Converse highlighted that what he called “mass ideologies” were
not invented by the masses, but were derived from elites; these elite-invented ideologies merged with the masses’ pre-existing beliefs and formed the masses’ distinctive attitudes towards political issues.

The main medium through which elites influence mass beliefs is the media; this has been confirmed by work of various scholars from different disciplines (Zaller 1992; Vliegenthart et al., 2008; De Vreese & Boomgaardan 2006). Moreover, the character of media representations about Europe has been found to be an important element in influencing mass perception. Vliegenthart et al. (2008) conducted a study on media representations in seven European countries, including Italy. There are two key findings that are relevant to this dissertation. First, unlike other European countries, Italy’s newspapers were much more likely to frame Europe in terms of the benefits that accrue to Italy from integration (ibid., p. 428). Second, they found a significant relationship between the quantity of articles that framed Europe in terms of benefits and the number of citizens who perceive that their nation receives benefits from Europe (ibid). Schuck and de Vreese (2006, p. 21) found that framing Europe in terms of opportunity was significant, but they also found that framing articles in terms of “risk” could influence perceptions of the EU. Zaller (1992, p. 267) demonstrates that during what he calls a “one-sided policy climate”, when the media are dominated by one discourse about a policy, alternative policies that are equally, or even more, plausible tend to be drowned out, and this has a significant impact on mass opinions. These impacts of benefit, opportunity, risk framing and one-sided policy climates are higher for citizens with low levels of knowledge (Zaller 1992, p. 45; Schuck & de Vreese 2006, p. 21).
Italy’s discursively hot climate

Italy’s motives for Europe are varied and multidimensional, and have fluctuated throughout different points in its post-war history. Many of the Italian founders of the Italian project, like Alberto Spinelli, were motivated by the need to prevent another conflict between European powers (Willis 1971, p. 5). However, in his seminal work on Italy and Europe, Willis also highlights that, in the immediate post-war era, Italians were strongly motivated to obtain international equality with Europe’s “great powers” (Willis 1971, p. 16). When negotiations on the European Coal and Steel Community began, Prime Minister Sforza “feared the establishment of Franc-German hegemony in Western Europe (Willis 1971, p. 33). Subsequently, when designing the inter-governmental institutions in the burgeoning community, “Italy’s main demand was equality with France and Germany” (Willis 1971, p.61). Other students of Italy have made the same observations. As Brogi (2002) highlights in his study of Italian foreign policy, Italy’s main foreign policy goal in the post-war era was to be on equal terms with Europe’s elite countries, and the means to do this was to secure inclusion in the burgeoning institutions that were centres of decision-making for the continent, including, but not exclusively, the European community. Brogi argues that it aimed to produce the perception that Italy was on equal terms with Europe’s elite countries, which, it was felt, would produce the reality that it had equal status (ibid., p. 2); this is a clear instance of the implicit theorizing within actors’ cognitive schemes that plays a central role in the arguments of this dissertation: hoping that X will lead to Y becomes the theory that X will become Y. By the 1960’s, this discourse of inclusion in Europe and equal status then became the discourse that Europe was the solution to Italy’s perceived defects, including socioeconomic “backwardness” (Conti 2009, p.133). Thus
equal status transmogrified from meaning principally relatively equal status among nations in the international system to the relative equality of socioeconomic conditions between Italy and Europe’s elite countries. Through the media sources that mostly reflected the positions of the DC, this discourse then percolated to the masses and then took new forms as different actors interpreted it in different ways.

One problem with this discourse is that it does not specify any mechanisms through which belonging to Europe will make Italy like Europe. It is as if this will happen through osmosis, spontaneously, without much effort other than the effort that is required to secure inclusion in Europe (Conti 2009, p. 133). The true agent of change is perceived to be Europe, not the nation. Italian intellectuals have recognized the serious problem with this vision: it led people to believe that inclusion in Europe was sufficient for Italy to become like Europe, which, on the basis of any sober analysis of the facts, is untrue. Giancarlo Chevallard, an Italian bureaucrat who worked in the Commission for 25 years, chastises his fellow citizens for their exaggerated expectations of what Europe can do for Italy, pointing out that these expectations are not rooted in the reality of Europe’s actual roles, functions, and capabilities (Chevallard 2008, p. 37). In a similar vein, Tullio-Altan warns his countrymen to avoid the illusion that integration into Europe will automatically produce the sense of the common good that he and many others believe Europe can teach Italy (Tullio-Altan 1999, p. 222. Emphasis mine). Unlike many, many of their fellow citizens, both Chevallard and Tullio-Altan are aware of a very important truth: only Italy can change itself, and integration in Europe is insufficient to give Italy the equality of status and condition that many Italians crave (although since EMU did not bring the equality that many Italians expected, more and more Italians have come to realize that only they, and not Europe, can change the country).
This was not the totality of political discourse, however. As scholars of European political identity have shown, there are different discourses that are usually present in different areas of the polity (Medrano 2009, 81-82). There is the discourse reflected in treaties and among those—experts and elites—interpreting and implementing those documents. Then there is the discourse that exists in the wider public. Although they are equally real, they are often substantively different. This thesis focuses mainly on the discourse that was present among the public, which was, in part, consistent with the observations of Chevallard and Tulio-Altan mentioned above. The discourse of the policy experts, who are knowledgeable of the social-scientific literature on the subject and largely interpreted the euro as only a beginning of a process of “Europeanizing Italy”, did not, as my data indicate, permeate the wider public discourse. Rather, most got their ideas about the euro from either TV or newspapers, and within these sources, there was, as my data will show, the ideas that exaggerated the effects of the euro and that are consistent with the observations of Chevallard and Tulio-Altan mentioned above. Most of this data will be presented in subsequent chapters, but the following quotes from my sample of newspapers will give the reader an idea of the exaggerated claims that were made about the euro and its possible effects on Italy:

- The euro will improve the functioning of the economy, making Europe’s economy similar to the Americans’, and it will create jobs (Repubblica 27/12/1996)

- Our system is notoriously one of the weaker ones, and only [emphasis mine] by being part of Europe can we compete with the USA, Japan, and Asia (Corriere della Sera 11/03/1996)
• With the euro, at stake is not only Italy’s entry into Europe, but also the very existence of Italy (Repubblica 03/10/1996)
• The euro is certainly not a panacea but it is one of the conditions for Italy’s competitiveness (Corriere della Sera 2/02/1997)
• Staying out of the euro will mean impoverishment (Corriere della Sera 09/02/1997)
• Our options are either Maastricht or death (Repubblica 21/02/1997)
• The common currency, in a certain sense has made us more civilized and responsible (Corriere della Sera 03/05/1998)
• Outside of the euro would have meant that Italy’s economy would be compromised and that the country would break up (Repubblica 01/03/1998)
• Ciampi is worried about how fast that those, especially among the governing party, are expressing to their grass-roots the equation that the Euro equals green valleys (Repubblica 27/03/1998)
• The entry into the euro will permit, according to Prodi, the Italian economy to begin to grow (Repubblica 26/03/1998)
• In 49 days we will have the euro….it is an appointment with history, a cultural revolution which will change the most deeply rooted habits of Italians (Repubblica 12/11/2001)
• The euro will be an instrument of economic well-being (Repubblica 31/12/2001)
• The common currency is essential for stability and economic growth (Repubblica 24/01/2004)
Needless to say, these sunny predictions and exaggerated claims did not come true. Other commentary, from the late nineties to the present from Italian prominent intellectuals highlights that the tendency to excessive agency in the euro and Europe, and in the process evade responsibility:

- Ciampi warned us that it would be a mistake to think that the euro will solve all our problems. The euro is a condition to resolve our problems, not the solution itself (Corriere della Sera 17/03/1998)
- There is an obsession for the common currency…there is an air of the Fall of Constantinople, as if the Mediterranean has become a zone of religious conflict, and instead of protecting ourselves appropriately, we put our trust in the protection of the euro (Giorgio Bocca, Repubblica 28/03/1997)
- In recent weeks the tone of the debate on Italy’s entering the euro has become elevated because we [Italians] are uploading the responsibility for our problems onto the common currency and Germany (Corriere della Sera 05/02/1997).
- We thought that the euro was life jacket that would have allowed us to preserve all our vices (Angelo Panebianco, Corriere Della Sera 31/10/2011)
- The paradise of the euro was artificial. In reality, the problems in Italy’s political economy were present but the ruling class, blinded by the optical illusion created by the euro, avoided making the necessary reforms…the so-called vincolo esterno, which at times forced the country to implement some reforms, fundamentally made the ruling class irresponsible (Danilo Taino, Corriere della Sera 14/09/2011)
• As Sabino Cassese said, the so-called vincolo esterno constitutes an escape from the state/ourselves (Massimo Giannini, *Repubblica* 28/12/2012)

• We put our trust in the “vincolo esterno” to avoid the responsibility for our own rigidities (Piero Ostellino, *Corriere della Sera* 03/11/2012)

• Europeanism has become a smoke-screen….the crisis has reminded us that there exists something called Italy and that our wellbeing depends on it (*Ernesto della Loggia*, *Corriere della Sera* 31/01/2012)

• We need to get rid of the illusion that Europe can fix what is our responsibility to become more competitive and efficient (Michele Salvati, *Corriere della Sera* 03/05/2013)

• We trust in outsiders/foreigners, and then pursue our narrow personal interests…sooner or later, we believe the Germans will be forced to help us…we are furbi (cunning, manipulative, etc) (Salvatore Bragantini, *Corriere della Sera* 24/05/2013)

As will be shown the subsequent chapters, the other sources of evidence provide ample support for this trait in Italy.

The extent of congruence between elites, media sources, and different categories of non-elites will help to identify the extent to which, and in what way, the discourses of elites percolated to everyone else during the run-up to EMU. These differences in the cognitive schemes of different individuals, and the focus on the differences between elites and non-elites, will be the subject of chapter five. The overall thrust of chapter five will be that the
The focus on the differences in the cognitive schemes of elites and non-elites is important for other reasons. These differences highlight a counter-intuitive proposition: that elites, despite being more knowledgeable, seem more prone to the kind of thinking that is associated with the logic of identity than are non-elites. The reason can be found in the cognitive content of their respective cognitive schemes. Elites rely on highly abstract visions of European order that lead them to minimize the concrete costs and benefits of EMU. In contrast, non-elites typically rely on more concrete evaluations that are rooted in their daily experiences at work or with the bureaucracy. One could argue that since non-elites are patently less knowledgeable than elites on European institutions, they are less able to rationally evaluate policies like the EMU. In principle this is a correct argument, but in practice the knowledge problem afflicts both elites and non-elites. Non-elites tend to be completely unaware of the counterarguments for entering EMU, which suggests that their appraisals were based exclusively on the discourses, stereotypes, implicit theories, and affective properties mentioned in this chapter. But elites, although they were knowledgeable of counterarguments, these counterarguments, in the form of equally plausible options, clashed with the discourses, stereotypes, implicit theories, and affective properties, and hence were minimized or ignored.

Therefore, I argue that in their support for EMU, the logic of identity is more salient among elites than it is among non-elites, even though both to a large extent did not evaluate EMU in a way that is consistent with the “thick” (ontologically materialist, interest-based) version of rational choice mentioned above. This has led me to tentatively construct an identity index: on the high end are those whose cognitive schemes rely on highly abstract visions of
European order, where there is more emphasis on belongingness, while on the low end are those who rely on evaluations based on concrete elements of the policy. In Italy those on the high end of this index are the following: elites, public sector workers, Northerners, and those on the centre-left. The individuals in Italy on the low end of this identity index tend to be non-elites, private sector workers, Southerners, and those on the centre-right. It will also be argued that there are many inter-connections between the high and low sides of the spectrum of identity, and that they are not necessarily in tension with one another. Take the example of belongingness. This sentiment in Italy has two dimensions: as an end in itself, and as a means to an end. Both sides of the index may share the desire to belong to Europe because both believe that belonging is a requirement to achieve the end of equality. But for those on the high identity end of the index, belonging is both a means and an end, and hence they are much more willing to ignore the actual costs of integration. Meanwhile, those on the low end of this index are more sensitive to the costs because for them, belongingness is only a means to another end, namely, achieving equality of status or condition.

The discourse invented by the DC that subsequently percolated to the masses, that inclusion in Europe would produce equality of status and/or condition, in and of itself does not explain why the masses were willing to internalize this discourse. As scholars have recognized, elite-constructed discourses percolate to the masses only if they fit with pre-existing mental models (Converse 1964). In Italy, one of these mental models is a wish to escape the country’s perceived deficiencies, which precedes the DC discourse. In the early 19th century, many Italian intellectuals welcomed the French invasions as a sort of civilizing force (Bedani and Haddock 2000). Barzini mentions that “Italians have long been in search of a magical formula, a political
panacea, a philosopher’s stone, which would liberate them from their national nightmare and solve all problems overnight,” and Europe is only the contemporary form of this ancient dream (cited in Hewstone 1986, p. 5). This mental model suggests that Italians are helpless to solve their country’s problems, and only an outside power can do it for them. Agency is perceived to be external, rather than internal, to the country. Some groups blame other groups for the country’s problems and then look to Europe to save the country from them. One of the more curious findings that will be presented in the following chapters is that elites often blame non-elites for the country’s problems and look to Europe to either teach the masses how to follow rules or to constrain them, while some non-elites blame elites for the country’s problems and look to Europe for protection against them. That is, rather than looking within themselves and attempting to collaborate to find solutions to the country’s problems, they blame each other and then look to Europe to solve the problem. That is, for both groups, agency, and political responsibility, is perceived elsewhere other than among the citizens.

But my observations of Italian society lead me to another conclusion: that large numbers of Italians wanted the benefits of being a “European” country without paying the costs, and the costs are high, because Italians from most socio-economic strata benefit from an array of privileges from the current system. There is the widespread tax evasion, which in Italy is at third world levels; there is the system of “raccomandazioni” where jobs and other benefits are allocated on the basis of connections and a system of reciprocity rather than merit; there are the clientelistic relationships between politicians and voters who exchange their votes for anything from a new cell-phone to hugely costly construction contracts; there is the role of the family in every sphere of life—business, public administration, and finance; there are myriad protected
professions and groups and cartels that use their influence to exclude others from trying to get a foothold in their protected sector of activity; and so on.

Giving up these privileges for the common good is a necessary condition for the wish to become a “European” country, but the incentives in place militate against this. These privileges are rooted in the concreteness of everyday needs and exigencies, while the benefit of becoming a European country is highly abstract, uncertain, and distant. Giving up these privileges, in other words, would incur tangible and immediate costs for an intangible, uncertain, and distant benefit. We have the classic collective action problem. Individuals with the courage and willingness to make the necessary sacrifices only incur costs for themselves, while others continue to benefit, disincentivizing the collective action that is necessary to change the country. And hence the wish that some outside power will resolve the country’s problems, which fundamentally emerges from the wish to avoid the sacrifices that are necessary to bring Italy’s socio-political system up to European levels. One of the functions of public attitudes towards political objects, according to Hewstone, is “ego-defensiveness”, which protects the insecure person from inner conflicts and helps to avoid having to deal with the reality of an attitude object (Hewstone 1986, p. 60). This is precisely one of the functions of the discourse that Europe will save Italy from its problems: it was a kind of sedative that helped to obscure or minimize the true sacrifices that are necessary to make the changes that Italians desire. The smoke has been (partially) lifted from people’s eyes since the Monti government came to power in 2011, a government that, perhaps because it was unelected, was brutally honest to Italians about the real changes that are required to make Italy a ‘normal’ country. But prior to Monti’s assumption of power for many this painful reality was obscured. The sixth chapter of this dissertation will explore the validity of this proposition.
Beliefs versus reality

The discourse that belonging to Europe would transfer European virtues to Italy suggests that belongingness influences how the nation is constructed. That is, the properties that are ascribed to the nation depend, in part, on the character of its relationship to Europe. I call this phenomenon “vicarious evaluation”. This phenomenon may manifest itself in various ways. In the period immediately after Italy joined EMU, it was felt by many that the country was no longer “abnormal” (Chevallard 2008, p. 50), that it had relatively equal status and condition with Europe’s elite countries, and this was felt even though the socio-economic structure of the country did not substantively change (for the persistence of Italy’s political economy despite its adoption of the euro, see De Cecco 2004; Reeg 2005; Della Sala 2004). For others, after Italy secured inclusion in the EMU, there was hope and anticipation that the desired changes would emerge with little effort required of Italians themselves. Incidentally, this is one of the reasons that support for Europe has gone down in Italy: these exaggerated expectations were not met; in fact the opposite happened, as the introduction of the euro reduced the purchasing power of the average Italian and hence made him feel poorer than before. But even for these individuals who have been disappointed by the fact that their exaggerated expectations have not been met, there is the generalized (and highly debatable) belief that exclusion from Europe would turn Italy into a third world country. As Antonio Puri Purini recently said, “without Brussels, we [Italy] would be a larger version of Lebanon (Corriere della Sera, 27/10/2012).

This relationship between perceptions of belongingness and the properties ascribed to the nation will be the subject of chapter seven. The idea derives from the observation that discourse can change a national identity (Wendt 1994, p. 391); and after Italy secured belongingness in the
EMU, discourse did change, at least initially. My empirical sources will show that, after entering, many Italian elites propagated the discourse that Italy was one of Europe’s top-tier nations, and so for a period many believed that the country was no longer relegated to second-class status, which was, it will be argued, objectively untrue. The idea also derives from the work of scholars who have shown that the self-evaluation of the individual often emerges, not from objective attributes, but from the group to which the individual perceives herself to belong. One of the most influential frameworks comes from sociologist Norbert Elias (1978). He recognized that the self-evaluative aspects of the individual depended very much on the group to which he belonged just as much as, if not more, than his individual achievements. The originator of this idea may very well have been Freud, who recognized that narcissistic tendencies were often a function, not only of individual attributes, but of the group in which the individual belonged (Freud, 1991). Social psychologists have made similar observations: that the individual’s self-esteem or positive self-evaluations often derived from the perceived status of his group rather than from his own personal attributes (Billig & Tajfel 1973; Johnston & Hewstone 1990). Elias developed this idea further with the concept of “habitus” which refers to the ways in which the development of individual consciousness evolves and shifts co-extensively and co-relationally with the nation (Elias 1991; Elias 1996). Elias (1994) then extended this framework to a widely acclaimed study that theorized the links between individual consciousness, the group, and inter-group hierarchy. In a case study that is strikingly similar to the inter-group dynamics that are observable in Europe, he looked at two groups in Scotland and how the individual members of each group internalized the belief that the “superior” group was more virtuous than the “inferior” group. Elias makes a distinction between the “I” images and the “We” images, and shows how the hierarchy between the groups was maintained because the
“We” images consisted of a series of stereotypes that depicted the “inferior” groups as less virtuous. These “We” images then changed the “I” images that form the basis of the self-evaluative aspects of the individuals who constitute the groups, which reifies the inter-group hierarchy.

Scholars have applied Elias’s framework to Europe’s inter-state relations. Thomas Scheff, for instance, highlights that the individual’s subjective “Pride-Shame” balance often derives from the changing objective fortunes of his nation vis-à-vis other nations (Scheff 1994a; Scheff 1994b). Pablo Jarequi (1999) also applies Elias’s framework to Europe. He explores the nexus between individual self-esteem and national identity, arguing that individual self-esteem often shifts, not on the basis of individual achievements, but because of the changing fortunes of the nation within which one belongs. He focuses on two countries — Spain and the UK — and explores how entering the European community had differential effects on these two nations: for Spain, it was associated with greater self-esteem because entering represented a move towards “modernity” and a distancing from the backwardness of the Franco era, while for the UK it was associated with lower self-esteem because it represented a further distancing from its role as a global empire.

The dynamics that were present when Spain entered Europe are similar to the dynamics present in Italy when this country adopted the euro: it was perceived as a raising of the nation’s self-esteem. But there were important differences. In Italy, the discourse was different because Italians have a different conception of their nation’s place in Europe. Italy was one of the founders of the European project; many of the greatest theorists of European unity were Italian; in terms of territory, population, GDP, and even membership to prestigious clubs like the G7, it has some of the trappings of a “great power”; for these and other reasons many Italians perceive
their nation as one of Europe’s great powers, and its actual relegation to second-class status in Europe is perceived as unjust.

This widespread desire for equality with Europe’s elite countries strongly influenced the character of inter-group comparisons that took place before and during the adoption of the euro. Social psychologists have recognized that the desire to enhance the self-esteem of the group is universal, and that inter-group comparisons are one of the ways in which members of groups satisfy this desire. However, the manifestation of this desire is very context-dependent (Oakes, Haslam & Turner 1998, p. 79; Hogg, Terry & White 1995) and takes different forms among different groups. Perhaps due to their concern with the causes of inter-group prejudice and discrimination, social psychologists have mostly explored the ways that groups, in order to create a collective sense of positive self-distinction, aim to differentiate themselves from other groups (Deschamps & Devos 1998; Hogg 2000, p. 225); this creates the impetus for positive stereotypes about the in-group and negative stereotypes about the outgroup (hence justifying prejudice). But for lower status groups the dynamic is often different (Abrams & Hogg 1990, p. 52). Rather than differentiation, the desire to produce positive self-distinction leads to the desire for psychological assimilation with the higher status group (Hogg, Terry & White 1995). That is, for low-status groups collective self-esteem depends on the possibility of the collective Self becoming enmeshed with the higher-status Other.

For low-status groups who aim to enhance self-esteem through assimilation, the bias is upwards towards higher status groups. It is held that assimilating with the higher status group will mean adopting the virtues of this group. The stereotypes (Wyer & Carlston 1979, p. 17) of the outgroup are crucial. Here, “Europe” is perceived to be associated with “modernity” and “advancement” (Heller 1992). These associations derive from the fact that “Europe” is, in the
minds of many, indissolubly linked to the standards that are present in Europe’s elite countries. This also rests on the tendency observed by social psychologists to exaggerate the homogeneity of the outgroup (Deschamps & Devos 1998, p. 8; Johnston & Hewstone 1990, p. 199).

Moreover, the idea that entering Europe will produce the virtues of Europe for one’s group rests on the implicit theories inside actors’ heads. The theory that entering Europe would produce European virtues was embedded in the discourses surrounding Italy’s entering the EMU. The origins of these discourses have been already mentioned. In the nineties, after the Treaty of Maastricht was signed Italian policy makers had to build support for the significant sacrifices that had to be made to meet the stringent public finance criteria that were required to enter the monetary union. They made extravagant promises for the euro, promising that “entering Europe” would produce paradise⁸ and green valleys⁹, or even more hyperbolically, that it would eliminate Italy’s defects by creating “mature” and “modern” European citizens¹⁰.

There are two reasons for the fact that, in the public sphere, these discourses were salient: the first one is “top down”, the second one is “bottom up”. Regarding the first, politicians shrewdly recognized that being completely honest about the common currency would not help them to build the political support that they needed to implement the painful sacrifices required to enter. Other politicians, meanwhile, believed their own rhetoric that the euro would make Italy “European”, which was much more likely among politicians of the centre-left and the centre. But whether they believed their own rhetoric or were merely being disingenuous, politicians played a key role in constructing the dominant discourse. The second, “bottom up” reason, emerged from the fact that in the cacophony of discourses that are present during major policy events, some are more affectively charged than others. Whether a discourse is affectively

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charged depends on how they are perceived by their intended audiences. Among political communities, certain concepts have certain affective associations that make these concepts “resonate” among the audiences. Ty Solomon, a scholar who explores the nexus between affect and international relations, showed how, in the post-911 discourses that were utilized to build political support for the war on terror, elites suffused their discourses with concepts like “freedom” that deeply resonated with their intended audiences (Solomon 2011, p. 7). Drawing on the work of Lacan, he calls these affectively charged concepts “signifiers”. A similar dynamic was in place during the period of Italy’s adoption of the euro. The discourse that the euro would make Italy a “European” country resonated precisely because of the deep cultural currents within the political community that depicted Europe as the saviour for the country’s problems. And when a discourse resonates, it also feels more “real” than other discourses. This feeling that it is “real” militates against the necessity to have a healthy scepticism about the discourses, or to seek out disconfirming discourses.

Emotion plays a role in other ways. The stereotypes that Northern Europeans have of Italy often are associated by Italians with frustration, with a feeling that they are unjustified, in sum, with negative affect. For others, these stereotypes are perceived to be accurate and true. But whether they are perceived as true or as unjustified, these stereotypes are associated with shame, even if it is often un-expressed. Thomas Scheff, another scholar who explores the nexus between affect and international relations but through a psychoanalytic lens, has observed that among nationalized individuals, shame often has an undesirable side-effect: infatuation and hero-worship which produces vast and unrealistic expectations about referent objects, like nations (Scheff 1994a, p. 280). In this sense, emotions help to distort the reality of a political situation:
individuals often irrationally idealize out-groups because there is a sense of shame or unworthiness associated with one’s own group.

These affectively charged discourses that resonate with audiences need to be communicated, which is why the theoretical picture presented in this section would not be complete without an analysis of the media. Scholars have recognized that the media constitute social and political reality (Altheide & Snow 1974) through the use of narrative, metaphor, myth, and drama (Eason 1981) rather than reasoned dispassionate discussion of policy alternatives (Bennet 1980). This is particularly the case during events like the birth of the euro, where front and centre of the discussion are the images of nations and the relations between them.

Concepts like nations are highly abstract, complex, and ambiguous. They cannot be touched or physically seen, because they are associated with a host of variables—territory, politics, the economy, population, culture, and language are perhaps the most important. This complexity of the reality of the nation is reduced and made manageable in the media with the use of metaphor and stereotypes. The use of metaphor and stereotype has the benefit of making the world intelligible, but they also obscure as much as they illuminate. There is the tendency to exaggerate the homogeneity of the outgroup. “Europe” is associated with modernity, even though the reality of “Europe” is very differentiated. These stereotypes and metaphors lead to some interesting dynamics of cognitive dissonance. When things happen in France, the UK, and Germany that don’t fit the stereotype—such as a high profile case of corruption—they are interpreted in individualist terms, as examples of the moral failure of the individuals involved. When a similar event happens in Italy, it fits the stereotype and is interpreted in cultural terms, as in “this is Italy! That’s how Italians are!” Thus stereotypes utilized by the media not only
make the world intelligible; they are also interpretive schemes through which political realities are constituted.

During the period of Italy’s entering EMU, Italians were bombarded with information and images about this event. Audiences obviously cannot consume all the information being produced, and so they have to be selective. This is particularly the case with issues that focus on the character of inter-state relations in Europe. Scholars who focus on the nexus between public opinion, the mass media, and international relations have discovered some interesting patterns in how audiences consume information on the international system. One of the main determinants of the actors’ selection of information in the media-created political environment is the drive for cognitive consistency (Jonsson 1982, p. 3): the strong tendency for people to see what they expect or want to see and to assimilate incoming information into existing images (Jervis 1970, p. 118; Hewstone 1986). Expectations create dispositions that lead actors to notice certain things and neglect others, and that make it difficult to consider alternatives (Bloom 1990, p. 4; Jervis 1970, p. 145). Many experiments provide support for this theory that actors’ expectations lead them to a kind of confirmation or verification bias in their consumption of information (Pelham & Swan 1994, p. 335; Swan, Stein-Seroussi & Geisler 1992) not only from media sources, but also from social settings—in conversations with friends, family, even acquaintances at the local bar (Davison 1958). In fact, social settings play an important part of the construction of political reality: because it is shared, the fantasy held by the group takes an aura of truth (Nimmo & Combs 1983, p. 11).

The influence of these cognitive dynamics is higher for highly ambiguous stimuli (Moscovici 1976, p. 25), and nations, and the relations between them, undoubtedly fall into this category. But the expectations that lead to this highly selective and misleading consumption of
information on the international environment emerge from deeply sedimented currents in the culture of the community. For this case study, there was the widespread belief and desire that entering the euro would produce equality. This belief was often un-articulated, but when it was expressed it was often framed with metaphors that the common person could relate to—for example, the belief that entering would make Italy a country of “Serie A.” Most Italians were not informed about the substance of the monetary union, but because soccer is part of the national culture, most know that Serie A means “premier” and “elite.” This belief was felt to be real, in part because of the affectively charged discourses propagated by politicians, and in part because of the way that information is consumed from the media and from social settings, but ultimately this idea relied on the theory that entering a monetary union would undo the relegation of Italy to second class status in Europe. This theory, which relied on wholly unrealistic assumptions, also produced the expectations that strongly influenced how information was selectively consumed. And after Italy entered, these expectations led to the belief—which was held only temporarily—that reaching the great achievement of entering meant that Italy was a top-tier country in Europe. There was a sense that it was up to the standard of Europe’s elite countries, and so in a sense it was equal to them. The pecking order, it was perceived, had shifted, even though, objectively speaking, it did not.

An implication of the theoretical framework outlined in this dissertation is that different discourses, stereotypes, implicit theories, and affective properties of these ideas would have represented different cognitive schemes through which joining EMU would have been interpreted and led to different outcomes. For example, in the absence of the stereotypes that place the country on the low end of a hierarchy of status and condition, there would have been no need or desire to be on equal terms with others in the hierarchy. Similarly, there would have
been no need for the implicit theory that belonging in the group with advanced European nations will produce this desired equality. It follows that there would have been no positive affective properties associated with belonging to this group. These are some of the dynamics that were present in Britain during the run-up to EMU, which helps to explain why the majority of the public was opposed. The discourses in Britain were qualitatively different from Italy’s, which partly explains why the outcome was different. In Britain, the perception is that in the European hierarchy, it is one of the top-tier nations. Britons are not inclined to look to Europe as the solution to the country’s problems; on the contrary, Europe is seen as the source of the country’s problems, which was effectively encapsulated in Margaret Thatcher’s quote that “in my lifetime all our problems have come from mainland Europe, and all the solutions have come from the English-speaking nations across the world” (Economist, April 10\textsuperscript{th}, 2010, p. 26). The implicit theories about British-European relations that are held by many Britons would seem to produce the opposite affective properties: European integration is perceived with negative affect, while the nation is perceived with positive affect. And hence qualitatively different discourses, implicit theories, and affective properties lead to qualitatively different preferences. This comparative analysis between the UK and Italy will be the focus of chapter eight.

But there are some important caveats, since generalizing the interpretive theory that is highlighted in this dissertation to other European nations can become hazardous. Martino and Stefanazzi (1995) attempted to generalize the following typology of national narratives that aim to capture the way that nations approach Europe: integrated, nation-statist, alienated, and escapist. Italy is an “escapist” because Eurobarometer data show in this country a strongly negative relationship between trust in domestic institutions and trust in European ones. But there are many other countries that distrust their national institutions but do not display the euro-
enthusiasm that Italians were famous for. The authors find that the correlations between other national narratives and support for the EU are also statistically significant in some countries and not others, leading them to conclude that historical and contextual variables are more significant in shaping attitudes than are cross-European variables.

To complicate matters, it is not only interpretive-based theories that are difficult to generalize across Europe; material-based accounts of the correlates of public support towards Europe have also not lived up to expectations. Bosch and Newton (1995) test whether per-capita payments from the EC to single countries influence levels of support, and they find that although in some countries more funds from Europe correlates with higher levels of support for Europe, some of the biggest beneficiaries of European largesse, like Ireland, have some of the lowest levels of support for Europe. They therefore conclude that EC budget distributions have no Europe-wide impact on levels of support. The also test economic variables, like GDP and levels of trade, and discover that the relationship seems to hold in some countries and not in others and hence, they conclude, generalizations are not justified. Regardless of this difficulty, a systematic comparison between Italy and Britain will be a useful method to attempt to tease out the ways that qualitatively different cognitive and affective dynamics are associated with qualitatively different preferences for EMU.

Epistemology, Methodology, and Sources

The theoretical framework is largely interpretivist in character. It prioritizes discourses, narratives, motives, and understandings. It is assumed that reasons for people’s behaviour are causes of their behaviour (Adler 1997). And the reasons for people’s behaviour are culturally
constituted and embedded within collective identities. Therefore, it assumed that collective identities are important determinants of political behaviour. The relevant properties of identities in influencing human action are the following: a) they define the properties (in the form of stereotypes) of the group, b) they establish group goals, c) they are intrinsically relational, relying on social comparisons with other social aggregates, d) they possess cause and effect relationships about specific attitude objects (Abdelal et al. 2009, p. 19).

Many scholars of political behaviour divide human action into one of two logics: consequentialism and appropriateness (March & Olson 1998). These two logics go by other names as well: affective and utilitarian, diffuse and specific, ideational and material, identity and rational choice. The logic of human action in this dissertation corresponds with identity more than it does with rational choice, but some argue that the two logics are not necessarily mutually exclusive. Recognizing this, scholars have aimed to combine the two logics. This is one of Wendt’s objectives with his proposal of a “via media” between rationalism and constructivism. But, as argued in the previous chapter, in order to accomplish the task of combining the two, he had to divorce rational-choice from its ontological materialist origins and apply it as a purely subjectivist orientation that is compatible with any goal driven behaviour. This is unsatisfactory, because it effectively makes rational choice and interpretivism indistinguishable; it is better to keep them antagonistic—by which I mean generating competing hypotheses for human action—as this will allow debate between the two positions.

March and Olson (1998) suggest they can work together but in a temporal sense: actors initially evaluate political objects according to the logic of consequentialism, and then through time they begin to develop new attitudes towards these objects that are coterminous with the logic of appropriateness. In the context of European integration, neo-functionalists argue for the
same temporal sequence in attitudes towards Europe (Hewstone 1986). I argue that the temporal sequence is the other way: actors have goals which are culturally constituted, and they subsequently think in instrumental terms about how to achieve them. But whether this instrumental behaviour is “rational” is, I argue, an empirical question that cannot be answered a priori. If the actor constructs empirically defensible links between means and ends (which would require all or most relevant information and a decent computation ability to calculate probabilities), then his behaviour can be deemed “rational” even if his goals are culturally constituted. In contrast, if he interprets his ends in ways that have little to do with the substantive content of this end, and that rather reflect the meanings he ascribes to some object or another, then this behaviour cannot be construed as “rational” even if he acts instrumentally to achieve his objective.

A related theme that is relevant to empirically based constructivist work is the causal strategy that is used to highlight the explanatory power of the ideational variable. It would be useful to address the difference between “causal” and “constitutive” explanations. According to Fearon and Wendt, “causal explanations seek to establish the necessary and sufficient conditions in a more or less mechanistic way, while ‘constitutive’ establishes the conditions of possibility for events by showing what they are made of and how they are organized” (Wendt and Fearon 2002, p. 58) There are a number of ways to read this difference. One would be that “causal” is the model of the natural sciences, while “constitutive” is that of the social sciences. Another is that ‘causal’ is appropriate for positivism, and ‘constitutive’ for interpretivism. The former is typically associated with materialist/interest-based work, the latter with ideational arguments. Wendt argues that these interpretations are incorrect and that causal and constitutive theorizing take place in both the social and natural sciences (Wendt 1998). This argument flows from his
well-intentioned attempt to find a “via media” between apparently antagonistic positions: for Wendt, although causal and constitutive theories respond to different research questions, both are ultimately equally valuable forms of theorizing for both the natural and social sciences, and for both idealism and materialism.

This does not convince other scholars, including the present one. First, King, Keohane, and Verba (2001) argue that constitutive questions are about “describing” while causal questions are about “explaining”. Ordinary language bears this out: when we are asked what “constitutes” X, we are being asked to “define” X in a way that points to its essence or essential properties. For others, constitutive questions are necessary for “variable operationalization,” while causal questions are for theorizing the links between variables (Suganami 2005). Wendt would object and say that they are two different, but equally valuable, forms of explanation or theorizing, and reply that constitutive theories respond to “how” questions, while causal theories respond to “how possible” questions (Wendt 1998, pp. 104-105). But this raises the question: how does adding “possible” to “how” substantively change the meaning of “how”? Ordinary language confirms this: when we ask “how X happened”, we could plausibly elicit the same response were we to reconfigure the question as “how X was possible”. One potentially useful way to highlight possible differences between “causal” and “constitutive” is the following: the former are transition theories, while the latter are property theories (Wendt 1998). For instance, to explain how event X turned into event Y, we would use a causal theory. But to explain how event X came to exist in the first place, we would use a constitutive theory. But this only confirms the criticisms of King, Keohane, and Verba (2001) and others that constitutive questions are descriptive or variable operationalization more than about theorizing. Wendt might reply that this is not the case, because causal (transition) theories depend on temporal asymmetry (that is,
X precedes Y), while constitutive (property) theories do not (X and Y occur simultaneously). But this does not convince for several reasons. First, Wendt himself uses the term “constitutive effects”; the word “effects” implies a temporal sequence, since an effect must result from a previously existing cause. Take the example that Wendt uses to illustrate the difference: sovereignty. If one asks, what constitutes it? The reply would plausibly be, among other things, a monopoly on organized violence over a given territory. Although both exist simultaneously, the implication is that the monopoly on organized violence must somehow precede sovereignty (it would make little sense to assume the reverse, namely, that sovereignty precedes a monopoly on organized violence, certainly not in the present Westphalian order). In this light, there appears to be little substantive difference in the reply to the questions of what “causes” or what “constitutes” sovereignty. A monopoly on organized violence would be a legitimate response to both, in the sense that it must temporally precede sovereignty.

Although Wendt’s approach to elevate “constitutive” processes to actual theorizing does not convince, there is one valuable effect of his attempt to do so: it makes explicit that many, perhaps most, of the concepts in the social sciences rely on theoretical assumptions. For instance, how we define “power”, “democracy”, “capitalism”, the “state”, “equality”, or even “policy” relies on deductive theories about the world that are contestable. But this idea is not original. In fact Friedrich von Hayek, the Nobel prize-winning economist who is mostly known for his influence on right-wing politicians, made the same argument in a piece called “The Facts of the Social Sciences” (1943), where he argued, correctly, that historians, economists, and other social scientists rely on concepts that are deductively formulated, that possess theoretical assumptions that may or may not correspond with the real world.
Furthermore, one could argue that this debate is more semantic than substantive, and Wendt concedes as much when he labels the dispute a “semantic battle” (Wendt 1998, p. 114): if both “constitutive” and “causal” theories explain political behaviour, does it matter what label we give to the explanatory variable? In any event, although this dissertation is interpretivist in orientation, the language of causality will be used, because it is assumed that “reasons” for human behaviour—and “reasons” is meant in the broad sense, from motives to the ideas that constitute motives—are causes of human behaviour.

Scholars in political science recognize that ideas by themselves do not cause outcomes, and hence they pair ideas with other, mostly material-based variables. For McNamara (1998), ideas are only significant when coupled with German economic and political power; for Jabko (2006), ideas are significant only because they were strategic resources for the European Commission, while for Risse et al. (1999), ideas, in the form of national identities, are strategic resources for national policymakers who need to produce the national legitimacy for European integration; McAdam, Tarrow and Tilly (2001) and Hall (1997), as well as Walsh (2000) pair ideas with both institutions and interests; and lastly, for Radaelli (1998) ideas are significant when paired with strategically important epistemic communities, while for Giuliani (2001) they are important when paired with both epistemic communities and new circumstances that allow new ideas to become dominant. This dissertation, like the above mentioned scholars, presumes that ideas by themselves are insufficient to explain political outcomes, but it takes a different approach in its causal strategy. It assumes that to draw the link between ideas and outcomes, we need to see how ideas influence preferences and decisions. Preferences and decisions emerge from human cognition, and, as cultural anthropologists have pointed out, cognition is a function
of culture. Therefore, the aim is to explain political outcomes by identifying the links between culture and cognition.

The need to identify how the qualitative content of a political community’s discourses influences the qualitative content of its attitudes may militate against the kinds of generalizations that positivists endorse. As was mentioned in the preceding section, generalizable findings on the role of ideas are sparse, and this is particularly the case with national narratives and the European Union. Scholars have discovered some patterns across Europe, such as the higher levels of, and more enthusiastic support for integration among individuals on the centre-left, those with higher levels of education, and elites (Bosch and Newton 1995; Duchesne and Frognier 1995; Wessels 1995; Hix 2009). In fact the findings from my field work that will be presented confirm this pattern. But for the interpretivist, it is insufficient to identify this pattern; instead, to understand human action it is more important to identify people’s epistemic and normative interpretations (Adler 1997) of the political object in question. And since they construct and perceive Europe through the prism of nationally distinct discourses which are historically contingent and context-specific, it is difficult—some might say impossible—to generalize constructivist findings across the entire continent. But this difficulty only highlights some of the limitations of positivism. It certainly does not imply that interpretivist work is not scientific (Wendt 1992, p. 425). If we can empirically show how nationally distinct discourses and identity influence group behaviour, then the research is useful in understanding the behaviour of some political communities, even if the findings cannot be generalized to all political communities. The standard of generalizing to an entire category (i.e., political communities) is a standard of the natural sciences that is unrealistic for social science that
explores the realm of a political community’s inter-subjectivity that is historically and culturally constituted.

This does not mean that we should not be methodologically rigorous. In fact this research project relies on quantification and statistical testing to establish some of the key relationships that will be presented. There are three main sources of data that will be used to test the validity of the interpretivist model outlined above: 253 interview subjects, 430 newspaper articles in the period 1996-2004, and television programs that discussed the euro within the context of Italian-Europe relations. Each will be briefly discussed.

In the period from May 2010 to October 2010, I administered semi-structured interviews to 253 subjects, 69 of whom can be described as members of elites, and 184 as non-elites. Elites consist of politicians, both regional and national, professors from Italy’s most prestigious universities (Bocconi University, University of Trento, University of Bologna, etc), high-level bureaucrats, and managers of large firms. The composition of the elite part of the sample is the following: 13 are politicians, both regional (from Lombardy and Campania) and national, 12 are managers of large firms and banks, 36 are professors from Italy’s elite universities, and 8 are economists at the Bank of Italy. The professors and managers were recruited through email and the snowball method. The economists from the Bank of Italy were interviewed at an international academic conference that took place in Rimini in June 2010. A close friend, who is a professor of economics in Toronto, graciously invited me to the conference and introduced me to the economists from the country’s central bank, most of whom were there to present papers. Most of these elites are male, not surprisingly, since in Italy (as elsewhere) elite members continue to overwhelmingly be men.
The concept of elite is nebulous, and hence one may dispute the definition of elites outlined above. I argue that politicians, at the national and regional levels, constitute elite members because their decisions can potentially impact many, even if in practice their individual votes often count little in the creation of legislation. Professors, especially ones at elite universities, are opinion makers and shapers and hence potentially very influential, even if some are much more influential than others. Managers of large firms also make decisions that can potentially have a significant impact. Moreover, Italy’s central bank is one of the country’s most prestigious, meritocratic bureaucracies. Scholars and economists who work there may not be decision-makers per se, but they produce the research upon which much political decision-making depends, and thus are arguably more “elite” than bureaucrats in other public bodies. All the categories represent a small sub-section of the population that is very influential, in relative terms, compared to the masses, and hence they can usefully be labeled “elite”.

Non-elites were recruited using “purposeful sampling” (Dorofeev and Grant 2006, p. 42), which refers to the selection of subjects on the basis of criteria that restrict who can participate for reasons that have to do the objectives of the research. When selecting interview subjects in public places, the only criterion that restricted my selection was age: I only approached subjects who appeared to be past their late thirties/early forties. The reason is that some of the questions of the interview were focussed on the subject’s attitudes in the mid-to late-nineties, and I wanted to ensure that the subject was already politically mature in that period. As a result, most of the subjects are middle-aged. In any event, other scholars have discovered that age is not a significant predictor of attitudes towards Europe (Ammendola & Isernia 2005).
The non-elite part of the sample consists of 93 individuals from the South, and 91 from the North. Non-elites were recruited during the summer months of 2010 in public spaces where Italians tend to congregate during the warm summer evenings: piazzas, parks, commercial streets, etc. In the North, subjects were recruited in 2 cities: Milan and Trento. In the South, subjects were recruited in Naples, Salerno, and Bari. This method allowed me to obtain a sample that reflects Italy’s regional and socio-economic diversity. However, the distribution of categories of individuals in the sample does not correspond with the actual distribution in the country. For example, in the sample, almost one third are elites, while in the country, less than 5% are; in the sample, there are roughly equal numbers of Northerners and Southerners, but in the country, the population in the North is roughly 30% larger than that of the South. Women are also underrepresented, as they were less likely to consent to an interview than were men. The breakdown of the sample can be seen in the following table:

Table 3A: Distribution of Sample (N = 253)

<table>
<thead>
<tr>
<th>Elite membership</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Elite</td>
<td>69</td>
</tr>
<tr>
<td>Non-elite</td>
<td>184</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>184</td>
</tr>
<tr>
<td>Female</td>
<td>69</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region (non-elite)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>91</td>
</tr>
<tr>
<td>South</td>
<td>93</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Occupation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional</td>
<td>123</td>
</tr>
<tr>
<td>Commerce (self-employed)</td>
<td>28</td>
</tr>
<tr>
<td>White-collar worker</td>
<td>57</td>
</tr>
<tr>
<td>Blue-collar worker</td>
<td>32</td>
</tr>
<tr>
<td>No occupation (e.g. retired)</td>
<td>13</td>
</tr>
</tbody>
</table>
The total number of respondents, 253, was not part of the original plan. Initially, the intention was to interview a sample of between 100-150 people. But after beginning the process of recruiting actors, I discovered that it would be possible to interview many more than originally intended. Thus it was decided to continue the recruitment and interview of respondents until the end of the 5 month period of my field work. The final result was 253 subjects.

This brings us to a potential dispute on the kinds of inferences that can be drawn from the sample. Some scholars would argue that, if the sample is not randomly selected, then inferences cannot be generalized to any actors outside the sample. This position, which is sometimes referred to as “pure probability theory”, assumes that only in random samples do actors have equal probability of being selected independently of the researcher’s biases or other influences; other samples—including quota sampling, purposeful sampling, etc.—reflect only the actors who were available at the particular time and place, or only those whom the researcher selects. These non-random samples, therefore, are not representative of the population and hence the findings cannot be generalized to a wider universe of actors (Nardi 2006).

Other scholars disagree with this position. First, they point out that random samples, too, are subject to availability bias. In many cases, only 30% of respondents are willing to consent to
an interview, which requires another set of assumptions that may undermine the true representativeness of the sample (Dorofeev and Grant 2006). Second, if we were to take the pure probability theorist’s argument at face value, it would negate the findings of much work in psychology and economics which is exclusively based on samples of university students; this seems questionable. Third, there are steps that can be used to minimize bias in non-random samples. One is called “deliberate sampling of heterogeneity” (Cook and Cambell 1979), which was utilized in the present work. For instance, in selecting professors as part of the elite sample, I initially went to the economics departments. But economists may share a similar world view and/or ideology rooted in their training; and so I subsequently went to interview professors in the sociology department, a discipline which is often at odds with the economics profession, in terms of world-view and ideology. This technique of deliberate sampling for heterogeneity was also applied regionally, since actors were selected from five different cities—two in the North, and three in the South.

Another way of reducing bias in non-random samples is to compare the results with those from representative samples. This is the approach that Hewstone (1986) takes; he is an authority in social psychology whose ideas are cited extensively in this thesis. In his work on the social psychology of European integration, he relies on a sample of 545 university students, not randomly selected, roughly evenly drawn from the following countries: Germany, Italy, France, and the United Kingdom. His universe—that is, the unit he aims to generalize his findings too—is the “mass publics” in Europe, and he justifies his generalization to them on the fact that the statistical tests from his own sample are not that different from those of representative samples used by Eurobarometer polls. For instance, his results show that the British are the most eurosceptic, while Italians are the most euroenthusiast, which is precisely what Eurobarometer
polls taken in the same period indicate. The results from my sample, like Hewstone’s, are not that different from the results of Eurobarometer research, and this further gives confidence that the argument from pure probability theorists can be rejected, namely, that non-random samples cannot be generalized to actors outside the sample. One of the reasons for this close correspondence between my sample and the results of Eurobarometer data is that the sample is to an extent “self-weighting” (Dorofeev & Grant 2006, p. 45), which means that under- or over-represented values partially offset each other. For instance, elites, who tend to be more supportive of the euro, are overrepresented in the sample by roughly 25%, while Southerners, who tend to be more eurosceptic, are overrepresented by roughly 30%. The overrepresentation of euroenthusiast elites and the overrepresentation of euroskeptical Italian Southerners may offset each other, impacting the value of overall support for the euro in a way that renders the results more consistent with those of representative samples.

As mentioned, elites were selected with the snowball method, while non-elites were chosen with the purposive method. In order to determine whether the different sampling techniques impacted the distribution of values, the aggregate sample was statistically analyzed twice: once with elites, and once with only the non-elites but weighted to correct for the over-representation of euroskeptical Southerners. As will be shown in the following chapter, the results from the two samples are similar, giving further confidence that the results from the sample which includes elites (which is self-weighting) are valid.

In summary, findings from non-random samples can be projected to a wider universe of actors, provided it is done with care and caution. This thesis uses three techniques to ensure that bias is reduced: the deliberate sampling for heterogeneity (with the exception of age), the comparison of some of my findings with the findings of representative samples from
Eurobarometer, and limiting the universe of actors to whom the findings are projectable, namely, the middle aged.

The method utilized with the sample was the semi-structured interview (the questionnaire can be found below, on the appendix). The key elements within actors’ cognitive frames that constitute the interpretive model mentioned above are the following: stereotypes, the hierarchy of European nations, Europe as a solution or fixer of this hierarchy, and the affect that is associated with these ideas. The interview questions were designed specifically to test for the presence and absence of these elements.

Subjects were encouraged to speak openly and freely about the reasons for support or opposition to the EMU; speaking about the “reasons” provided a richly textured account of actors’ interpretations of EMU and Italy-Europe relations. Many actors, especially elites, responded with multiple reasons, and so I utilized the rule of “relative emphasis”: I coded the reason that the actor placed the most emphasis on, which, I argue, is an indicator of the relatively stronger importance the subject ascribed to that reason. If the actor responded that the reason was European integration (as a majority in fact did), I then asked him or her why they thought that European integration was and is important for Italy. The responses to this question are a rich source of data on how the actor perceived Italy’s relationship to Europe.

Subjects were also asked how they characterize Italy’s image and position in relation to Europe’s elite countries, both before and after entering EMU; if respondents replied that Italy was “inferior” to European countries, they were subsequently asked what were the causes and the solutions to this state of affairs. The responses to these questions indicate how the subject places Italy in the hierarchy of European nations, the causes of this hierarchy, and the solutions to it. Level of knowledge on EMU was inferred with a question that asked the respondent if he
or she was aware of any counterarguments on the euro, which, when coupled with the responses to the first set of questions (i.e., the “reasons” for their support or opposition to EMU), allowed me to determine with a relatively high degree of accuracy whether the subject was informed or not about EMU.

There were also questions that were posed that indirectly evoked some of the most interesting responses. For instance, one question was whether the majority of the subject’s friends and relatives were in favour of EMU during the nineties, and, if so, the reasons for this support. The responses to this question often evoked the emotional and intellectual climate that the subject perceived. Another question asked respondents what it would mean for them if Italy was expelled from EMU, which evoked interesting responses that display how the actor constructs Italy’s position in Europe, and Europe’s role in Italy. Subjects were also asked which country they felt Italy should emulate, which indirectly evoked the actors’ feelings on Italy’s perceived shortcomings vis-à-vis other European countries. Lastly, to determine how the actors’ feelings and beliefs about Italy-Europe relations have changed through time, they were asked about their current attitudes towards EMU, and whether they have changed in the almost 10 years since it was introduced. These “indirect questions” evoked interesting responses that allowed me to determine the extent to which the actors’ thinking on Europe is suffused with concreteness or abstract idealization, and whether they are sensitive to the concrete costs and benefits.

The responses to these questions also allowed me to code the political ideology of the subject while avoiding the problem of “social desirability bias.” Scholars elsewhere have highlighted that many Italians are mostly unwilling to speak openly to researchers about their political ideology (Sani 1989, p. 282); I discovered this phenomenon was present especially...
among individuals on the centre-right, many of whom would not admit to a stranger that they voted for the party of Berlusconi.\textsuperscript{11} Therefore, I coded political ideology on the basis of the ideological content of the responses to the questions above. For example, if the person responded that Italy was inferior because of the “communist magistrates”, they were coded as centre-right; or if in their responses they were fervently critical of capitalism and the Church, or if they said they had voted for Prodi and hence believed in his vision, they were coded as centre-left. There are some themes that cut across ideological lines and hence are ambiguous. For example, fear of immigrants is an important theme on the centre-right, but many individuals who might vote for the Left also fear immigrants. Thus individuals whose responses were ambiguous were not coded as either Left or Right. I only coded those individuals whose responses gave me a high degree of confidence that their rhetoric matches their ideology (for example, it is unlikely that someone on the centre-left would tell me that Italy’s is infested with communist magistrates). Also, I only coded two categories, Left and Right, which excludes the variation in these ideological camps, such as the extreme Left (SEL) and the extreme Right (Lega). This method is not without its problems. But it is a valid way to circumvent the problem of social desirability bias that would have compromised the responses had I asked directly what their ideology is. Also, as a student of Italian politics, I am able to identify the rhetoric that is predominant on one or the other side of the ideological spectrum. I also had high standards—if there was ambiguity or uncertainty, the subject was not coded as either Left or Right. Consequently, less than half of the sample was coded: 101 actors out of 253, 76 of whom are on the Left, 25 on the Right.

Another source of potential bias is the fact that people generally have poor memories and hence asking them how they felt about, and perceived, the euro 13 years prior could evoke

\textsuperscript{11} A revealing example is the following. I asked a person whom I befriended at the University of Trento who he voted for in the last election. Before replying, he looked around apprehensively to make sure that no one could hear, and then said that he voted for Berlusconi.
questionable responses. I argue this does not pose much of a problem, because entering the EMU was a significant event in the history of the country. The euro was part of the national conversation, especially in the late nineties, when entry was in doubt and policymakers worked frantically to ensure Italy met the Maastricht criteria by imposing austerity measures. Actors who watched the news or read the papers in that period, which would be most of them, would likely not forget how they felt about the prospect of adopting or being excluded from the euro, because it implicated their personal lives as well as the nation’s place in Europe. In this sense, questions about the euro are qualitatively different from questions about other issues that are easy to forget about, such as events that happen regularly and that do not have implications for the entire nation. Thus the threat of memory availability bias, it seems, is minimal.

The interviews ranged from 3 minutes to 2 hours, but the average length was about 20 minutes. They were subsequently transcribed. During the process of transcribing, the tone of the language of the responses was also recorded in detail to give an indication of the emotional intensity that the subjects ascribe to ideas about Europe. This provided a richly textured transcribed account of all the interviews that were subsequently coded with a scheme designed by me to identify the presence or absence of the following key meanings: whether support was based on political or economic reasons, and on instrumentality or belongingness, the emotional intensity of the responses, whether and how the actor constructs the hierarchy of European nations, the causes and solutions to this hierarchy, and the extent to which the actor’s thinking is suffused with concreteness or abstract idealization. All the variables are nominal, and hence basic chi-square tests were utilized to statistically test the differences between categories of individuals.
The newspaper sample consists of 430 articles that were published between 1996 and 2004. Italy’s two major national newspapers were selected, La Repubblica and Corriere della Sera: 209 of the articles are from the former, and 221 from the latter. Since the aim of the study is to identify how EMU was interpreted in terms of Italy’s position in Europe, the only articles selected were those that discussed EMU or the Maastricht criteria in terms of their relationship to Italy and Italy-Europe relations. Therefore, the articles that discussed only the monetary, financial, and technical elements of EMU in a way that was divorced from Italy-Europe relations were excluded from the sample. The articles were coded with a scheme that aimed to identify the qualitative character of support for EMU, the way that Italy is conceived in terms of its relationship to Europe (in terms of hierarchy), and the presence or absence of counterarguments; the emotional content was identified by the tone of the language that was associated with EMU and Italy’s chances of entering the former.

In order to analyze the way that EMU and Italy-Europe relations were represented in the TV news media, I went to the archives of the RAI (the RAI is Italian public television, a major news source for millions of Italians) in Rome and collected a sample of political talk shows and news reports that aired immediately before, during, and immediately after Italy entered EMU. Just like the sample of newspapers, TV shows that discussed the monetary, financial, and technical elements of EMU in a way that was divorced from Italy-Europe relations were excluded from the sample. As a result, the sample is relatively small: 19 clips. This small size makes it doubtful that a content analysis—that is, counting the frequency and distribution of particular meanings—would be useful. Therefore, a more qualitative approach is needed. These news clips are a rich source of quotes and expressions that reveal elements of the intersubjective context in the period immediately before and immediately after Italy joined EMU. Selected
quotes will be presented throughout the analyses that are congruent with, or emblematic of, the other sources.

The three sources that will be analyzed—interviews, newspaper articles, and TV shows—can be conceived as three different texts, and highlighting the inter-textual congruence of these sources provides a rich account of the intersubjective context that is the subject of this thesis. This depends on certain assumptions about political and social reality, namely that it consists of narratives that are communicated through texts in the broadest sense of the term. That is, texts are not exclusively ideas written on paper, as the most common definition of the term conveys. Rather, human communication generally is understood to be composed of different texts which embody narratives that constitute social and political reality. As such, identifying the congruence between different texts is an effective way of constructing the building blocks of this intersubjective reality as it is understood by the actors themselves. Constructivist scholars elsewhere have testified to the utility of this method (Hopf 2009) and this thesis confirms that the inter-textual congruence method is indeed useful for scholars who focus on the ways in which people construct their worlds. Therefore, especially in chapters four and five, where the bulk of the empirical evidence will be presented, the graphs and quotes should be understood holistically, that is, in relation to each other, as a kind of narrative that consists of the beliefs and meanings that actors ascribed to the EMU and Italy-Europe relations in the period 1996-2010.
Chapter 4
Cognition, Affect, and Support for Europe: the Case of Italy

The crisis that is currently shaking the foundations of the euro—a crisis that threatens the very foundations of the European project—was not envisaged by the vocal majority of elites who supported its establishment in the mid- to late-nineties. It was, however, foreseen by many of the euro’s opponents, who accurately predicted what transpired—the euro would make periphery economies less competitive, induce reckless financial behaviour, and force Germany to bail them out and hence incur the costs of this state of affairs (Risse et al. 1999, p. 150). This raises an important question: did the opponents who predicted the current events simply make a lucky guess? Or were their predictions accurate because, unlike the euro’s many supporters, they analyzed the establishment of the currency on the basis of only the cold, hard facts? Although hindsight is 20/20, in this case, one could persuasively argue that the opponents did not simply make a lucky guess; their analysis was indeed based on the cold hard facts of the case. This is in stark contrast to the majority of elites who were vocal supporters, who tended to refract the euro through the prism of their wish for European integration, a wish which tended to subsume the more concrete elements of EMU and trump an analysis of the actual concrete costs and benefits of joining. This suggests that when analyzing European integration events like the euro, it is important to investigate how these events are constructed by actors, but not only elites; elites rely on the support of various categories of non-elites, and hence it is important to also explore how the latter ascribe meanings to integration events. Identifying these meanings, and how they translate into preferences, is important to understand the behaviour of political communities. This chapter aims to do precisely that.
A note on the coding scheme is warranted. Readers will notice that in some of the graphs, newspaper articles and interviews were coded with the same categories, while in others, the categories are slightly different. The reason for the differences is that the newspaper articles imposed more constraints on which categories could be coded for. This was not the case with the interviews. As the interviewer asking the questions, I evoked responses that allowed for a greater variety of categories that could be coded. For instance, in Table 4E that displays the results of social comparison processes, interviews were coded for whether the respondent considered Italians to be “furbetti” (that is, cunning, deceitful, selfish, manipulative); this kind of language used to describe Italians is rarely found in high-brow publications like La Repubblica and Corriere della Sera, but in the interviews it was expressed sufficiently to warrant analysis. In Table 4F, the categories being compared are very similar but slightly different; this too arose from the fact that interviews gave me greater liberty in the construction of the coding scheme, while the newspaper articles imposed certain constraints on which categories could be coded. Regardless of the fact that interviews allowed a greater variety of categories to be coded, meaningful comparisons can be made between these two sources of evidence.

The following graphs will only present the aggregate results of the statistical analysis. In this chapter there will be no attempt to explore different patterns among different social groups, for example, between elites and non-elites; that will be the focus of the following chapter. The focus will be on those ideas and beliefs which are held by large swaths of the population, ideas and beliefs that construct the Italian nation and its relation to Europe, because a guiding assumption of this work is that those ideas and beliefs which are collectively held are a concrete and measurable expression of the identity of the Italian political community.
Table 4A: Attitudes towards EMU (percentages)

1) Newspaper articles (N=430)
   Supportive/positive towards euro  78.60
   Critical/negative towards euro    17.67
   Opposed to euro                  0.90
   Miscellaneous                    2.83
   Total                            100.00

2) Interview subjects\textsuperscript{12} (N=253)
   In favour of euro in late 1990s   84.18
   Not in favour in late 1990s       11.46
   Indifferent to euro in late 1990s 4.34
   Total                            99.98*

   In favour in summer of 2010       69.96
   Not in favour in summer of 2010   27.34
   Indifferent in summer of 2010     2.70
   Total                            100

3) Interview subjects\textsuperscript{13} (N=184)
   In favour of euro in late 1990s   81.37
   Not in favour in late 1990s       14.21
   Indifferent to euro in late 1990s 4.37
   Total                            99.95*

   In favour in summer of 2010       63.48
   Not in favour in summer of 2010   32.87
   Indifferent in summer of 2010     1.07
   No opinion                        2.58
   Total                            100

4) Eurobarometer

   In favour of euro in late 1990s   85\textsuperscript{14}
   In favour of euro in September 2010 65\textsuperscript{15}

*Total does not always equal 100.00 because of rounding.

Table 4A shows that for both the newspaper articles and interview subjects, a large majority
were in favour of EMU. It also shows the close correspondence between the results from the two
different samples, one that includes elites, and the other that excludes elites and that is weighted

\textsuperscript{12} Self-weighted. Includes elites.
\textsuperscript{13} Weighted to adjust for over-representation of Southerners. Does not include elites.
\textsuperscript{14} Euro barometer data, collected in 1999, cited in Radaelli (2002).
to adjust for euro-sceptic Southerners. In addition, Table 4A shows the very close similarity between the results from both samples and the results from Eurobarometer data. Table 4A also demonstrates that the relatively few articles that were critical of EMU in both of Italy’s national newspapers highlights what Zaller (1992) called a one-sided policy climate: a near consensus among elites produces a media atmosphere that is dominated by a single narrative. Other narratives are marginalized. There were critical voices, namely, the Communists and the Northern League, but their narratives were trumped by the pro-euro narrative, not because of the intrinsic properties of the alternative views, but because of the characteristics of the political community that will soon become clearer.

Table 4B: General Reasons for Support (percentages)

1) Newspaper articles (N=430)
   - Economic Reasons 33.25
   - Political Reasons 56.04
   - Both Economic and Political Reasons 2.5
   - Miscellaneous 8.21
   - Total 100

2) Interview Subjects (N=253)
   - Economic Reasons 36.36
   - Political Reasons 36.75
   - Cultural Reasons 5.9
   - Miscellaneous 20.99
   - Total 100

3) Interview Subjects (N=184)
   - Economic Reasons 39.94
   - Political Reasons 29.01
   - Cultural Reasons 8.32
   - Miscellaneous 22.73
   - Total 100

Moving on to the more qualitative characteristics of support for EMU, both the newspaper articles and interview subjects highlight that, despite its monetary (and monetarist) character, a significant portion of Italians perceived EMU in political terms, which is consistent
with the work of other students of Italy (Sinnot & Niedemeyer 1995, p. 77). Interestingly, around 6% of the sample of interview subjects perceived EMU in cultural terms—they supported EMU because they hoped that it would “civilize” Italians. Nothing comparable was found in the newspaper articles, but this dialogue on a TV show called *TG2 Dossier Oggi Euro*, that was aired on January 5, 1998, shortly after it became official that Italy would enter the euro, is illustrative of this sentiment:

Moderator: Let’s go over to Mr. Marzullo.

Marzullo: Before, we lived in our own house, and now, we live with the French, British, and Germans [he was evidently not informed that Britain did not enter EMU], and we will see if they accept our behaviour….now the real sacrifice starts, it is to become civilized (emphasis mine).

As Table 4C shows, a not insignificant number of interview subjects and newspaper articles interpreted EMU principally in terms of its monetary and economic dimensions. Many were in favour because they believed that it would promote economic growth and employment, or provide protection and strength in the face of the competitive pressures that result from globalization. The data also make clear that a large majority of interview subjects interpreted EMU principally in terms of European integration. However, as Table 4D shows, European integration meant different things to different people. For some, it was an end in itself independently of the costs and benefits of joining. For others, however, it was a means to another end, and this end, for most, was for EMU to bring Italy up to European standards, although for some actors, “European standards” was interpreted politically, and for others, in economic terms.
### Table 4C: Specific Reasons (percentages)

1) **Newspaper Articles** (N=430)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Integration</td>
<td>39.53</td>
</tr>
<tr>
<td>More Trade and Economic Growth</td>
<td>23.48</td>
</tr>
<tr>
<td>Stronger Currency</td>
<td>3.48</td>
</tr>
<tr>
<td>Strength and Globalization</td>
<td>3.48</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>30.03</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

2) **Interview Subjects** (N=253)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Integration</td>
<td>64.03</td>
</tr>
<tr>
<td>More Trade and Economic Growth</td>
<td>6.32</td>
</tr>
<tr>
<td>Stronger Currency</td>
<td>6.71</td>
</tr>
<tr>
<td>Strength and Globalization</td>
<td>2.76</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>20.18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3) **Interview Subjects** (N=184)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Integration</td>
<td>58.89</td>
</tr>
<tr>
<td>More Trade and Economic Growth</td>
<td>4.96</td>
</tr>
<tr>
<td>Stronger Currency</td>
<td>6.51</td>
</tr>
<tr>
<td>Strength and Globalization</td>
<td>5.65</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>23.99</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

### Table 4D: Means and Ends (percentages)

1) **Newspaper Articles** (N=430)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe only as a means</td>
<td>39.06</td>
</tr>
<tr>
<td>Europe as a means <em>and</em> an end</td>
<td>30.69</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>30.25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

2) **Interview Subjects** (N=253)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe only as a means</td>
<td>48.22</td>
</tr>
<tr>
<td>Europe as a means <em>and</em> an end</td>
<td>37.54</td>
</tr>
<tr>
<td>Neither</td>
<td>12.64</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3) **Interview Subjects** (N=184)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe only as a means</td>
<td>51.86</td>
</tr>
<tr>
<td>Europe as a means <em>and</em> an end</td>
<td>26.56</td>
</tr>
<tr>
<td>Neither</td>
<td>16</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>5.58</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Many actors interpreted EMU as a means to bring Italy up to European standards, because they were in broad agreement that Italy is “backward” compared to Europe’s elite countries. But different actors had different conceptions of Europe-as-equalizer. These different conceptions derive from the different ways that actors understand the character of Italian backwardness. As Table 4E shows, a significant plurality of interview subjects believes that the source of Italy’s backwardness is the country’s political class. A sizable portion, 30%, believes that Italians are backward in the cultural sense: 10% because Italians are “individualists” and 18% because Italians are “furbetti” (this word does not have an exact English equivalent, but it roughly means a willingness to take advantage of others, or circumstances, etc., for personal gain).

Table 4E: Social Comparison Processes (percentages)

1) Newspaper articles (N=430)
   - Italy is behind/backwards: 41.62%
   - Italy is at the same level: 23.02%
   - Miscellaneous: 35.36%
   - Total: 100%

2) Interview Subjects (N=253)
   - Italy is behind/backwards: 18.57%
   - Italy is at the same level: 9.8%
   - Italians are furbetti: 18.18%
   - Deficient politics: 32.00%
   - Italians are individualists: 10%
   - Miscellaneous: 11.45%
   - Total: 100%

3) Interview Subjects (N=184)
   - Italy is behind/backwards: 16%
   - Italy is at the same level: 7.96%
   - Italians are furbetti: 19.72%
   - Deficient politics: 21.95%
   - Italians are individualists: 7.95%
   - Miscellaneous: 26.42%
   - Total: 100%
As the Table 4F highlights, sizeable numbers of both newspaper articles and interview subjects perceived EMU in terms of European integration that would help to solve Italy’s problems and bring Italy up or closer to European standards. Almost half of the articles characterized Europe as the solution to Italy’s problems, while a large plurality of interview subjects posited directly and explicitly that Europe fills this role. In the interview sample, a smaller number posited an indirect link between European integration and the solution to Italy’s problems,\textsuperscript{16} while for 27% of the sample, European integration is not the solution to Italy’s problems.

4F: Link between Italy’s Problems and Europe as the Solution (percentages)

1) Newspaper articles (N=430)
   - Present: 48.60
   - Absent: 49.53
   - Miscellaneous: 1.87
   - Total: 100

2) Interview Subjects (N=253)
   - Direct Link: 43.47
   - Indirect link: 22.13
   - No Link: 27
   - Miscellaneous: 7.4
   - Total: 100

3) Interview Subjects (184)
   - Direct Link: 35.48
   - Indirect Link: 22.50
   - No Link: 33.67
   - Miscellaneous: 8.35
   - Total: 100

The idea of Europe-as-an-equalizer was expressed in a variety of ways in all three sources—articles, interviews, and TV programs. Often, it was expressed with metaphors that presented

\textsuperscript{16} The difference between “direct” and “indirect” link between Italy’s problems and Europe as the solution is the following. Subjects were asked the “reasons” for their support for EMU. Those who responded to this question by directly and explicitly saying that they hoped that EMU would fix Italy’s problems were coded as “direct link”. Those who responded to the “reasons” question in a way that did not directly link their support for EMU to Italy’s problems, but who, in responses to a subsequent question that asked them to compare Italy to Europe’s elite countries, expressed the belief that EMU would help to make up for some perceived shortcoming that Italy possesses, were coded as “indirect link” between Europe and Italy’s problems.
Italy’s options as either Europe or Africa (the latter a metaphor for backwardness). The following quotes from selected interviews illustrate this. From a lawyer, male, in Naples:

Me: Why were you in favour of EMU?
Him: For European unity.
Me: Why is European unity important for Italy?
Him: Because if we [Italy] are left alone, we would be more like North Africa than Europe.

From a store owner in Salerno:

Me: …were you in favour of EMU in the mid to late nineties?
Reply: Yes, absolutely, it was important to make us equals, it was a desire to be a country of Serie A [the premier division of the Italian soccer league] like all the others in Europe, we knew that if we had not entered we would have been part of the third world.

From a professor of banking at Bocconi University in Milan: “Outside the euro, Italy would become closer to Africa than to Europe.”

From a vice president of a large bank in the South: “Before entering the euro, we were considered a sort of North African country.”

Some selected quotes from the sample of TV programs also reveal how Europe was perceived as an equalizer of Italy’s perceived backwardness. Here is a revealing exchange between the leader of the Communist Refoundation party, Fausto Bertinotti and the Vice-
President of Confindustria on a show aired on the RAI on March 21st 1997 called “Maastricht Italia” moderated by Alan Friedman, about whether Italy should enter in the first round:

Bertinotti: We need to think [of EMU] in terms of social policy, not in terms of the dogmas conjured up by bourgeois economists.

Vice President: Our past does not allow us to…the problems that we have make it necessary for us to enter Europe, to enter European culture and behaviour.

Bertinotti: ….we are in Europe!!!!

In a show called “Mister Euro”, again moderated by Friedman, that was aired on January 8 2002, one of the participants says tongue-in-cheek but very enthusiastically, “for once we are like the Germans, with the same currency!!!!!!!” This allusion to Germany is not a coincidence: it is the country that is the ideal for most Italians when they engage in the social comparisons that reify the perceived defects that the Italian nation-state possesses. Another TV program, this time a news show, with a journalist interviewing people on the street:

Journalist: The euro creates a unity and makes us feel like a common people…

Respondent: Yes…using the same currency means also feeling that we are equal.

This EMU/Europe-as-equalizer meme was applied in places that had little to do with the common currency. Writing in Repubblica (Jan 6, 2002), on the regional differences in Italy, Mario Centorrino quotes a Sicilian who says: “let’s be frank: the entire country has the euro and it is an enormous pleasure to feel equality between Lombardy and Sicily.” The comparison between Lombardy and Sicily is not a coincidence. The former is Italy’s richest and most
economically advanced region. Meanwhile, Sicily is associated with “backwardness” because it is part of the economically and institutionally poorer South. That the euro made this Sicilian, who is a member of the “backward” region, feel a sense of “equality” with the advanced North makes sense in light of the extra-monetary meanings that were ascribed to the euro, meanings that had little to do with the substantive content of the currency.

**Figure 4.1**

![Counterarguments](image)

The amount of information that actors possess about the political object in question is another important element of the intersubjective context that is the focus of this paper, because actors exposed to the highlighted narratives in the media are more susceptible to them if they possess a low amount of knowledge. As Figure 4.1 shows, the vast majority of newspaper articles in the sample spoke favourably about EMU and did not present or analyze counterarguments. This is reflected in the level of knowledge of

**Figure 4.2**
the sample of interview subjects. Almost 40% displayed a low level of knowledge of EMU, and almost 25% were totally uninformed—for this latter group, the euro had little substantive meaning other than a new currency with which to go shopping; subjects in the totally uninformed category could not convey even elementary facts about the political and economic dimensions of the currency. The minority that possessed high or medium levels of knowledge were mostly elites and professionals. As figure 4.3 shows a majority were unable to express a single counterargument about the euro.

**Figure 4.3**
For the minority that could express a counterargument, almost 20% referred to the loss of sovereignty that the EMU entailed. A little over 10% said that they were concerned about the rise in prices, around 10% said that the counterarguments emerged from the political opposition, 17 5% referred to the loss of the privilege of devaluing the currency to make the country more competitive, and around 5% expressed what is indicated on the graph as “my favourite,” which means the following: they do not know any counterarguments, but whatever they are, they are unconvincing. I was unable to reduce this somewhat amusing response to a word or two, and so I named it “my favourite” because, from a cognitive perspective, it is indeed the most interesting response.

This low level of knowledge is instructive in light of the many unrealistic, grandiose claims conveyed in the media about what EMU could actually do for Italy, claims that had little to do with the substantive content of the actual policy. In other TV shows, the Economy Minister Ciampi suggests that the ECB would promote growth and development, even though the ECB, being modelled on the Bundesbank, had a mandate to only focus on price stability:

Moderator: Is there the risk that Europe will be dominated by technocrats?
Ciampi: The creation of the BCE gives certainty that monetary policy will be stable. It has the obligation to not put [price] stability at risk, but also to support growth and development.

In the same show Ciampi even claimed that the EMU would help Italy to solve its intractable Southern question: “We in the government…are focused on employment, especially in the

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17 Subjects who responded by saying that the Centre-Right was critical or opposed to the euro were coded as “political opposition” (because it was the Centre-Left who brought Italy into the euro). These subjects were often unable to express the counterargument in question, but they were cognizant of the political opposition’s critical attitude towards the euro, and so, in a certain sense, they were aware of counterarguments even if they could not express them precisely.
South, we aim to bring in more private capital…given that we have made the important step of entering the euro, it is a step in this direction.”

It is instructive of the emotional climate that those who were critical of the euro, and whose predictions, unlike those of the euroenthusiasts, have come to pass, were attacked for their views. Antonio Martino did not share the enthusiasm of his compatriots because he believed, correctly, it turns out, that Europe’s not forming an Optimum Currency Area would mean that sharing a common currency would produce serious imbalances between the economically strong and weak countries. For this he was dismissed as “totally senseless”\(^\text{18}\), of destroying Italy’s credibility\(^\text{19}\) and of being the “only anti-European Italian”\(^\text{20}\) (Martino 2005). Another prominent and iconoclastic commentator whose predictions about the euro, unlike everyone else’s turned out to be true, was the governor of Italy’s central bank, Antonio Fazio, who had to remind Italians that EMU was not a means to promote growth and development. It is instructive of the emotional climate that for his realistic assessment, Fazio was labelled a “eurosceptic.” Being labelled eurosceptic was a way of delegitimizing and silencing voices that challenged the dominant narrative of EMU as the solution to Italy’s supposed “backwardness”. The attempt to delegitimize alternative narratives is itself indicative of an emotionally charged intellectual climate. This intellectual climate is made clear in a revealing comment by a professor on the TV program “Babele Euro” that was aired in February 2002:

Moderator: What if Italy had not entered [EMU]?
Professor Savona: There are no doubts that the euro was necessary, but from an economic perspective, we must be free to discuss it and avoid creating taboos…in Italy there is a taboo

\(^{18}\) Corriere della Sera 05/12 1994.
\(^{19}\) L’Expresso 24/03/1995.
\(^{20}\) Corriere della Sera 04/05/1995.
against speaking freely about EMU…we need a debate [on EMU] and not to label dissenters [from the dominant narrative] as heretics.

This intellectual climate is an indication of the affective properties of the ideas that constitute the intersubjective context that is the focus of this chapter. Many Italians interpreted EMU and Italy-Europe relations in belongingness terms, and, as highlighted by Baumeister and Leary\textsuperscript{21}, belongingness implicates feelings of inclusion and exclusion: the former is associated with positive affect, and the latter with negative affect. All three sources—newspapers, interviews, and TV shows—display ample evidence for these affective properties that were associated with EMU and Italy-Europe relations.

Figure 4.4 displays only the articles that were published before it became certain that Italy would enter EMU. To determine the emotional content, the tone of the language used to describe EMU and Italy-Europe relations was coded to identify whether EMU was associated with negative or

\textsuperscript{21} For the role of emotional reactions to exclusion or to threats to belongingness, see Roy Baumeister and Michael Leary, “The Need to Belong: Desire for Interpersonal Attachments as a Fundamental Human Motivation,” \textit{Psychological Bulletin}, 117(3), May 1995: 497-529
positive affect. As figure 4.4 shows, most articles published in the pre-EMU period were imbued with the fear of exclusion, which reflects, in part, the emotional reactions to the many statements emanating from German officials and newspapers that Italy did not belong in the exclusive club of euro countries, statements which often depicted Italy in crude terms. An instructive example of the way in which Italy was depicted by some Germans can be seen from an episode of *Maastricht Italia* that aired in March of 1997. Alan Friedman, the moderator wants to convey to his viewers German attitudes towards Italy’s entering EMU, brings out a copy of German newspaper, with an editorial that states: “For Germany to trade its mark for a currency that includes the lira is comparable to Italians trading the lira for a currency that includes mud from the Congo” (notice the Africa metaphor).

There are other examples that demonstrate the affective properties associated with EMU and Italy-Europe relations. On the same episode of *Maastricht Italia*, there is a revealing exchange between an Italian journalist for *Il Sole 24 Ore* (the newspaper of the Italian business community) and Lamberto Dini, Italy’s Foreign Minister in 1997:

Journalist: Italy should ask itself with a certain lucidity what will really benefit it, and if Italy did, it might realize that it could be beneficial to not enter [EMU] right away.

Dini then scowls and becomes agitated.

Journalist: That kind of reaction highlights a lack of lucidity about the situation.

Dini, in an angry tone: I don’t understand how someone cannot accept that Italy will be part of the first group…if Italy satisfies the criteria, it will enter, and that’s that.
Here is another example from the show called “Mister Euro” of 8 January of 2002. It involves an exchange between a Minister in the Berlusconi government, Marzano, and Bertinotti about the price increases that emerged immediately after the euro was introduced:

Marzano: Within two months there will no longer be the circulation of both currencies…today people are speaking out against the euro [because of the perceived price rises], within two months they will be speaking in favour of it.

Bertinotti: There is rather an excess of optimism, because people are saying, once the euro arrives, all our problems will be solved.

The interviews were also coded to detect the affective properties of the ideas that actors ascribed to the euro and Italy-Europe relations. Subjects were not asked directly how they felt about these ideas; rather, their responses were coded according to the tone of the language that was used to describe Europe and Italy. For example, language that described Europe in belongingness terms, in a tone of conviction and praise, was coded as “positive”; language that expressed criticism of the idea but with a tone of anger or irritation was coded “negative”; and language that was detached and professorial was simply coded as “detached”. The results can be seen in the following table.

Table 4G: Tone When Discussing Italy (percentages)

1) Interview Subjects (N=253)
   Positive 5.13
   Negative 52.17
   Detached 33.99
   Miscellaneous 8.71
   Total 100

2) Interview Subjects (N=184)
   Positive 4.41
As can be seen, roughly equal numbers of subjects described both Italy and Europe in professorial, detached tones, while a plurality described Europe in positive tones, and Italy, in negative tones. A comment from an interview I conducted with a member of the Italian parliament highlights the emotional properties of ideas on Italy and Europe:

> Italy entering Europe [that is, EMU] was, like they say in Naples, a country that removed the shame from its face…we were always seen as a country of *furbetti*, a mess, and we entered the euro with our back straight.

Several newspaper articles published at the time also nicely capture the emotional atmosphere:

> “Our European partners observe our naive euro-enthusiasm with incredulity…this euro-euphoria underestimates the efforts required of us in EMU” (*Repubblica*, 09/02/1998). And this one: “in the country there is a climate of drunken-ness…there is the feeling that the euro equals green
valleys” (Repubblica, 27/03/98). The metaphor of inebriation is very instructive, for it suggests that the reactions to Italy’s entering EMU were outside the boundaries of reasonableness; this reaction bears little relationship to the substantive aspects of EMU.

Needless to say, the euro did not bring what many Italians hoped for, which was to have the status of equality with Europe’s elite countries. In the period 2003-2004, it dawned on many Italians that their hopes for what the euro could do for Italy were unrealistic. Although there was a convergence of interest rates between Italy and Europe’s elite countries, this was not the convergence that most Italians had hoped for; the hierarchy of modernity in Europe remained—with Italy continuing to be considered a second-tier nation (compared to the first-class status enjoyed by Germany, France, and the UK). Many commentators were able to see through these false hopes and wishes about what the euro could purportedly do for Italy. In an article in Corriere della Sera published on the 24th of October, 1998, Franco Venturini warned Italians that “the prejudices against Italy in Europe have not been eliminated with the entrance in the euro”; a year later Massimo Gianni in Repubblica (06/03/99): “Antonio Fazio warned us: the common currency will bring benefits, but it will not cancel our defects…even if we are now better off, it is not the paradise that we believed would emerge.”

Summary and Criticisms

It is important to point out that interviews paint a picture of people’s perceptions when the interviews were carried out, in the Spring, Summer, and Fall of 2010. Since then, a lot has changed in Italy. In 2011 there was the palpable fear that Italy would default on its sovereign debt and be forced to leave the euro. One of the reasons is that investors lost confidence in the country’s elected government to make the painful reforms that were (and are) necessary to
restore the country’s competitiveness. Consequently, a non-elected government of technocrats was installed to make the painful decisions that democratically elected governments had been avoiding for fear of electoral punishment. In part as a consequence of this, pro-euro attitudes have plummeted in the two years since this research was conducted. In fact polls taken in May of 2012 show that 40% of Italians want to return to the lira (Warner 2012), a stunning and radical turnaround from the late-nineties, when Eurobarometer polling data—confirmed by my own survey data—showed that 85% of Italians were in favour of the euro. Although perceptions of the euro have shifted radically since the above interviews were conducted, the arguments above are valid for the time period that is under investigation and from which the different samples were obtained, to wit: newspapers: 1996 to 2004; TV programs: 1998 to 2002; interviews: questions were focused on perceptions in the period late-nineties to 2010.

This chapter has shown that the belief that euro would bring Italy up to the standards of Europe’s elite countries was widely, but not universally, held. And even those who held this goal of equality interpreted it in different ways. The aim of the next chapter is precisely to elucidate this diversity that is present in the intersubjective universe of the political community.
Chapter 5
Diversity Within the Whole:
How Identity Dynamics are Conditioned by Gender, Region, Political Ideology, Profession, and Status

The main focus of this chapter is to identify the contestation, or counter-narratives, or diversity, which exists within the identity of a political community. Constructivist scholars tend to focus only on the dominant narrative or identity within the political community, an approach that is very useful for explaining dominant tendencies and practices that groups display towards certain political objects. But it also obscures the diversity that is present within the group.

This diversity takes place at multiple levels. A useful analogy is language. Just like identity, language reflects the history, peculiar circumstances, idiosyncrasies, and specific cultural attributes of a political community. And just like identity, it is not the product of design; it is the aggregate result of the evolutionary selection—in the cultural, ideational sense—of those ideas, beliefs, and practices that have been selected through long stretches of time. One of the key properties of both language and identity is that they are collectively held. But just as with identity, there is much variation in how language is expressed. In other words, different groups within a political community speak in different ways. There are the differences between elites and non-elites, but also profession and political orientation. One could go to logical extremes and highlight the differences among families or even individuals, but that depends on the purposes of the investigator. The purpose of this chapter is to identify the differences between key groups that make up the political community: differences determined by gender, status, region, political orientation, and profession. In so doing, it will identify the different logics that are present in the cognitive frames of different groups. The most important differences are between elites and non-elites. They not only display different logics in the way they understand
and approach political objects; there is also a causal relationship between them: the symbols, images, and ideas that pertain to the political community generally are invented by elites and then percolate to the masses. But the masses do not always or completely internalize these ideas. And when they do internalize them, these narratives take new forms.

The material used in this chapter is the 253 semi-structured interviews of Italians from all the mentioned categories that were carried out between May 2010 and October 2010. The interview questions were designed to extract the meanings that Italians ascribed to their nation-state and its relationship to EMU and Europe in the period from the late-nineties to 2010. The key findings are that the fewest differences—or, the most commonalities—are present between men and women, individuals from the South and from the North, and public and private sector workers. The largest differences are present between those on the centre-left and centre-right, different professions, and, most importantly, among elites and non-elites. The differences between elites and non-elites reveal some fascinating dynamics on the nexus between these two sets of actors. First, the discourses of elites only partially permeate the cognitive frames of non-elites. Second, and consequently, there are different logics among elites and non-elites in how they approach political objects like EMU: despite the fact that elites have much higher levels of knowledge, they are more likely to display the logic of identity than are non-elites. Lastly, in their attitudes towards EMU, many elite members looked towards Europe to protect them from the non-elites, while many non-elites looked toward Europe to protect them from the elites. That is, rather than aim to fix the country’s problems through cooperation and action at the domestic level, both looked to Europe to ‘save’ Italy from each other.

The chapter will be organized in the following way. First, there will be a discussion of the framework through which the findings from the statistical tests will be interpreted.
Subsequently, the data will be presented, which will be interspersed with commentary and analysis of the results of the statistical tests, with a relatively stronger emphasis on the differences between elites and non-elites. This will be followed with a summary and conclusion.

The spectrum of identity

The semi-structured interviews consisted of a series of questions that were designed by me to extract the meanings and feelings that actors ascribed to the euro within the context of Italian-Europe relations. This allowed me to construct an “identity index”, a spectrum that aims to identify the relative salience of the logic of identity. The purpose of an “identity index” is to provide a conceptual tool with which researchers can identify whether identity dynamics are salient or not. For a theory to be meaningful, we have to be able to delineate its boundaries, and establish the criteria for whether the data conforms to its predictions. My identity index aims to establish a set of criteria that allows us to determine whether the data — in the form of interpretations of political objects — are consistent with a weaker or stronger logic of identity. Reality, as always, is much more messy: most actors display both logics to some extent. For example, in Italy, Europe is conceived by most actors as a means and an end. That is, many actors supported EMU because they wanted European unity, which is consistent with the logic of identity, but they also want unity because, they think, it will be beneficial to have greater trading opportunities for the country’s firms, which appears to be less consistent with this logic. The question, therefore, is whether the actor’s responses are overall relatively more consistent with stronger or weaker forms of identity. The criteria established below aim to provide a framework to identify precisely that. On one end of the spectrum, high identity, are those who
pay relatively less attention to the costs of Europe; who support Europe only or mainly for political reasons; who display a high emotional intensity; and whose thinking about Europe-Italy relations is suffused with abstract idealization over concreteness. Conversely, on the other end of the spectrum are those who are very sensitive to the costs; who support it for economic reasons; who approach Europe without emotional intensity; and who think about Europe in concrete terms. Then there are the actors who fall in the middle.

The meanings and feelings that are associated with the strong side of the spectrum are the following: 1) Europe as a political end in itself. Viewing Europe as an end with little emphasis on the costs is an indicator of the logic of appropriateness. 2) Viewing Europe in terms of political unity rather than economic utility. This is an indicator of a stronger logic of identity because it is strongly associated with visions of European order rather than economic gain, which suggests the logic of appropriateness and belonging. 3) The extent to which ideas about Europe are imbued with emotion. This is another important indicator because the emotional salience of ideas is indicative of the actor’s sense of rightness or belongingness. 4) Whether the actor saw EMU as the solution to Italy’s problems. This belief rests on a conception of Europe that is based more on hope than reality, and hence it indicates the extent to which the actor conceives Europe as it actually is or what he or she hopes it can do; a tendency to conceive of Europe in terms of unrealistic hopes relies on a vision of Europe that transcends an analysis of the concrete elements of this policy. 5) The overall extent to which the actors’ thinking on Europe and Italy is suffused with abstraction or idealization rather than concreteness. For example, actors that responded that Europe was important because it would help bring world peace, or would make Europe a superpower, or would solve Italy’s problems, were coded as
subjects whose thought was characterized by abstract idealism, because these ideas are based more on hopes and dreams than on the substantive content of EMU.

The meanings and feelings that are associated with a weak sense of identity are the following: 1) Europe as a means. These actors are sensitive to the costs; that is, their support rests on whether Europe actually provides concrete benefits. 2) Europe as economic utility. For example, for many, EMU was a means towards free trade or economic growth or lower interest rates. These actors tend to evaluate European integration on the concrete costs and benefits. 3) Emotion. Actors whose support for EMU was not imbued with emotion could be said to be less likely to feel that sense of rightness and appropriateness that is associated with feelings of belongingness. 4) Whether the actor feels that Europe is not the solution to Italy’s problems. For example, a sober analysis leads one to conclude that only Italy, and not Europe, can solve its own problems. Actors who recognize this can be said to have a conception that corresponds with the concrete and realistic facets of Italy-Europe relations. 22 5) The extent to which the actors overall thinking on Europe and Italy is suffused with concreteness rather than abstract idealization. For example, these actors supported EMU because they wanted lower interest rates, or wanted to transfer sovereignty to the BCE, or wanted low inflation—these are ideas that are rooted in the substantive content of EMU; that is, its concrete elements.

Many theorists have been critical of rational choice because actors rarely have sufficient information to objectively evaluate a policy like EMU (see chapter two). The idea is that for actors to meaningfully evaluate the costs and benefits of policy X, they have to have a sufficient level of knowledge, and when they lack that level of knowledge, it suggests that non-rational variables — like discourses and identity — better explain their behaviour. The research that was

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22 Many prominent Italians have chastised their fellow countrymen for their unrealistic expectations of what Europe could do for Italy. See pp. 79-80 of this thesis.
conducted for this dissertation raises questions that may qualify this proposition. What the following data suggests, rather, is that more information is associated with a stronger logic of identity than is low information. I discovered that those categories of individuals who were more knowledgeable about EMU were also more likely to interpret it in belongingness terms; to pay less attention to the actual costs; to think of EMU in abstract and idealistic ways rather than concretely; and to imbue their support with an emotional intensity that suggests a strong affective—that is, non-rational—attitude towards EMU. This is the case even though most actors, regardless of level of knowledge, did not approach EMU in a way that is consistent with the “thick” version of rational choice mentioned in chapter 1, i.e. a process of preference formation whereby the actor chooses one policy to the exclusion of others on the basis of the maximization of their objectively existing political and/or economic interests.

Now the data will be presented, and will be organized in the following way. First, the groups with the fewest differences—or most commonalities—in how EMU was and is perceived will be assessed: men and women, Northerners and Southerners, and public and private sector workers. Although these groups displayed the most commonalities, there were some differences among them that merit analysis and interpretation. This will be followed by the data that compares the groups with the most differences—or fewest commonalities—in how EMU was perceived: the centre-left and centre-right, socio-economic classes, and elites and non-elites. These latter groups displayed significant patterns and variations in their cognitive logics through which EMU was interpreted, but, for reasons that will shortly become clear, the most important differences are between elites and non-elites.
Table 5A: Gender
A) Knowledge of EMU (percentages)

**Men**
- High: 26.8%
- Medium: 18.6%
- Low: 33.8%
- Totally uninformed: 20.8%
- Total: 100%

**Women**
- High: 10.9%
- Medium: 21%
- Low: 41.3%
- Totally uninformed: 26.8%
- Total: 100%

Chi-square Value: 7.642
Significance: 0.054
Degrees of freedom: 3

B) Link Between Italy’s Problems and EMU as the Solution

**Men**
- Direct link: 49.9%
- Indirect link: 25.1%
- No Link: 25.1%
- Total: 100.1%

**Women**
- Direct link: 32.8%
- Indirect link: 28.5%
- No link: 38.7%
- Total: 100%

Chi-square value: 6.580
Significance: 0.37
Degrees of Freedom: 2

C) Levels of Enthusiasm

**Men**
- Strongly supportive: 50.3%
- Generally supportive: 37.5%
- Strongly opposed: 5.3%
- Generally opposed: 6.9%
- Total: 100%

**Women**
- Strongly supportive: 36%
- Generally supportive: 46.3%
Table 5A highlights that pluralities of both men and women have low levels of knowledge about EMU. Those with low levels could not express even one counterargument, but in their responses on the “reasons” for support or opposition, were able to convey some elementary facts about the political/economic dimensions of EMU. Sizable numbers of both men and women are also “totally uninformed”, which means that for them, the only meaning that the euro has is a new currency with which to go shopping; they could not convey even elementary facts about the institutional dimensions of EMU. Relatively more men posses “high” levels of knowledge, which means that they could convey and explain at least one counterargument; they also conveyed articulate reasons for their support. However, this relatively higher level of information about EMU does not mean that men are therefore more rational. In fact, the opposite is true, at least when it comes to Europe-Italy relations, as I shall explain.

Section B of the same table highlights how higher numbers of men believe that Europe is the solution to Italy’s problems. Respondents were asked to compare Italy with Europe’s elite countries, and large numbers responded with some variant of the idea that Italy is “backward”; subjects were also asked what they believe the solution was, and many more men than women replied in a way that affirms a direct link between Europe and the solution to Italy’s backwardness. The notion that Europe can solve Italy’s problems does not rest on a concrete analysis of what Europe actually represents. It rests on notions of Europe as the embodiment of “modernity”, and the hope that by belonging to Europe, this “modernity” will somehow be
transferred to Italy. Those with a more realistic and concrete conception of Italy-Europe relations recognize that only Italy can change itself, and women were more likely than men to recognize this.

Section C also highlights how women tend to approach Italy-Europe relations in a sober fashion. Subjects were asked to explain the “reasons” for their support of or opposition to EMU, and were encouraged to speak freely and openly. The tone of their voices and language was coded as levels of enthusiasm, which I sustain to be a useful proxy for emotional intensity of the actor’s beliefs. Those who were more strongly supportive responded with conviction, with expressions of European identity, with animation, all of which suggest that support for EMU was strongly conditioned by feelings of belongingness and rightness. Those who were generally supportive expressed their support in a more nonchalant way, without animation and conviction. Relatively more males were strongly supportive of EMU than women. This suggests that their thinking was more imbued with that sense of appropriateness and rightness that is associated with a strong sense of identity. In the previous chapter I presented data from media sources that highlights that the emotional climate that preceded EMU was such that alternative narratives about Italy and EMU were silenced, ignored, or received with anger. This response emerges, in part, from that sense of rightness and appropriateness that was also detected in actors’ “reasons” for support for EMU, and men were more likely than women to perceive EMU in this manner.

These findings suggest that, at least in how the euro was perceived, women were less subject to a strong sense of identity than were men. The conclusion of this chapter will reflect on some of the reasons for this difference. But it is important to highlight that the statistical tests are not significant at the 3-7% level and that overall the tests showed that men and women had much
in common in how they perceived the euro. The other tests that compared them on the basis of other dimensions did not demonstrate any notable differences between the two.

Table 5B: Region

A) Levels of Enthusiasm

<table>
<thead>
<tr>
<th>Region</th>
<th>Strongly supportive</th>
<th>Generally supportive</th>
<th>Strongly opposed</th>
<th>Generally opposed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
<td>25.3</td>
<td>51.1</td>
<td>10.2</td>
<td>13.4</td>
<td>100</td>
</tr>
<tr>
<td>North</td>
<td>48.9</td>
<td>37.6</td>
<td>9.6</td>
<td>3.9</td>
<td>100</td>
</tr>
</tbody>
</table>

Chi-square value 13.887
Significance .003
Degrees of freedom 3

B) Cognitive Content

<table>
<thead>
<tr>
<th>Region</th>
<th>Mostly abstract benefits</th>
<th>Mostly concrete costs</th>
<th>Abstract benefits and concrete costs</th>
<th>Only concrete costs</th>
<th>Only concrete benefits</th>
<th>Concrete costs and concrete benefits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
<td>23.7</td>
<td>13.2</td>
<td>27.9</td>
<td>19.5</td>
<td>2.6</td>
<td>13.2</td>
<td>100.1</td>
</tr>
<tr>
<td>North</td>
<td>46.3</td>
<td>0.5</td>
<td>20.7</td>
<td>17.06</td>
<td>4.8</td>
<td>10.1</td>
<td>99.46</td>
</tr>
</tbody>
</table>

Chi-square value 21.08
Significance .001
Degrees of freedom 5
C) Current attitudes towards EMU (summer/early Fall 2010)

South
- In favour: 50.8%
- Not in favour: 47.6%
- Indifferent: 1.6%
- Total: 100%

North
- In favour: 72.1%
- Not in favour: 26.3%
- Indifferent: 1.6%
- Total: 100%

Chi-square value: 9.101
Significance: .011
Degrees of freedom: 2

There were also relatively few differences between Northerners and Southerners. Some of the differences that did emerge are statistically significant and suggest that there is a stronger sense of European identity in the North than in the South. Section A in Table 5B, for instance, highlights that many more Northerners than Southerners were generally in favour of EMU; Northerners were much more likely to be enthusiastic supporters, meaning the tone and language of their responses to the “reasons” were imbued with animation, conviction, and praise. The graph also highlights that relatively more Southerners were likely to be opposed to EMU than were Northerners.

Section B of Table 5B aims to measure the extent to which the actors overall thinking on EMU is suffused with abstract idealism or concreteness. For this measure, the transcribed texts were coded on the basis of the following rule: expressions of European identity, of what European unity might possibly do to Italy, to the continent, or to the world, were coded as abstract idealism. Expressions about the concrete elements of EMU, such as the Maastricht criteria, price stability, interest rates, or the role of the ECB, were coded as concreteness. The measure also aims to divide actors by how they ascribe concreteness or abstraction to costs and
benefits. Actors whose responses were dominated by the price increases that emerged after Italy joined, for example, were coded as ascribing concrete costs, while actors whose responses were dominated by the hoped-for benefits from European unity were coded as ascribing “abstract benefits”. Using these rules, I found that the sample can be more or less divided on the basis of 6 dimensions. 1) Mostly abstract benefits. These actors fleetingly or tangentially mentioned the costs of joining, such as the reduction of the standard of living or the loss of competitiveness, but their responses were dominated by the hoped-for benefits that would, they believed, accrue from European unity. This response could be said to reflect a strong sense of identity. 2) Mostly concrete costs. These actors mentioned the hoped-for benefits that would accrue from European unity, but their thinking was dominated by the concrete costs of joining, such as the reduction in the standard of living and the loss of competitiveness. Here, the logic of identity is not as salient. 3) Both concrete costs and abstract benefits. These actors display roughly equal emphasis on abstraction and concreteness. 4) Only concrete costs. 5) Only concrete benefits. 6) Only concrete costs and concrete benefits.

As Section B highlights, Southerners are over-represented on dimensions 2, 3, and 6, while Northerners are over-represented on dimension number 1. This means that, overall, Southerners are more likely to evaluate EMU and Europe on the basis of their concrete elements, while Northerners rate them more often on the basis of abstract idealism. The content of these interpretations explains the significant differences seen in Section C. It shows that Northerners are vastly more likely to still be in favour of EMU than are Southerners, while support among Southerners for the EMU has dropped dramatically from the mid nineties to 2010. The reason for this difference is suggested in Section B: Southerners are more likely to evaluate EMU and Europe based on its concrete elements; they are more sensitive to the costs of actually joining,
and the costs have not been insignificant: higher prices, reduced competitiveness, and the loss of the tool of devaluation.

Taken together, Table 5B suggests that Northerners are more likely to evaluate EMU with a strong logic of identity than are Southerners. The chi-square results are statistically significant, which requires reflection on some of the possible reasons for this robust relationship. One possible explanation is that the South has experienced, compared to the North, a more significant industrial and economic decline since the euro was introduced, which has created bitterness and a widespread sense that the common currency is the cause. A more likely explanation is ideology. Berlusconi’s PdL party has greater support in the South, especially in the region of Campania, where the bulk of the Southerners were selected (Salerno and Naples are both in this region) than in the North. Trento, where a sizable portion of non-elites were selected, is known to be more progressive than other cities, as is the city of Milan. As will be shown in the following pages, ideology is one of the strongest determinants of the character of actors’ cognitive scheme: the centre-left is much more likely to evaluate the euro with a strong sense of identity than is the centre-right. However, it should be emphasized that Northerners and Southerners displayed differences only in these three measures outlined in Table 5B. On the other measures, there were no significant differences.

Table 5C: Sector

A) General reasons for supporting EMU

<table>
<thead>
<tr>
<th>Public sector</th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>31.3</td>
<td></td>
</tr>
<tr>
<td>Political</td>
<td>58.2</td>
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</tr>
<tr>
<td>Cultural</td>
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<tr>
<td>Total</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Private sector</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>57.1</td>
<td></td>
</tr>
<tr>
<td>Political</td>
<td>39.3</td>
<td></td>
</tr>
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</table>
Cultural 3.7  
Total 100  

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<tr>
<td>Degrees of freedom</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

B) Europe as a means or a means and an end

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<thead>
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<tbody>
<tr>
<td>Public Sector</td>
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</tr>
<tr>
<td>Means</td>
<td>38</td>
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<tr>
<td>Means and an end</td>
<td>51.1</td>
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<tr>
<td>Neither</td>
<td>10.9</td>
<td></td>
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<tr>
<td>Total</td>
<td>100</td>
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<tbody>
<tr>
<td>Private Sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Means</td>
<td>59.1</td>
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<td>Means and an end</td>
<td>28.9</td>
<td></td>
</tr>
<tr>
<td>Neither</td>
<td>12</td>
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</tr>
<tr>
<td>Total</td>
<td>100</td>
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<td>Chi-square value</td>
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<td>Significance</td>
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<tr>
<td>Degrees of freedom</td>
<td>2</td>
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</table>

C) Link between Italy’s problems and Europe as the solution

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<td>No link</td>
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<td>Total</td>
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<tbody>
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<td>Private sector</td>
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<tr>
<td>Direct link</td>
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<tr>
<td>Significance</td>
<td>.552</td>
<td></td>
</tr>
<tr>
<td>Degrees of freedom</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

There were also relatively few differences between actors who work in the public sector and those who work in the private sector. The differences that were discovered, however, are instructive. As mentioned above, actors were encouraged to speak openly of their reasons for
support or opposition to EMU, and “reasons” were coded according to two criteria: general and specific. Section A of Table 5C highlights actors’ general reasons, which are divided into “political” and “economic” reasons. The Table also highlights that many more private sector workers were in favour for economic reasons, which means either more trading opportunities, or economic growth, or price stability. Public sector workers were much more likely to be in favour for political and cultural reasons; the former include European unity, better democracy, etc., while cultural reasons refers to those who were in favour because, they hoped, EMU would make Italians more “civilized.”

Section B highlights the extent to which actors perceived Europe in instrumental or belongingness terms. For most actors, Europe is a means to another end; but actors differ on whether Europe is a means and an end or only a means. The former are more likely to display the thinking patterns that are associated with the logic of belongingness. As can be seen, roughly equal numbers of public and private sector workers do not conceive of Europe as either a means or an end. But, many more private sector workers conceive of Europe as only a means, while many more public sector workers see it as a means and an end. This means that private sector workers are more sensitive to the costs of entering EMU, and are more willing to evaluate European integration on the basis of these costs. Conversely, public sector workers’ thinking is more suffused with the logic of appropriateness and belongingness and, as such, there is less of an emphasis on the costs. The results of Section B dovetail with Section A. Supporting EMU because one hopes that it would “civilize” Italians is a strong expression of European identity, because implicit in this idea is the belief that Europe is civilized while Italy is not. In a similar vein, supporting EMU for political reasons, such as European unity, is a stronger expression of

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23 The previous chapter showed how a not insignificant number of Italians supported EMU because they believed that Italians are “uncivilized” and that EMU would help to make Italians more “civilized”.
European identity than supporting it for economic reasons, such as free trade and economic growth.

These results raise the question of why public sector workers are more likely to conceive of Europe with a strong logic of identity than are private sector workers. A plausible explanation is political ideology: public sector workers are more likely to be on the centre-left, while private sector workers are more likely to be on the centre-right. Other scholars have noted that those on the centre-left are more euro-enthusiastic than those on the centre-right (Conti 2009). The next section provides much support for this, but it also shows, in greater empirical detail, the different cognitive logics through which the Left and Right perceive, interpret and approach European integration.

Table 5D: Political Orientation

A) General Reasons for supporting EMU

<table>
<thead>
<tr>
<th></th>
<th>Centre-Left</th>
<th>Centre-Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>35.3</td>
<td>70.7</td>
</tr>
<tr>
<td>Political</td>
<td>58.3</td>
<td>26.8</td>
</tr>
<tr>
<td>Cultural</td>
<td>6.5</td>
<td>2.4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.1</td>
</tr>
</tbody>
</table>

Chi-square value 9.163
Significance 0.10
Degrees of freedom 2

B) Levels of Enthusiasm

<table>
<thead>
<tr>
<th></th>
<th>Centre-Left</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly supportive</td>
<td>58.6</td>
</tr>
<tr>
<td>Generally supportive</td>
<td>34.9</td>
</tr>
<tr>
<td>Strongly opposed</td>
<td>3.3</td>
</tr>
<tr>
<td>Generally opposed</td>
<td>3.3</td>
</tr>
</tbody>
</table>
Total 100.1

**Centre-Right**
- Strongly supportive 26
- Generally supportive 50
- Strongly opposed 6
- Generally opposed 18
- Total 100

Chi-square 11.365
Significance .010
Degrees of freedom 3

C) Evaluation of Italy compared to Europe’s elite countries

**Centre-Left**
- Italians are individualists 8.34
- Italy is behind 13.6
- Italians are furbetti 21.4
- Italians are creative, but… 16.2
- Italy has terrible politics 35.7
- Italy is at the same level as Europe 4.5
- Total 99.74

**Centre-Right**
- Italians are individualists 10
- Italy is behind 22
- Italians are furbetti 10
- Italians are creative, but… 2
- Italy has terrible politics 26
- Italy is at the same level as Europe 30
- Total 100

Chi-square value 18.897
Significance .002
Degrees of freedom 5

D) Link between Italy’s problems and Europe as the solution

**Centre-Left**
- Direct link 58.4
- Indirect link 22.1
- No link 19.5
- Total 100

**Centre-Right**
- Direct link 37.3
- Indirect link 25.5
### E) Cognitive content

<table>
<thead>
<tr>
<th>Centre-Left</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mostly abstract benefits</td>
<td>52.5</td>
<td></td>
</tr>
<tr>
<td>Mostly concrete costs</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Abstract benefits and concrete costs</td>
<td></td>
<td>24.7</td>
</tr>
<tr>
<td>Only concrete costs</td>
<td></td>
<td>3.2</td>
</tr>
<tr>
<td>Only concrete benefits</td>
<td></td>
<td>1.9</td>
</tr>
<tr>
<td>Concrete costs and concrete benefits</td>
<td></td>
<td>10.8</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Centre-Right</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mostly abstract benefits</td>
<td>13.5</td>
<td></td>
</tr>
<tr>
<td>Mostly concrete costs</td>
<td></td>
<td>5.8</td>
</tr>
<tr>
<td>Abstract benefits and concrete costs</td>
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<td>28.8</td>
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<tr>
<td>Only concrete costs</td>
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<td>28.8</td>
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<tr>
<td>Only concrete benefits</td>
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<td>9.6</td>
</tr>
<tr>
<td>Concrete costs and concrete benefits</td>
<td></td>
<td>13.5</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

### F) Current attitudes towards EMU (summer/early fall 2010)

<table>
<thead>
<tr>
<th>Centre-Left</th>
<th></th>
<th></th>
</tr>
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<tr>
<td>In favour</td>
<td>86.9</td>
<td></td>
</tr>
<tr>
<td>Not in favour</td>
<td></td>
<td>12.4</td>
</tr>
<tr>
<td>Indifferent</td>
<td></td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Centre-Right</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In favour</td>
<td>54.7</td>
<td></td>
</tr>
<tr>
<td>Not in favour</td>
<td></td>
<td>35.8</td>
</tr>
<tr>
<td>Indifferent</td>
<td></td>
<td>9.4</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>99.9</td>
</tr>
</tbody>
</table>

Chi-square value                                  | 14.400   |
Significance                                      | .001     |
Degrees of freedom                                | 2        |
As mentioned in chapter 3, out of 253 subjects, 101 were coded on the basis of ideology—76 on the centre-left, and 25 on the centre-right. They were not asked directly what their ideology was; rather, I coded the ideological content of their responses to other questions, for example, the question of what they thought Italy’s main problems were and the solutions to these problems. This helped to avoid social desirability bias, the risk of which is high, especially in Italy, where
few people would be willing to openly express their true political preferences to a researcher. Subjects were only coded as either “left” or “right” if there was a high degree of clear ideological content in their responses, hence the relatively small sample: less than half were coded. Despite these numbers, meaningful comparisons between the two groups can be made. As Section A of Table 5D demonstrates, the political left overwhelmingly supported EMU for political reasons, while the political right supported EMU overwhelmingly for economic reasons; economic utility reasons are based more on the concrete costs and benefits, while those who supported EMU for political reasons are much more likely to express their support in terms of abstract ideals, such as the political unity of Europe. Section B also highlights differences in how EMU was perceived. Section B shows that the political left was much more likely to express enthusiastic support for EMU, which is indicative of an emotional intensity that is absent among those on the centre-right in their perceptions of Italy’s entering EMU.

Section C gives a hint to why EMU was perceived differently by the two groups. This graph displays the different ways that the two groups conceive Italy in comparison to Europe’s elite countries. Subjects were asked to characterize Italy in comparison to Europe’s elite countries and were encouraged to speak freely and openly, and the responses were dominated by the following 6 responses: 1) Italians are “individualist”, which is a variant of the idea that they lack a sense of the common good, a sense of solidarity, etc. 2) Italy is behind. People who responded this way expressed the general feeling that the country is behind without specifying in what way. 3) Italians are “furbetti.” This word does not have an exact English equivalent, but roughly means the trait of exploiting others, circumstances, etc, when it is convenient or for personal gain. It connotes selfishness, intelligence, etc. 4) Italians are creative, but they also suffer from a range of defects, such as the lack of organization. 5) Italy is inferior to Europe’s
elite countries because of its deficient political institutions. 6) And lastly, that Italy is at the same level as Europe’s elite countries.

As Section C shows, the majority of the centre-left perceives Italy’s “backwardness” on the basis of the country’s politics. Much of this can probably be explained by the fact that the government in 2010 was led by Berlusconi and the PdL, both of which are viscerally loathed by the centre-left. Interestingly, a plurality of those on the centre-right believe that Italy is not “backward” compared to Europe’s elite countries, while only a tiny minority of those on the left feel this way. The political left is also much more likely to interpret Italy’s supposed backwardness in terms of the cultural traits of the Italian population, with significant numbers saying that Italians are “furbetti”, that they are individualist, and that that they are creative but also suffer from a range of defects. These differences in self-evaluation go some way in explaining the qualitatively different ways that the two groups perceived Italy’s entrance into EMU. For example, as Section D shows, the centre-left is overwhelmingly more likely to posit a direct link between EMU and Europe as the solution to Italy’s problems. The previous section of the Table highlighted how the political left perceives, both quantitatively and qualitatively, Italy’s problems compared to Europe’s elite countries differently than the political right: the left’s supporters are much more pessimistic and negative about their own country, and this is why, I surmise, they are much more enthusiastic about European integration.

This pattern of the centre-left and centre-right perceiving Europe with different cognitive logics was discovered in the media as well. The 430 newspaper articles selected for this project were published in Italy’s two major national newspapers, *La Repubblica* and *Corriere della Sera*. Although both newspapers are broadly liberal, the former leans to the centre-left, while the latter more to the centre-right. As figure 5.1 shows, the centre-left *La Repubblica* is much more
likely to posit a direct link between Italy’s problems and Europe as the solution. Figure 5.2 shows that the centre-left *La Repubblica* is also more likely to see Europe as an end in itself, while the *Corriere della Sera* is more likely to see Europe only as a means.

Section E of Table 5D also displays the different cognitive logics that separate the centre-left and centre-right. The overwhelming majority of those on the centre-left perceive Europe and its impact on Italy in terms of abstract ideals, which mostly reflects what effect they hope or believe European unity will have on Italy some day. People in this group pay relatively less attention to concrete costs. Contrast this with the centre-right, where only a small portion perceived Europe-Italy relations this way. The majority of those on the centre-right perceived it in only one of two ways: either equal levels of concrete costs and abstract benefits or only in terms of concrete costs. This difference in cognitive content explains the pattern that can be seen in Section F. The overwhelming majority of those on the centre-left still support EMU, while only a small majority of those on the centre-right do (that is, in 2010, when the interviews were conducted). The difference on this point stems, I surmise, from the fact the political right is more likely to interpret EMU in terms of the concrete costs and benefits; and since EMU has not brought its hoped-for benefits to Italy, the centre-right support for it has collapsed. Meanwhile, the centre-left’s support for EMU has stayed high because they evaluate it on the basis of abstract idealism which rests on abstract hopes and wishes of what Europe can do for Italy — modernize it, or make Italy a “normal” country.

Overall, the chi-square results are significant, and therefore, the findings support the proposition that the centre-left is more likely to approach Europe with a strong logic of identity than is the centre-right. This raises the question of why. Part of the explanation surely lies in the different ways that the groups perceive the Italian nation. The centre-left is much more likely to
perceive Italy as a backward country than is the centre-right. The centre-left is also much more likely to idealize “Europe” as the incarnation of the social system that is present in Northern European countries. But this does not explain why the centre-left believes that European integration might somehow transfer the virtues of Northern European countries to Italy, a belief that rests on hope and wishes more than political reality. The psychological reasons for this are complex and will be explored in the conclusion of this chapter.

Table 5E: Socio-economic class

A) General reasons for supporting EMU

<table>
<thead>
<tr>
<th>Socio-economic class</th>
<th>Economic</th>
<th>Political</th>
<th>Cultural</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue-collar working class</td>
<td>59</td>
<td>33.3</td>
<td>7.7</td>
<td>100</td>
</tr>
<tr>
<td>Professional</td>
<td>35.9</td>
<td>56.7</td>
<td>7.4</td>
<td>100</td>
</tr>
<tr>
<td>Merchant</td>
<td>52.7</td>
<td>45.5</td>
<td>1.8</td>
<td>100</td>
</tr>
<tr>
<td>White collar working class</td>
<td>51.1</td>
<td>37.8</td>
<td>11.1</td>
<td>100</td>
</tr>
</tbody>
</table>

Chi-square value 12.509
Significance .130
Degrees of freedom 8

B) Levels of enthusiasm

<table>
<thead>
<tr>
<th>Socio-economic class</th>
<th>Strongly supportive</th>
<th>Generally supportive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue-collar working class</td>
<td>22.7</td>
<td>37.9</td>
</tr>
</tbody>
</table>
Strongly opposed 13.6
Generally opposed 25.8
Total 100

Professional
Strongly supportive 61.6
Generally supportive 34.3
Strongly opposed 2.9
Generally opposed 1.2

Miscellaneous
Total

Merchant
Strongly supportive 43.1
Generally supportive 50
Strongly opposed 5.2
Generally opposed 1.7
Total 100

White collar working class
Strongly supportive 42
Generally supportive 42
Strongly opposed 10
Generally opposed 6
Total 100

C) Link between Italy’s problems and EMU as the solution

Blue-collar working class
Direct link 25.4
Indirect link 25.4
No link 49.2
Total 100

Professional
Direct link 56.3
Indirect link 20.6
No link 23.1
Total 100

Merchant
Direct link 42.4
Indirect 39
No link 18.6
Total 100

White-collar working class
Direct link 46.9
Indirect link 34.7
No link 18.4
Total 100
Table 5E highlights the how different socioeconomic classes perceived Italy’s entering EMU. There are clear differences between professionals and all the other categories. Compared to the other groups, professionals were much more likely to support EMU for political reasons (section A); they were much more likely to imbue their responses with a strong emotion and conviction (section B); and they were much more likely to posit a direct link between EMU and the solution to Italy’s problems (section C).

One might argue that this results from the fact that the working class has borne the brunt of globalization, which has made them critical or antipathetic towards European integration. Professionals have been less affected, ergo, they have the luxury to interpret Europe through abstract visions of European order, feelings of belongingness, a sense of appropriateness and other perceptions that reflect a strong sense of identity. But this argument ignores the fact that professionals have also borne the brunt of economic globalization, especially those who work in the public sector, which has been downsized because of the pressures emanating from the European Commission to reduce the size of the state in order to increase competitiveness. Moreover, the interests of professionals are very tied to the interests of the working class because the latter consumes the services provided by the former. Thus a decline in the standard of living and income of the working class would have a direct effect on professionals, and hence if the argument above was correct—that the working class would be less likely to interpret Europe through the prism of identity because they have been the losers of economic globalization—than we would expect professionals to display similar dynamics, because if the working class loses, so do professionals who profit from the services that the working class
consumes. But this is not what is observed, highlighting the limitations of the argument that presume that members of the working class are less euro-enthusiast because they have borne the brunt of globalization.

The groups that have up to now been compared — defined by gender, region, sector, political ideology, and occupation — were mostly non-elites. But these non-elites did not invent the narratives that they possess about the character of Italy-Europe relations; elites did. The next section will take a closer look at the different logics embedded within their cognitive schemes.

Table 5F: Status
A) General reasons for supporting EMU

<table>
<thead>
<tr>
<th></th>
<th>Non-elites</th>
<th></th>
<th>Elites</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic</td>
<td>51.2</td>
<td></td>
<td>28.5</td>
<td></td>
</tr>
<tr>
<td>Political</td>
<td>39.5</td>
<td></td>
<td>66.4</td>
<td></td>
</tr>
<tr>
<td>Cultural</td>
<td>9.3</td>
<td></td>
<td>5.1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td></td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Chi-square value 13.946
Significance .001
Degrees of freedom 2

B) Levels of enthusiasm

<table>
<thead>
<tr>
<th></th>
<th>Non-elites</th>
<th></th>
<th>Elites</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly supportive</td>
<td>37</td>
<td></td>
<td>70.7</td>
<td></td>
</tr>
<tr>
<td>Generally supportive</td>
<td>44.9</td>
<td></td>
<td>26.4</td>
<td></td>
</tr>
<tr>
<td>Strongly opposed</td>
<td>9.9</td>
<td></td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>Generally opposed</td>
<td>8.2</td>
<td></td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td></td>
<td>99.9</td>
<td></td>
</tr>
</tbody>
</table>
C) Europe as means or a means and an end

Non-elites
Means 55.1
Means and end 28.8
Neither 16.2
Total 100.1

Elites
Means 31
Means and end 64.1
Neither 4.8
Total 99.9

Chi-square value 28.841
Significance .000
Degrees of freedom 2

D) Cognitive content

Non-elites
Mostly abstract benefits 34.7
Mostly concrete costs 6.8
Abstract benefits and concrete costs 24.9
Only concrete costs 18.3
Only concrete benefits 3.6
Concrete costs and concrete benefits 11.7
Total 100

Elites
Mostly abstract benefits 56.8
Mostly concrete costs 2.1
Abstract benefits and concrete costs 25.3
Only concrete costs 3.4
Only concrete benefits 4.8
Concrete costs and concrete benefits 7.5
Total 100

Chi-square value 19.142
Significance .002
Degrees of freedom 5

E) Current attitudes towards EMU (summer/early fall 2010)
### Non-elites

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>In favour</td>
<td>61</td>
</tr>
<tr>
<td>Not in favour</td>
<td>37.6</td>
</tr>
<tr>
<td>Indifferent</td>
<td>1.4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

### Elites

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>In favour</td>
<td>95.8</td>
</tr>
<tr>
<td>Not in favour</td>
<td>2.1</td>
</tr>
<tr>
<td>Indifferent</td>
<td>2.1</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Chi-square value: 33.142  
Significance: .000  
Degrees of freedom: 2

### F) Link between Italy’s problems and EMU as the solution

#### Non-elites

<table>
<thead>
<tr>
<th>Link Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>39.7</td>
</tr>
<tr>
<td>Indirect</td>
<td>25.8</td>
</tr>
<tr>
<td>No link</td>
<td>34.5</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

#### Elites

<table>
<thead>
<tr>
<th>Link Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>58.6</td>
</tr>
<tr>
<td>Indirect</td>
<td>25.5</td>
</tr>
<tr>
<td>No link</td>
<td>15.9</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Chi-square value: 10.420  
Significance: .006  
Degrees of freedom: 2

Section A of Table 5F highlights that elites are overwhelmingly more likely to have interpreted EMU in political terms, while non-elites did so in economic terms. This means that the latter are more likely to interpret EMU in terms of economic utility, while elites are more likely to interpret EMU on the basis of their visions of European order. Section B also highlights the different levels of emotional intensity that elites and non-elites ascribed to EMU. Elites were overwhelmingly more likely to express their support for EMU with a tone of conviction and
praise, while non-elites were more likely to support EMU in a detached, nonchalant manner. Section C further highlights the point. Elites are overwhelmingly more likely to conceive of European integration as a means and an end, while non-elites are more likely to perceive it only as a means. This higher emphasis on instrumentality displayed by non-elites means that they are much more sensitive to the concrete costs and benefits of joining EMU than are elites. Support for this idea is found on Section D. As mentioned above, this measure aims to identify the ways in which the content of the interviewee’s overall responses ascribed concreteness and abstract properties to the costs and benefits of joining. The idea here is that the logic of appropriateness and belonging is more consonant with abstract idealization. The section shows that majorities of both elites and non-elites emphasized abstract benefits and minimized concrete costs, highlighting that, despite the differences between different groups, a strong sense of identity is widespread among Italians in how they perceive Italy-Europe relations. But there are also notable differences. The thinking of non-elites is much more likely to be imbued with only the concrete costs and benefits of European integration. Non-elites are overwhelmingly more likely to have expressed only the concrete costs of joining. Non-elites are also much more likely to have conveyed an equal emphasis on concrete costs and abstract benefits. Lastly, non-elites are more likely to have interpreted European integration on the basis of only concrete costs and benefits. These patterns of thought explain some of Section E. As can be seen, pretty much all of elites’ support for EMU has remained unchanged from the mid nineties to the summer of 2010 when the interviews were conducted. Meanwhile, although a significant majority of non-elites were in favour of EMU in the mid to late nineties, a significant portion are no longer in favour. The reason is that EMU did not bring the benefits that were promised; it is also perceived to have lowered the standard of living of Italians through the increases in prices, and from the loss
of competitiveness from having a strong currency. Non-elites, being less likely to interpret EMU in terms of abstract visions of European order, interpreted it in terms of the concrete costs and benefits, and this goes some way in explaining why significant numbers of non-elites no longer support EMU.

A number of conclusions can be inferred from these findings. First, it is clear that elites and non-elites display different cognitive logics in their interpretations of Italy-Europe relations. Elites are more likely to display a strong logic of identity than are non-elites. This highlights that assertions about the character of the identity of the political community obscure important differences between groups that constitute this community. It also counters certain stereotypes about the differences between elites and non-elites. Conventional wisdom holds that the masses are largely ignorant and hence it is they who interpret political objects on the basis of non-rational influences, such as prejudices and stereotypes (Converse 1964), while elites, who possess higher levels of knowledge, interpret political objects in more rational ways. This is one of the implications of Isernia’s study (2005) mentioned in the literature review, namely, that non-elites interpreted EMU on the basis of things that had little to do with the common currency, such as a possible solution to the problem of organized crime, which reflects their low levels of knowledge. It is indeed true that elites possess more knowledge of EMU than non-elites. But the data above highlight that this higher level of information did not translate into interpretations of EMU that were based on the concrete costs and benefits of joining; rather, the data highlight that elites were more likely to interpret EMU and European integration on the basis of visions of European order, belongingness, high emotional intensity, and abstract hopes — all of which are mostly non-rational in character.
It seems counterintuitive that an actor with more knowledge can be just as, if not more, non-rational in her interpretation of political objects as an actor with less knowledge. Indeed, many constructivists have argued that the lack of information is one of the reasons that meanings, beliefs, and identities are more important than material factors in explaining the behaviour of political communities (Jabko 2006; McNamara 1998), the assumption being that more information would translate into a weaker reliance on the stuff of identity. But a closer examination reveals why more information does not necessarily translate into more rationality. Elites clearly have more knowledge of EMU which reflects their level of education, reading habits, and experiences. This level of knowledge meant that, in their interview responses, they were cognizant of the institutional dimensions of EMU and were able to convey counterarguments. But this does not mean that this high level of knowledge played a significant role in their interpretation of EMU as a political object. For instance, as Section G in Table 5E shows, significantly more members of the elite than of the non-elite viewed EMU as the solution to the country’s problems. But this vision of EMU, as highlighted by many sober analysts, such as Antonio Martino and the governor of the Italian central bank Antonio Fazio (whose predictions actually came true), did not correspond with the substance of the actual policy. Why, then, would highly knowledgeable actors hold meanings and beliefs that did not correspond with the actual policy? The answer can be found in the other sections of Table 5F: for them, EMU was interpreted on the basis of abstract visions of European order, feelings of belongingness, and the hope — and the word “hope” needs to be emphasized here —that EMU and European integration would make Italy a “modern” and “normal” country. Meanwhile, non-elites are less likely to have interpreted EMU based on the hope that it would solve Italy’s problems. For many of them, EMU was simply a new currency with which to go shopping. Other non-elite subjects
supported EMU because they believed the dominant narrative that this policy would improve things. Non-elites cannot make the complex causal connections that elites can. But non-elites can identify correlations, and sometimes, a correlation is sufficient to determine the costs and benefits of a particular policy. Non-elites perceived that their economic situation worsened only after EMU was introduced, and although this correlation does not justify the belief that EMU caused this decline, it does justify the belief that EMU did not cause the promised improvements for the simple reason that the improvements did not occur. And this basic fact, for many non-elites, had much more cognitive salience than did abstract vision of European order, emotional intensity, and feelings of belongingness.

One might retort that non-elites are less likely to display a strong sense of identity because their economically precarious situations do not allow the privilege of interpreting political objects through abstractions that are associated with the logic of identity. In other words, elites interpret political objects through the prism of feelings of belongingness, abstraction, visions of European order, and emotion because their privileges give them the luxury to. But this chapter has shown that it is not only elites who are more likely to interpret Europe this way. Men, public sector workers, Northerners, and those on the Left are also more likely to interpret Europe through that prism. This highlights that even groups without the luxuries and privileges of elites have a tendency to interpret Europe with a strong sense of identity.

The differences between elites and non-elites highlight that the discourses invented by elites about European integration and Italy have only partially permeated the masses. A strong sense of identity—which is characterized by feelings of appropriateness and belongingness—is

24 I thank Alexander Lust, the discussant at the Northeastern Political Science Association meeting where this chapter was presented, for this critique.
embedded in a scheme, or narrative, that constructs Italy and Europe in stereotypical ways. It constructs Europe as modernity, normality, progress, equality, and freedom, all concepts, not coincidentally, that are associated with Northern European countries, while Italy is conceived to be “backward.” These ideas are imbued with feelings of belongingness and other affective associations, but they are also imbued with the implicit theory that belonging to Europe might somehow transfer these wonderful concepts to Italy. The graphs highlight that many non-elites have internalized this narrative. But they also highlight that the following categories are more likely to have internalized this narrative: men, Northerners, public sector workers, professionals, and the centre-left. However overall, non-elites are relatively less likely to display this elite-created narrative about what Europe can do for Italy. Consequently, many non-elites perceive Italy and Europe in more concrete ways than do elites. This highlights that less knowledge of political objects does not necessarily correlate with a stronger influence of non-rational variables such as discourses and identity. Although both groups of actors did not interpret and approach the euro in a way that is consistent with the “thick” version of rationality outlined in the literature review, the ones with the most knowledge of the euro were more likely than the less knowledgeable to interpret the euro through the prism of non-rational influences.

Potential Sources of Bias

There are two potential sources of bias that raise legitimate questions about the findings: the distribution of actors, and the coding scheme. Regarding the former, as mentioned in chapter three, the following actors are underrepresented in the sample because they were less willing to consent to an interview: women, those on the centre-right, and members of the working class.
Northerners and elites are also, compared to their actual distribution on the country, over-represented. But despite this non-correspondence of the sample with the actual distribution of actors in the country, some of the findings of this paper are broadly in line with the findings from survey research done with representative samples, namely: that around 85% of Italians were in favour of EMU in the late nineties, that 65% were in favour in 2010, and that elites, those on the centre-left, and professionals are more euro-enthusiastic than other sets of actors. This correspondence of findings gives confidence that the other findings presented in this paper have a sound empirical basis.

The coding scheme also raises legitimate questions about the findings, because many of the variables were coded, not on the basis of a fixed set of responses (as is done in the Eurobarometer research), but with the intent of “reading between the lines” of actors’ responses, as it were. For example, I did not ask participants directly whether they were enthusiastic or not about the EMU; but I coded “enthusiasm” on the basis of the tone and language used to respond to the question of whether, and for what reason, they were in favour of the euro. In a similar vein, I did not ask participants whether they were on the centre-Left or centre-Right, but I was able to infer the ideology of many participants on the basis of their response to the question of what they believed were Italy’s problems and the solutions to these problems; I also did not ask participants directly whether they believed that the EMU was the solution to Italy’s problems, but I was able to infer whether they supported EMU for this reason on the basis of their responses to the other questions. This “reading between the lines” approach to survey research is not without its faults, but its advantages outweigh the risks because it allows us to probe deeper into the cognitive schemes of participants while mitigating the risks of social desirability bias. The coding scheme is available upon request for readers who would like more information.
Analysis

The data that has been presented indicates that the following groups are more likely to interpret EMU with a strong sense of identity: men, Northerners, public sector workers, those on the centre-left, professionals, and elites. One possible explanation is that they are more knowledgeable, and more knowledgeable people are more likely to interpret political objects through the prism of ideology. An ideology, by definition, contains within it conceptions of the good society. It diagnoses the ills of the society, the causes of these ills, and the solutions to them. It contains assumptions about human agency and human nature, about the realm of the possible. It relies on simplification, abstraction, and generalization. Moreover, ideologically inclined types are often less willing or able to assess the concrete costs and benefits if this assessment conflicts with the goals, assumptions, and implications of their ideology. The individuals with a strong sense of identity display all these characteristics. They have diagnosed Italian “backwardness” on the basis of cultural or political defects that prevent meaningful change. That is, there is a fatalistic sense that the Italian nation lacks the agency to solve its problems. They also have a conception of the “good society” which is incarnated in Europe because “Europe” is associated with Northern European virtues. There is the wish that Italy would become like these Northern European countries, but there is also a feeling that the country lacks the agency to make the necessary changes. Agency was therefore located in Europe, which fundamentally rested on the hope or wish that Europe could change Italy. This belief was present despite the fact, supported by common sense and a realistic assessment of the evidence, that only Italy can change itself; sovereignty, and hence agency, lies within.
If this sovereignty is not being exercised in a way that promotes the desired changes, the cause of this is most likely the unwillingness to change. This brings us to an issue that is highly relevant to the findings: the conservative nature of Italian society. There are many privileges that many groups enjoy under the current system. Although Italians have a tendency to denounce their social system, many also gain from the widespread tax evasion, the professional bodies that exclude others, the system of familial ties, “raccomandazioni” and reciprocity that trumps merit in determining one’s life’s chances, clientelism, and many other myriad privileges that Italians regularly take advantage of. In order to become a “normal” country, Italians will have to give up these privileges. But giving up these privileges incurs immediate, tangible, and concrete costs, while the benefits of becoming a “normal” country are distant and abstract. The wish that belonging to Europe will make Italy a “normal” country obscured the painful personal costs of the action that is required to change the country. These costs would entail giving up the myriad privileges mentioned above, and engaging in the personal initiative to promote the required changes, but for many, these costs are too high, and hence the wish that some outside entity—in this case, Europe—will make Italy into a normal country. Perhaps it is no coincidence that some of the groups with the most privileges in Italian society—men, elites, and professionals—were also more likely to interpret EMU with a strong sense of identity. For these groups, the loss of privileges will have a costly and immediate impact, and hence they might be relatively less likely to give up these privileges. For them, the hope that Europe will make Italy a normal country perhaps conveniently excluded the fact that for Italy’s social system to be up to the

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25 There are many books that highlight the myriad privileges that Italians from most socio-economic classes gain from the current system. See: Roger Abravanel and Luca D’Agnese, Regole (Milano: Garzanti, 2010); Roger Abravanel, Meritocracia (Milano: Garzanti, 2009); Marco Cobianchi, Mani Bucate (Milano: Chiarelettere, 2011); Roberto Ippolito, Evasori (Milano: Bompiani, 2008); Antonio Catricala, Zavorre D’Italia (Rubbettino, 2010); F. Giavazzi, Lobby d’Italia. Of course not all Italians are able to enjoy these privileged positions.
levels of Europe’s elite countries, their privileges will have to be dismantled so that other groups can be included in the process of social development.

Of course, this does not mean that all actors who interpreted EMU with a strong sense of identity were in fact trying to escape the responsibility of giving up their privileges. Many surely supported EMU because of a genuine Europeanist orientation that had little to do with the structural privileges in the political economy. Moreover, elites across Europe have displayed higher levels of support for Europe than non-elites, and so in this sense Italian elites are not that much different than their European counterparts. But Italy displays some unique features that qualify this pattern, namely the contradiction between the hope that EMU would have made Italy a “normal” country on par with Europe’s elite countries and the fact that the realization of this hope depends on their willingness to accept changes that dismantle their privileges, not on Europe. Mario Monti, the technocrat who tried, and failed, to make Italy a “normal” and “European” country, recognized this, and tried to prepare his countrymen for the painful sacrifices that are required to make the country more competitive by, for example, passing reforms that open up professions to competition, and that allow youth and women to enter the labour force. The need for these changes has become evident because of the economic crisis of 2010. But the problems that these changes aim to address are not new; they have been in place for decades and attempts to address them have, again and again, run up against a conservative resistance to reform.

Humans everywhere have the tendency to want something while minimizing or avoiding the costs. In the case of Italy, many citizens desire a “normal” country, but they looked to an outside entity like EMU because it represented “Europe”, and Europe, as a political object, helped to minimize the real and painful changes that were needed to become “normal.” This was
reinforced in the immediate post-euro period, when the euphoria of entering, the artificially low interest rates, and the perception of feeling “European” and/or part of Europe’s elite countries, created the illusion that Italy was, or would become, a “normal country” even though the fundamental defects of the political economy — i.e., structural privileges, conservative resistance to reform — were still in place. In this sense, EMU formed what Hewstone recognized as one of the functions of public attitudes towards political objects: “ego defensiveness,” (Hewstone 1986, p. 60). Of course, in some situations, there are real collective action problems that prevent actors from making these necessary changes. If everyone is getting ahead through their familial ties, the person who recognizes the consequences of this social system and wants to change it must renounce, say, a job offer from his cousin or brother-in-law. He will pay a direct and immediate high cost, but the system remains. And so the incentives in place militate against changing the system. But the fact remains that until large numbers of individuals start to renounce their privileges, the system will stay in place. EMU, as a political object, may have obscured that reality. But the reality remains.
Chapter 6
How the Euro helped to reinforce Conservatism in Italy

In August of 2011 Mario Draghi and Jean-Claude Trichet of the European Central Bank (ECB) sent a letter to the government of Silvio Berlusconi. At the time, investors were signalling their fear of a possible Italian default and driving up interest rates to an unsustainable level. The ECB, against the wishes of Germany and other “virtuous” countries, was buying Italian debt in secondary markets to push down interest rates, but was only moderately successful. The stern letter outlined what those at the ECB, including Draghi, felt Italy needed to do as a quid pro quo for the ECB’s purchasing Italian bonds and for the country to get itself out of the crisis. The letter was essentially a list of suggestions of reforms deemed necessary to regain competitiveness and the confidence of investors, which included, among other things, reducing the size of the state, making it easier to sack workers by repealing or fundamentally altering article 18 of the statute of workers’ rights, opening up professions to competition, reducing taxes, reducing the size of the bureaucracy, and privatizations.

This letter made the liberal character of the European Monetary Union abundantly clear (here, the word “liberal” refers to the European, not the American, meaning of the term): the reforms outlined in the letter, if taken in their entirety, would have amounted to a liberal revolution in Italy, at least in the economic sphere. But there was much resistance to the letter, unsurprisingly, from both the centre-left and the centre-right. The only party that seemed to unreservedly accept the outlines of the letter was the traditionally euro-enthusiast party of Pierferdinando Casini, the UDC, which is the offshoot of the defunct Christian Democrats. The other parties, although rhetorically pro-European, signalled their reservations and opposition to the letter, which reflected enduring and deep conservative undercurrents in Italian society upon
which the parties, both left and right, depend. The word “conservative” used here does not refer to the political connotation of being on the centre-right. It rather refers to the traditional, most simple, meaning of the word: resistance to change. This raises an interesting puzzle. Why would a deeply conservative society demonstrate such high levels of support for the euro, whose consequences were so deeply liberal? In the year 1999, support for the euro reached 85%, and remained high in the subsequent years even when this support began to decline somewhat. At the time, it was already clear that the ECB would be strongly influenced by the monetarist orthodoxy that reigned supreme in the nineties and that had guided the decision-making of the Bundesbank. Those in Italy who were critical of the euro from its inception, such as the Communists and some members of the business community, recognized, perhaps better than others, the true, liberal nature of the European Monetary Union, which implied changes, such as a smaller, less active and interventionist state, that would fundamentally alter the political economy. But most others failed to recognize this, and they supported the common currency even though it implied changes to Italian society that Italians themselves had been resisting for years.

One of the reasons for this discrepancy between what many Italians believed the euro to be and what it actually was is the narratives and discourses that suffused the political and intellectual environment in the late nineties. There were two key dimensions to this discourse: negative and positive. Regarding the former, there was a palpable fear of the consequences of being left out of the euro, which was falsely portrayed as meaning exclusion from Europe writ large (Radaelli 2002). Regarding the positive dimensions, some narratives were focussed on the benefits that would accrue to the country if it was to enter the first round. Entering the euro would be a sort of “heaven” that would solve Italy’s problems and bring “normality”,
“progress”, and “modernity”. Others believed that, by moving towards the dream of a European federal state, the euro would help Italy to transfer sovereignty to Europe and remove power from its political class, which is perceived to be the source of all the country’s ills.

These narratives obscured some uncomfortable realities about the Italian political economy. The main reality that was obscured was that the sources of the country’s problems are not exclusively or perhaps even primarily the political class; equally complicit are Italians at the sub-state level upon which the political class depends. Many Italian intellectuals have observed the widespread trait among Italians, regardless of class, age, or region, to make sweeping condemnations of the country’s political class and to blame the country’s problems on them. But, as this chapter will show, although the state, politicians, and political parties share blame for the country’s problems, they are also expressions of preferences, privileges, and interests that are found at the societal level. Not only did the narrative of the euro obscure the societal sources of the country’s problems, it also created the conditions that disincentivized tackling them. Partly, this emerged from European-level interest rates that the country enjoyed after entering, which, by signalling that Italian debt was at the same level of risk as virtuous countries like Germany, created a false sense of security. But the narratives also contributed: many of these narratives created the impression that entering the euro, in and of itself, would either solve the country’s problems or would be some sort of “protection” and “strength” if the real, unresolved problems were to suddenly bubble to the surface. A quote from Carlo Azeglio Ciampi, reacting to the widespread euphoria after Italy was accepted into the euro, is instructive: “it is a mistake to think that the euro will solve all our problems; it is a condition for the solution, not a solution by itself” (Corriere della Sera, 17/03/1998).
By obscuring the internal responsibility for the country’s problems, the euro, and the narratives and interpretive schemes through which it was understood by many actors, was not conducive to the reforms that were (and are) necessary to make Italy a truly “European” (i.e., normal) country.

The crisis that started in 2010 has ended the illusions about the real sacrifices that are needed for Italy to stay in Europe. Italy must become more competitive, but to do so will require some deep and structural changes that Italians have been avoiding in the past, or that politicians have been avoiding because they were deeply unpopular. These changes include: promoting gender and inter-generational equity; ensuring that Italians pay their taxes; opening up the professions to competition; and addressing the sclerotic legal system and public sector. For these changes to truly and enduringly happen, it will not be enough for the technocratic government to change the rules, although that will be a necessary condition. Rather, it will require cultural changes that fundamentally alter the taken-for-granted beliefs and habits that Italians had become accustomed to. As Monti himself said recently, if his reforms do not induce cultural changes, they will be ephemeral.26

This raises important questions about the character of state-society relations in Italy. Many Italians would object to Monti’s assumption that the problems of the country are fundamentally cultural. The real cause, they might say, is the state and its occupants, because the political class enrich themselves without concern for the well-being of the electorate (the success of M5S, which campaigns on this discourse, attests to the fact that it is widely believed). But is it true, as this narrative implicitly assumes, that the state is detached from society? Or are the state and its occupants the expression of deep and fundamental and enduring traits of Italian society?

26 “Monti Pedagogo su Time: Spero di cambiare il modo di vivere degli Italiani.: Avaiable at: http://www.corriere.it/politica/12_febbraio_09/monti-usa_fb80033e-5307-11e1-8f96-43ef75befe7d.shtml
This chapter will argue the latter view but without falling prey to the reifications, caricatures, and simplifications that cultural-level explanations, especially in the context of Italy, are prone to. The method will be to locate those links between different social classes and the state that serve to perpetuate the status quo. The links are present on many levels, in ways that transcend political ideology and social class, but fundamentally they are rooted in conservative attitudes that produce resistance to change. The fear of bankruptcy and default made it increasingly clear that this state of affairs must change; but for many years this fact was obscured in part by the euro, and in part of the narratives surrounding it.

The Argument

Recently, there has been a significant decline in Italian support for the euro, at least compared to the high levels of support that were present in the late nineties. Strikingly, polls from May 2012 show that some 40% of Italians would like to return to the Lira (The Telegraph, May 6 2012), and this widespread disillusionment with the euro is being expressed in the rise of radical parties, like Beppe Grillo’s 5 Star movement, who are openly calling for Italy to have a referendum on leaving the common currency. The high support of the late nineties and the early years of the last decade puzzled many scholars, especially because most Italians lacked the knowledge to dispassionately evaluate the EMU. One reason for the high support is that politicians, some media sources, and other elites created the impression that entering the euro would make Italy a European country, would promote development, create economic growth, and restore Italy’s place as one of Europe’s leading nations.
There are several problems with these narratives. The first, and perhaps most important, is they were untrue. Entering the common currency could not, in and of itself, fix some the deep-seated problems that afflict the country. One of the only realistic voices in the debate in this regard was the governor of the Bank of Italy, Antonio Fazio. He warned Italians, accurately, that the euro, although it could produce monetary stability, could not, in and of itself, produce growth. He also warned Italians that the euro would not be “heaven” as some were framing it, that it would rather be closer to purgatory. These Catholic metaphors used to describe the euro are instructive: in a Catholic country, that many believed the euro would be some sort of “heaven” obscured the true nature of the common currency, which implied radical and liberal changes to the political economy that many voters—the same voters who supported the euro—would object to.

Gender

In the World Economic Forum 2010 Global Gender Gap Report, on the gender gap index Italy was in 74th place out of 134 countries. The report highlights that although women enjoy equal access to healthcare and education, in the labour market the glass ceiling continues to block progress. Although the country’s overall rank is 74, if we look only at labour force participation, it is ranked 97, below Paraguay and Ghana. Only about half of the female working-age population actively works, while three quarters of men do, and the earned income paid to men is around double what it is for women. In Europe, Italy is ahead of only Greece and Malta in the

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rankings of overall female participation in the labour force.\textsuperscript{28} Although the problem of female exclusion is higher in the South than it is in the North, the problem is nonetheless present in the North. There are many reasons for this widespread female exclusion across the country. The first is that women in the country perform the duties that in other countries would be performed by the state: taking care of the elderly and children, for instance. The second reason, which is directly related to the first, is the continued culturally rooted attitudes towards women that relegate them to the home.\textsuperscript{29}

This low participation has harmed competitiveness because a significant amount of human capital is not being utilized. Although women perform much of the socially valuable unpaid labour in the economy, research suggests that their contribution to economic growth would be much greater if they were more equitably included in the labour force.\textsuperscript{30} The problem has not been completely ignored. There have been initiatives to try to tackle the problem, but it has not been a priority for policymakers in the last 10 years. As Maurizio Ferrera argues, this emerges from the fact that there is little political will to make it a priority.\textsuperscript{31} This lack of political will fundamentally reflects a cultural conservatism: promoting gender equity does not gain as many votes as does, say, changing the electoral system. But the crisis has helped to shatter illusions about the state of women in the economy and its effect on overall competitiveness. Accordingly, the technocratic government of Monti implemented policies to help to increase female labour participation in the form of tax incentives for firms who hire women. The former minister of Welfare, Elsa Fornero, also signalled her displeasure about the status of women in

\textsuperscript{29} Italy: Education and Gender roles, available at http://family.jrank.org/pages/979/Italy-Education-Gender-Roles.html
\textsuperscript{30} L’occupazione femminile: Il Ritardo dell’Italia Rispetto all’Europa. Available at: http://www.politicheuropae.it/newsletter/17076/loccupazione-femminile-il-ritardo-dellitalia-rispetto-alleuropa
\textsuperscript{31} Corriere della Sera, 03/06/2012.
the economy and her determination to make gender equity a priority. The jury is still out on whether these initiatives will be successful, but the road will be long and arduous because they will require tackling and changing some deeply held beliefs about gender relations.

Professions

Polls show that professionals are among the most pro-European groups, especially compared to the working class. Many would argue that this is a function of their relatively higher levels of education and cosmopolitanism. Others argue that this emerges from the fact that they have much to gain from European integration because they possess human capital that has value across borders. Whatever the true causes of the pro-European attitudes, in Italy the fact remains that professionals have been European in words and not in deeds. Being “European”, one would think, would mean respect for the rules of the state, but professionals have displayed some of the most anarchistic attitudes towards the rules, especially in the form of tax evasion. Going to the dentist or obtaining legal services often entails two prices: one with the receipt, and one without the receipt. Paying without the receipt was normalized and practised even by people who would call themselves “honest” (Ippolito 2008, p. 8). And while many professionals ignore the rules when it comes to taxes, they display a preference for rules that give them monopolies that limit competition and that serve to transfer rents to them from consumers (Ginsborg 2003, p. 47; Abravanel 2010, p. 108; Catricala 2010, p. 17). They are able to accomplish this, in part, because of the high level of representation that professionals enjoy in Parliament and the broader political system (Della Porta 1992). The harmful effects on competitiveness are manifold. First, the exclusion of outsiders limits competition which limits innovation, and this limits the driver of
real increases in standards of living: productivity. Second, it represents a tax on consumers. Some services, like dentistry, are the most expensive in Europe, and these prices reduce the real standard of living of consumers (Ginsborg 2003).

There were attempts to address the problem most notably by Pier Luigi Bersani, Minister of Industry under Romano Prodi from 2006 to 2008, but after significant protests he had to water down many of the measures. Although his liberalizations were an important move towards “Europeanizing” the professions, they were only a first step. The technocratic government led by Monti adopted a series of measures to help ensure that professionals pay their taxes and that introduce the discipline of competition, but not surprisingly, there was much resistance to these attempts. Initially, the legislation aimed to remove price controls and to increase the numbers of professionals that could legally practice, but subsequently due to the pressure from those who would be adversely impacted by these reforms, there were literally thousands of changes to the legislation, leading some commentators to assert that they are now liberalizations in name only. The effect will be to perpetuate the status quo.

Business

Scholars have used a number of labels to describe the Italian model of capitalism, from “dysfunctional state capitalism” (Della Sala 2004) to “dysfunctional political economy” (De Cecco 2007). There are a number of traits that provide the basis for these labels. The main one, perhaps, is the concentration of ownership among Italian families, a trait which is associated with developing countries more than with developed, European nations. This family-oriented capitalism is one of the reasons for the low levels of meritocracy and social mobility in the
country (Abravanel 2009). The impact on competitiveness is profound. In a globalized economy, firms must be innovative and productive, and to be so requires making the best use of the country’s talent. Needless to say, a family-oriented form of capitalism makes it more difficult to make use of the country’s talent, which is why the country’s best and brightest are going overseas to look for work and opportunity. This family-oriented capitalism has been reproduced in part because of culture, and in part because of the actions of the state. Regarding the former, the family is still a crucial social unit in the country, so much so that it reproduces itself in many other social aggregations, both private and public (Ginsborg 2003). The family is still a source of loyalty, trust, legitimacy, and security. Indeed, the theory of amoral familism (Banfield 1958) has been used to explain many of the country’s ills, from low social mobility to high tax evasion to the inefficient public administration (Abravanel 2009, p. 182).

But, as will be shown below, these all-encompassing cultural explanations are limited, both methodologically and normatively. It is much more fruitful to explore the myriad ways in which the state has helped to perpetuate this state of affairs through its complicity in the anti-competitive behaviour of Italian firms. The first is the clientelistic subsidy schemes that Italian businesses have relied on. A detailed study by investigative journalist Marco Cobianchi (2011) has revealed that literally millions of firms are on the public dole. In 2010, the budget contained 40 billion euros in subsidies that go to sectors such as finance, agriculture, and tourism. The inefficiencies created are profound. First, many of these funds are not allocated on the basis of projects that make good business sense. They are geared towards obtaining electoral support and other forms of consent, both implicit and explicit (Padoa-Schioppa 1990; Toci 1994, p. 132; Fotia 1997, p. 11; Sapelli 1993, p. 95). This creates many skewed incentives. Firms and entrepreneurs, rather than focusing their efforts on satisfying their customers, expend resources.
on lobbying the state to continue these subsidies. This has led to the development of intermediaries who specialize in helping firms to obtain public funds, which represents another wasteful and inefficient allocation of human and other forms of capital. This problem of inefficient firms dependent on the state is much more widespread in the South (Gribaudi 1980), but many Northern firms are equally guilty, especially the ones that obtain public funds to invest in the South, only to close up shop and end up with a handsome profit, all thanks to the taxpayer (Cobianchi 2011, p. 76). Other firms use their links with the state to ensure that they will have monopoly privileges in their sectors. It appears that not much has changed since 1964, when Joseph Lapalombara (1964) wrote his seminal work on the role of Italian industrialists who use the state to minimize competition by giving them monopoly privileges.

Given this state of affairs, it is not surprising that Italy is 66th place on the economic freedom index, below Turkey, Madagascar, Nambia, and Mongolia (Abravanel 2010, p. 78). The incentives for firms have assured a kind of adverse selection, where winners are those who have the best connections with the state, or who are lucky enough to be born in a privileged family. One of the hopes of many liberals was that European integration would help to undermine this and lead to a more open and competitive economy that was not prey to rent-seekers. But this did not transpire. And the reason is that Europe cannot fundamentally alter the behaviour of these myriad actors who benefit from the protection of the state. Although Europe has imposed many penalties on Italy for illegal subsidies and/or anti-competitive behaviour, this is has not fundamentally altered the political economy, and moreover, Europe has also accepted the legitimacy of some subsidies, and in so doing giving a European stamp of approval to them (Cobianchi 2011, p. 192). This highlights that hopes that Europe would promote a liberal economy were exaggerated.
In any event, the crisis that started in 2010 has demonstrated that this form of capitalism will need to be dismantled to make space for mobility, merit, and talent. If Italy wants to avoid a chaotic default, it has no choice but to make the economy more competitive so that it can start to grow, and this means that many firms will have to sacrifice the privileges that they have come to depend on. Perhaps this is one of the reasons that business was suspicious of the euro from its inception (Bellucci & Conti 2012, p. 7): they realized, perhaps better than most that entering the euro could entail cuts to many of the privileges that they enjoy. There was also the fact that many of them had become addicted to the devaluations that would increase their exports. Without this tool, firms would be forced to make the tough decisions to become more competitive. In the first decade of the euro most firms ignored this imperative, and most politicians did too, in part because they were politically unpopular.

Tax Evasion

Recent data highlights that tax evasion in Italy has reached 275 billion euros. In proportional terms, the problem of tax evasion is probably worse in the South than it is in the North, but it is nonetheless widespread, even normalized, in both major regions of the country (Ippolito 2008). Although tax evasion is widespread among professionals, the problem cuts across social class and region, with some experts saying that around 50% of Italians evade taxes of some sort or another (Abravanel 2010, p. 225). Polls show that large majorities believe that citizens should pay their taxes (Sciolla 2004, p. 106), but what people tell pollsters does not often coincide with their actual behaviour.

Tax evasion harms competitiveness in a myriad of ways. First, it contributes to the large underground economy, which represents between 20% and 25% of Italian GDP. Second, it prevents firms from growing, because owners of underground, tax-evading firms might not want to become too large lest they evoke the attention of authorities. Tax evasion also disincentivizes foreign investment, because foreign investors, for whom taxes are much harder to evade, must compete with firms who do evade taxes.

Scholars have highlighted that illegal forms of behaviour, like tax evasion, are linked to the costs and benefits that rational actors experience from the activity in question. There are two kinds of costs that they must take account of. The first is the legal costs that would be imposed in the event of being caught. If the probability of being caught is low, and if the penalties on being caught are acceptable, then the rational actor will presume that the benefits of not paying taxes—higher profits, higher income, etc.—outweigh the costs. The second kind is arguably more important. This is the moral cost of evading taxes (Ippolito 2008, p. 198), which takes the form of social disapproval, ostracism, and the feelings of shame associated with an activity. If the moral costs are low—that is, if one can evade taxes and not feel shame or the disapproval of one’s peers—then the incidence of illegal activity, including tax evasion, will increase, because the rational actor will presume that the benefits outweigh the costs. This model of human behaviour is necessarily stylized, but goes a long way towards explaining much of the tax evasion in Italy. If there is a general attitude such as “così fan tutti” (everyone does it anyway), which appears to be the case in Italy (Della Porta & Vannuci 1994), then the moral costs will be low. In a society where the moral costs are high, citizens would rationally conclude that the benefits of paying taxes exceed the benefits of evading them. In this society, citizens would also express their disapproval by reporting on those businesses and individuals who evade taxes. But
in Italy, what we find is different. Indeed, very few Italians called the tax evasion hotline that was established, with some exceptions: wives reported the tax evasion of their husbands who had cheated on them (Ippolito 2008, p. 182). In other words, rather than calling because of concern about illegal activity, reporting on tax evasion became a tool of personal revenge.

The fact that the problem is the low moral costs associated with illegal activity means that the problem is fundamentally rooted in the taken-for-granted habits and beliefs of millions of citizens, in what is deemed to be “normal” or “acceptable” behaviour in the community. The state is partly responsible, if only because it used tax evasion for electoral gain. Policymakers avoided tackling tax evasion in the South and in the Northern industrial districts because they would have been punished electorally, and the political class’s unwillingness to make these politically unpopular decisions makes them complicit. After 2011, this state of affairs could no longer be sustained. In order to increase the confidence of investors, Italy had to demonstrate that it could solve the problem of tax evasion. It was also necessary to render the economy more competitive and to attract inflows of FDI. The technocratic government led by Mario Monti made addressing tax evasion one of its principal planks. There were some high profile and politically popular tax raids in towns, like Cortina, Milan, and Naples, where tax evasion is suspected to be high. Authorities discovered that large percentages of businesses were potential evaders, but more important was the political message that the government would make the tough decisions that previous governments had been avoiding for fear of electoral punishment. The jury is still out on whether these efforts will lead to enduring changes that fundamentally alter the moral costs of evading taxes.
In light of the previous section, it is difficult to clearly delineate the distinction between the private and the public sector. The tentacles of the state are actively present in much of the private sector, and hence it is questionable whether nominally private firms are in reality private, given that their survival depends, not primarily or exclusively on their capacity to compete in a free market, but on subsidies, tax evasion, or monopoly privileges that they enjoy from their political connections (Triglia 1996; Pizzorno 1996). Nonetheless, a discussion about Italy’s lack of competitiveness, and its lack of will to address it, would be incomplete without a discussion of those corporations, institutions, organs, and other social aggregations understood to be part of the public sector. One of the key shortcomings of the Italian public sector is its excessive politicization: key positions in the Italian bureaucracy are allocated on the basis of party loyalty rather than merit (Della Porta 1992; Ginsborg 2003, p. 140). At the lower levels of the public sector, clientelism is diffuse and normalized, influencing everything from hiring to licensing decisions. The public sector includes the magistrates and the legal-institutional structure, which, in terms of efficiency and efficacy, is at the bottom of the European rankings (Abravanel 2010, p. 17), ahead of only Greece. Policymakers, both elected and non-elected, have attempted to reform the public sector, but they have encountered much resistance. The most notable attempts in recent memory were the Cassese reforms (Ginsborg 2003, p. 278), but they were largely unsuccessful.
State or Society?

The problems adumbrated in the previous section are perhaps the most important in holding back the competitiveness that Italy requires if it is to permanently get itself out of the current crisis, although the list is certainly not exhaustive. Scholars have come up with a variety of models to explain this state of affairs. Some of the most popular are culturalist explanations, namely, the theory of civic culture (Putnam 1993) and the amoral familism framework (Banfield 1958). These theories can be evaluated together because, as Putnam himself says, the existence of amoral familism is the absence of civic culture (Putnam 1993, p. 88). According to Putnam, civic culture means, among other things, that the citizen actively participates in public affairs (p. 87). The problem with this idea is that not all kinds of participation are beneficial. In fact many lobby groups actively participate in public affairs to preserve their privileges (Putnam (p.89 includes economic associations as part of his indices of “civicness”). Putnam might respond that this participation must be “enlightened” rather than “myopic” (p. 88). The problem with this is that most interests view their activities as “enlightened” while those of the other guy as “myopic”. The firms that receive state subsidies, for example, will always justify their receipt of state-largess in terms of jobs; the men who will electorally punish a party that tries to engender female equality in the market place will justify their vote on the basis of “right” or “equality”; securely entrenched workers will justify their opposition to policies that aim to make the labour market more flexible in order to allow the inclusion of youth as a betrayal of “social justice” rather than a threat to their sinecures. Thus theoretically, the concept of civic culture is too nebulous to be of value for the problems in Italy’s political economy.
Regarding the theory of amoral familism, there can be no doubt that ascribing moral primacy to the family as a social and political unit can have negative consequences for the functioning of the political economy. It can prevent the formation of a Weberian bureaucracy, and lead to distrust in national institutions. But the amoral familism theory tends to unjustifiably simplify a very complex reality. It essentializes an entire population with a totalizing explanation that explains everything—and hence nothing. It ignores the fact that “familism” and a weak sense of the common good are present even in countries, like the US, that Italians tend to idealize as places that lack the shortcomings that are purportedly uniquely Italian. It also ignores the fact that familism is not necessarily correlated with backwardness: even in Italy’s well developed, “European” North, the family is a primary political, social, and moral unit, and this evidently did not hinder its development. In fact the North’s high level of development and economic dynamism suggest that family forms of capitalism can produce rapid and sustained economic growth. What is more, even if we presume that familism is widespread in Italy, some polls highlight that Italians have just as high a level of civic culture as their French cousins: they are just as likely to read newspapers, have faith in their democratic institutions, and tell pollsters that “following rules is important” (Sciolla 2004, pp. 54, 106).

Scholars who are highly critical of these cultural-level explanations tend to locate the cause of the country’s problems in the state, arguing that many of the social pathologies outlined above, such as tax evasion and clientelism, are natural or even normal responses to a rapacious political class that has abused its power (Sciolla 2003; Paci 1996). This argument depends on the assumption of a contraposition between a corrupt and parasitic state and a healthy civil society. But this is not tenable, and this can be nicely illustrated with the event that brought to light the deeply corrupt character of Italy’s political class: the Tangentopoli scandal. Initially it was
interpreted as evidence of a corrupt political class that exploited the resources of society for their own gain. This idea seemed to be supported by the widespread public support for the magistrates and their attempts to bring justice to the political system. But subsequent analysis posed a serious challenge to this framework. First, as highlighted by Tullio-Altan (1999), the widespread corruption of the political parties, especially the DC, was no secret before the magistrates took action against them. It was widely known, and yet those responsible for it did not receive electoral punishment. This suggests that for many voters, holding politicians accountable for their shady behaviour was not a priority, the way that it might be in other mature democracies, and may explain why it took the magistrates, and not the representative institutions of the polity, to react to this state of affairs (Garrone 1996, p. 116). Others saw *Tangentopoli* as a direct consequence of Italy’s form of state capitalism (Cazziniga 1994). The active intervention of political parties and the state in the economy, by granting monopoly privileges and subsidies and acquiescing to tax evasion and other anti-competitive behaviour, led to a kind of adverse selection in the economy, whereby the parasitic rent-seekers were rewarded at the expense of the honest. The general point of these revisionists’ arguments is that the system relied on the consent, either tacit or explicit, of many sub-state actors, especially businessmen and voters. And the consent was a-ideological in character, in the sense that both major parties and their supporters — PCI and DC — were involved (Diamanti 2003).

The *Tangentopoli* scandal is instructive because it highlights that, contrary to popular views, the corruption that erupted in the scandal is not reducible to a rapacious and dishonest political class. The political class is embedded in, an expression and an extension of, the country’s economic relations, political parties, voter preferences, and other elements found at the sub-state level (Gilbert 1998, p. 313). This chapter argues that the same can be said, *mutatis
mutandis, about the problems outlined above that serve to make the country uncompetitive: patriarchy, an unscrupulous professional class, an undisciplined and uncompetitive class of businessmen, and a sclerotic public sector; all have served to perpetuate the status quo because of the varying forms of consent that they have given to the political class in order to preserve their privileges, large and small, at the expense of long-term sustainability. The fact that these disparate actors that are found across the ideological spectrum share these attributes suggests that the culturalist framework is not completely mistaken, because culture includes those beliefs, attitudes, and traits that cross ideology, social class, and other variables.

The element of culture that unites these disparate actors and that served to perpetuate the status quo is conservatism, but recognizing this does not require the addition of a totalizing framework such as amoral familism. One can simply identify the interests, which are myopic but are interests nonetheless, of the actors who derive benefits from the system: men, professionals, the business class, the public sector, and tax evaders. Their interests produce a conservative mindset in the face of reforms, but not in the common sense of the term that refers to those on the centre-right. Rather, it refers to the simple and traditional definition of the term as resistance to change. In the way used in this paper, conservatism is not an ideology; it is rather a general attitude that informs decisions, beliefs, and emotions. One element of the conservative attitude is the tendency to perceive changes in social relations in zero-sum terms: any gain that one set of actors may obtain comes at the expense of other actors. This greatly accentuates pessimism: since all potential social changes are viewed in zero-sum terms, there is an expectation that they will produce losses. This also leads to the tendency to perceive dark sinister forces behind any changes that aim to alter existing social relations. These attributes lead to a kind of comfort with the status quo, even if it is increasingly evident that the status-quo can no longer be sustained.
The status-quo not only ensures the continuance of perks and privileges that actors have become accustomed to rely on, it also provides a sort of psychological comfort because it is associated with certainty and predictability. Uncertainty is psychologically uncomfortable for everyone; but for the conservative it is even more so because it is coupled with a fear of the loss of privileges, both big and small, and/or a zero-sum vision of the world.

The implication of this argument is that if the country wants to truly and enduringly become a “European” country, it will have to alter the conservative attitudes that have led to the reproduction of privilege and that perpetuate the status quo. There were some signs that the current crisis had this effect. Mario Monti’s efforts to tackle the privileges that perpetuate the status quo for a period enjoyed the support of a majority of Italians: when he replaced Berlusconi in November 2011 his support was above 80%, and polls in March 2012 showed that 52% approved of his efforts. One reason was that in November of 2011, there was a palpable fear that contagion would spread to Italy, causing a default and an exit from the euro. Such an event would have been psychologically traumatizing, even for those who have been critical of the euro. This terror of leaving the euro had, it appeared, an effect on attitudes, and it seemed that for a period many, perhaps most, Italians recognized that the status quo needed to change and that this depended on fundamental changes in their own behaviour. But it is instructive that support for him declined significantly since then (in the election in February 2013, Monti’s party received around 10%). What is more, there has been an increase in support for anti-euro parties, such as the 5 Star movement. Support was high for Monti when it appeared that he could “save” the country, but then it dawned on many that for him to do this would require many painful reforms that were intended to change the habits and beliefs of Italians. This rapid decline in support for Monti’s efforts to “Europeanize” Italy demonstrates why political parties have been
unwilling to make the tough decisions required to change the country (it would be electoral suicide).

This is part of an enduring pattern: for the first 10 years of the euro — the period when governments were supposed to be making the necessary reforms to adapt to the common currency — the conservative resistance to reform was present. This chapter also sustains that the euro for the first 10 years of its existence actually disincentivized reform. It obscured and minimized the true locus of the problem, which was and is the conservative resistance to reform that is present among the sub-state actors mentioned above. The euro had this effect in two ways. First, the convergence of interest rates between Italy and virtuous countries created the impression, especially in the initial post-euro period, that Italy was now part of the “virtuous” club of European nations. Students of Greece recognized a similar dynamic in that troubled nation (Prevelakis 2012). Greece, like Italy, suffered from high tax evasion, an unscrupulous professional and business class, and a sclerotic bureaucracy. But after the country entered the euro, the convergence of interest rates led to a debt-fuelled economic growth that created the impression that Greece was now one of Europe’s virtuous nations. A similar dynamic took place in Spain, which, like Greece, in the post-euro period enjoyed a debt-fuelled growth. But behind the illusion of economic expansion and virtue was the reality of the illiberal social relations among and between both private and public sector actors. Italy did not have the post-euro growth that was seen in Spain and Greece, but the convergence of interest rates had a similar dynamic because it created a sense of security for the status quo, not for all actors, but perhaps for most. And the reason is that interest rates are an important signal for policymakers that convey information that helps to coordinate the behaviour between markets and governments. When interest rates are low in a highly indebted country with low prospects for growth, it reflects the
belief that this country will be bailed out in the event that it is unable to repay its creditors. Markets priced in this belief because there was the impression, subsequently proved to be false, that in the event of a crisis the country would be bailed out. In this sense, the initial effects of the euro on interest rates obscured reality, creating a false sense of security, and this weakened the incentives to make those politically unpopular decisions that are required to restore sustainable economic growth (and hence prevent default).

The same dynamic took place as recently as the summer of 2011. At the time, markets were demanding higher interest rates on Italy’s debt to cover the real risks of default that were previously obscured. This created the impetus for what seemed to be a flurry of reforms to be implemented by the Berlusconi government. Then the ECB intervened in secondary markets and brought interest rates down, and the pressure for reform evaporated (until November of the same year, when markets panicked again). It is for this reason that Draghi’s latest intervention in secondary markets, announced on September 6 2012, which would include the unlimited buying of shorter-term debt, is conditional on country’s signing a ‘Memorandum of Understanding’ which is thinly disguised euphemism for the imposition of reforms to restore competitiveness and economic growth. If the country starts to display reluctance, then the ECB will halt the intervention of buying unlimited short-term debt in secondary markets. This policy reflects the fear of what transpired in August 2011: as soon as interest rates go down, the pressure to restore competitiveness evaporates, and politicians hesitate to make the painful decisions for fear of the electoral consequences. It also shows how interest rates can be an important signal for governments to act decisively, as it conveys important information to policymakers. When this signal conveys false information—as the low interest rates that Italy paid on its debt did after it
entered the EMU—the incentive for reform is reduced, and this is one of the reasons why Italian policymakers avoided the painful decisions in the first 10 years of the common currency.

In Italy the euro disincentivized reform in other ways. Many of the key discourses through which the euro was interpreted in the late nineties and even in the initial years of the post-euro period did not correspond with the reality of the common currency. There was a widespread hope and belief that the euro would solve the country’s problems. This unrealistic belief that the euro would solve the country’s problems emerged, in part, from what has been recognized by many prominent Italian scholars and intellectuals as the widespread tendency to blame abstract entities, in generalized and simplistic ways, for the country’s problems (Piattoni 2007; Rodota 1994). Whether it is the “political class” or the “system” or the “political parties” or the “magistrates” and even, increasingly, “Europe”, many Italians display an enduring capacity to blame others for the country’s problems. Underlying this tendency is the mistaken belief that the agent(s) responsible for the country’s problems are outside the actor, and from here it is a short conceptual leap to the equally mistaken belief that the agent(s) that are the solution to the country’s problems are also exogenous to the actor.

My own survey data illustrates how elites and non-elites tend to blame each other for the country’s problems:

**Figure 6.1: What is the cause of Italy’s problems?** (percentages)

<table>
<thead>
<tr>
<th></th>
<th>Non-elites</th>
<th>Elites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political class</td>
<td>33.15</td>
<td>26.08</td>
</tr>
<tr>
<td>Culture</td>
<td>29.34</td>
<td></td>
</tr>
<tr>
<td>Current government (summer/fall 2010)</td>
<td>4.89</td>
<td></td>
</tr>
<tr>
<td>Euro</td>
<td>5.43</td>
<td></td>
</tr>
<tr>
<td>Institutions</td>
<td>5.43</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>21.76</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
Subjects were asked what they thought were the causes (and solutions) to Italy’s perceived backwardness, and the transcribed responses were dominated by the following 5 responses: 1) the political class, 2) culture, which referred to traits that Italians as a nation purportedly possess 3) the current government, 4) the euro, and 5) institutions. As can be seen, although large numbers of non-elites blamed culture, a majority blamed the political class. Meanwhile, a significant plurality of elite members blamed culture. This can be interpreted in a variety of ways, but one plausible interpretation is that significant numbers of elites and non-elites blame each other for the country’s problems. When a subject blames his country’s problems on the culture of his co-citizens, for many it is a way of saying that everybody else has this trait. For instance, when a subject says that Italians are “furbetti” or individualist, they likely are not saying to me, the interviewer, that they too are these things; rather, other Italians are. Therefore, when elites said that “culture” was the cause of the problems, it is safe to assume that they believe themselves to be separate from these cultural deficiencies. It follows that they are locating responsibility in the masses, since they form the vast majority of the nation and hence constitute its national culture. Meanwhile, non-elites who blame the political class are referring to a belief that the political elite are deficient in a general sense.
This problem is not uniquely Italian (for an analysis of similar dynamics in the US, see Mansbridge 1997, p. 186). In countries where this trait is widespread, blaming others obscures the ways that one’s own behaviour contributes to the problems in question, but in Italy there is another undesirable effect: the tendency to look for some outside entity to solve the country’s problems. Evidence for this national trait was present even two centuries ago, when Italians looked to revolutionary France to solve the country’s ills.  

This trait was fertile ground for politicians and other elites who sold the euro to the population in salvation-tinged language, creating the impression that all the country’s problems would be solved by entering the common currency. This too was confirmed by my survey data:

**Figure 6.2: Link between Italy’s problems and EMU as the solution** (percentages)

<table>
<thead>
<tr>
<th></th>
<th>Non-elites</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct link</td>
<td>39.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indirect link</td>
<td>25.8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No link</td>
<td>34.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Elites</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct link</td>
<td>58.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indirect link</td>
<td>25.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No link</td>
<td>15.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Chi-square value 10.420
Significance .006
Degrees of freedom 2

As Figure 6.2 highlights, a plurality of non-elites perceive a direct link between the country’s problems and Europe as the solution, while a large majority of elites perceive a direct link between the two. When this graph is understood in light of the fact that many political elites and non-elites view each other as the causes of the country’s problems, it allows us to plausibly assume that large numbers of both were looking to Europe to save Italy from each other.

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33 *Corriere della Sera*, 13/10/2011.
The discourses that the euro would solve the country’s problems obscured the reality that the country’s problems are rooted in the decisions, beliefs, and practices of actors at the sub-state level, with the complicity of the political class. It reduced the capacity to draw logical and concrete connections between ones’ decisions and practices and the status-quo. Living in Italy, I witnessed this phenomenon: individuals blaming others for the country’s problems and then the very same individuals engaging in the behaviour that serves to perpetuate the problems. These observations are anecdotal, but they confirm the pattern: intelligent and well-meaning people complaining about how in Italy there is no sense of the “common good” or that the “rich” or the “political class” are the source of the country’s problems — and the very same persons paying for services without a receipt in order to evade taxes, or benefitting from low rental costs for an apartment because the apartment they live in is “abusivo” (illegal), or ensuring favourable medical treatment for relatives because of a cousin in the hospital (which comes at the expense of others without relatives there), or bragging that they will be able to fake mental illness in order to obtain a disability pension, or buying counterfeit products in order to enhance their status without having to pay the full cost.

Part of the explanation of this trait is a very real collective action problem: challenging the status-quo by changing one’s behaviour will incur short-term costs (in terms of a real reduction in the standard of living), while the long-term benefits of a more just, equal, and efficient society are abstract, not in the here and now. And so the incentive is to keep engaging in the behaviours that perpetuate the status quo, while complaining about how bad things are. But the discourses through which the euro was interpreted did not help this state of affairs because they reinforced the tendency to blame others or abstract entities for the country’s problems and, in so doing, reduced the capacity to draw links between one’s own everyday
behaviour and the unsustainable status quo. This tendency was present especially among the most pro-European, because they tended to perceive the euro through the lens of European identity rather than through a calculated appraisal of the real costs and benefits of joining. In this regard, emblematic is a pro-euro merchant in Salerno whom I interviewed in the summer of 2010. In one part of the interview, she tells me that she was in favour of entering EMU because it was important to make us equals, it was a desire to be a country of Serie A [the premier division of the Italian soccer league] like all the others in Europe, we knew that if we would not have entered we would have been part of the third world.

This response displays much of the rhetoric that was present in the late nineties, that the alternative to the euro was “the third world”. Implicit in this idea is the belief that entering the euro would solve the problems that have served to make Italy a country of “Serie B” in Europe. But later in this fascinating interview, in a response to my question on what she believes are the country’s problems, she tells me that

the principal problem is the “partitocrazia” [regime of parties], who use public money to intervene in the economy….taxes are too high, and so we all find ways to avoid paying them.

This merchant has essentially admitted to me that she and her fellow merchants engage in tax evasion, although she justifies it by the fact that taxes are too high because the country’s political parties use public money to prop up firms. But she evidently does not recognize that her tax evasion is one of the reasons that Italy has remained a country of “Serie B” in Europe. Moreover, even if her belief that the source of the country’s problems is the political parties is not entirely untrue, it is incomplete, because illegality is not the way to address the problem; in fact illegality worsens the problem, and it makes little sense to practise this illegality while
waiting and hoping for some outside abstract entity to save the country. This wish that Europe could save Italy from its rapacious political class obscures all the little behaviours, like the tax evasion of this undoubtedly well-meaning merchant, that are one of the main sources of the country’s problems. In this sense, the narrative of the euro was not conducive to the implementation of the painful reforms that were and are necessary to “Europeanize” Italy because the discourses through which it was interpreted helped to obscure the real sources of the country’s problems.

Monti’s great experiment

The arguments of this paper have important implications for the attempts of the technocratic government to transform Italy. If the source of the problem is ultimately the conservative resistance to reform, it suggests that only cultural changes at the sub-state level can enduringly solve the country’s problems and ensure that it avoids default. The question, then, is whether the top-down changes to the rules of the game implemented by the technocratic government can or will lead to cultural changes. If history is any guide, the grounds for optimism are not great (Ulsaner 2002). Deep and enduring cultural changes usually take place after extreme events, like political upheavals, revolutions, wars, and economic catastrophe. In November, when there was a palpable fear that the euro would disintegrate, it appeared that many were willing to fundamentally alter their way of life and do whatever it takes to stay in Europe. This is why Monti’s government was accepted with such high levels of enthusiasm. But Monti might have also inadvertently reinforced the tendency in Italy to look for some external saviour to fix the country’s problems. Indeed, the rhetoric that was used to describe Monti—that he would “save”
the country—is strikingly similar to the rhetoric that was used to describe the euro in the late nineties. This raises questions about the extent to which many Italians are beginning to draw the concrete links between their own behaviours and the unsustainable status quo. The resistance to some of his reforms, especially from the professional class, also suggests that the palpable fear that was present in November of being expelled from the euro has not completely undermined the underlying conservatism of many actors. These trends, on top of the very limited historical evidence mentioned above, suggest that the chances that Monti will truly and enduringly change the country are not high.

This chapter has looked at the ways in which the euro, and the discourse through which it was interpreted, helped to obscure the internal social structures in the country that are the main cause of its lack of competitiveness and absence of economic growth. But these discourses obscured Italy’s external relations, too. Italian foreign policy for the past fifty years has been motivated by the wish to be one of Europe’s leading nations, along side Germany and France, in running the continent’s affairs. Entering EMU was sold to the public in these terms, i.e. that it would make Italy a top-tier nation in Europe. But this obscured the fact that entering a prestigious monetary union could not, in and of itself, end Italy’s marginalization in Europe. The next chapter will demonstrate why.
Chapter 7
Vicarious Evaluation: How European Integration Helps to Transform National Identities

One of the principle ways in which Europeanists have investigated the relationship between national identity and European integration is the strong/weak identity framework. The idea is that strong forms of national identity—with Britain usually the archetype—are not conducive to integration because they produce the belief that only the nation-state can legitimately exercise sovereignty. Conversely, those countries with a “weak” identity—and here, Italy is often cited as an emblematic case—are more open to integration because it is presumed that there is a more flexible and open collectively held conception of the nation state (Berezin 2009). In this framework the causal arrow runs from the nation to the international system: the focus is on how national identity affects policies towards European integration. But comparatively fewer Europeanists explore the causal dynamics that flow in the other direction, that is, how international events like European integration impact national identity. There is a huge literature on the ways in which European integration impacts national institutions and economies, but the question of how national identities are impacted does not enjoy as much attention.

The question then becomes: how does European integration influence identity? Perhaps it depends on the country. For example, when Greece joined the European project, many Greeks perceived it as entering Western modernity and permanently leaving the “backwardness” of the Balkans. When Spain “entered Europe” it was perceived as a distancing from the backwardness of the Franco era and a move towards “modernity” in the form of democracy. A similar dynamic was certainly present when the former countries of the Soviet Union joined the EU: it was necessary to consolidate their status as Western, liberal democratic nations. “Entering Europe” had many concrete advantages and benefits, but the symbolic elements are just as important in
giving a sense of psychological security and national pride, for it symbolized a move away from “backwardness” towards “modernity.”

One important element of identity that is influenced by European integration is the collective perception of the relative status of the nation. Perceptions of relative status flow from the fact that one of the main features of international order is hierarchy: nations define themselves, and are defined by others, by their place on the international pecking order. Entering Europe, for many nations, is also perceived as a shift upwards on this pecking order. But there is often a disjuncture between the real, objective relative status of a nation and the perceived relative status that nationalized individuals believe their country enjoys. This distinction between real and perceived national status is important because perceptions of relative international status are elements of national identity; it follows that changes in perceptions of national status are useful for exploring how identity changes.

This distinction is important for another reason that is relevant to this chapter: often, nationalized individuals have exaggerated beliefs about the impact that “entering Europe” can have on the relative status of their nation. This precisely describes the case study that will be the focus of this chapter: Italy, specifically, Italy entering the European Monetary Union in 1999. Italians had to make many sacrifices to enter, and politicians, to build support for these sacrifices, propagated narratives that did not correspond with the actual policy. Entering the euro was framed as “Entering Europe” even though Italy was one of the founders of the European project and its belongingness to Europe was not predicated on whether or not it entered the first round of euro countries. But more importantly, entering the euro, it was perceived, would solve Italy’s second-tier status in Europe. Many Italians perceived that the relegation of their country to second-class status — compared to the first-class status enjoyed by Germany, France, and the
UK — was unjust, especially in light of Italy’s traditional euro-enthusiasm among both its elites and non-elites, its relative weight in terms of absolute and pro-capita GDP (more on that below), and because it was one of the founders of the project. Entering the euro, it was perceived, would equalize this inequality. And so when Italy entered, there was a widespread sense that the country had indeed entered the league of Europe’s elite countries.

But there was one problem with this perception: it was wrong. Why? Because entering EMU did not fundamentally change Italy’s relative status compared to Europe’s elite countries. In other words, Italians’ perceptions of their relative status did not comport with the objective relative status of the nation vis-à-vis Europe’s elite countries. Entering the euro was a great achievement. It modernized Italian public finances, in part, by placing constraints on the capacity of the political class to use monetary policy for promoting political objectives like industrial peace and economic growth, and in part because it compelled Italy to restrain public spending. It also demonstrated that Italy, in times of crisis, is able to muster the political resources to get itself out of the morass (usually of its own making). But these things, impressive as they are, were not sufficient to change its relative status, because in Europe, a nation’s relative status depends on a host of other variables. The size of the economy is an important variable, but so is the quality of this economy: how modern it is, its levels of inequality and social mobility and corruption. One could add technological sophistication and its socio-political-bureaucratic organization. Individually, these things might not make a difference, but together they do. To change all of them in a way that raises the status of a country takes years, even decades, and, in terms of a nation’s relative status, cannot be substituted by entering a monetary union.

This perception among Italians in the shift of the country’s relative status was brief; it eventually became clear that the country did not really enter the club of elite nations. This raises
the question: why was there a shift in perceptions that did not correspond with the objective hierarchy that remained largely unchanged in Europe? Answering that question will be the focus of this chapter.

Addressing this question is important because it is useful to highlight the nexus between mass perceptions and international relations. The international system is very complex even for scholars, and most domestic actors interpret, filter, and construct it in ways that are influenced by their level of knowledge, their ideology, their circumstances, and their desires. Policymakers and politicians who conduct foreign policy have to build at least some democratic support for their decisions, and they have to appeal to the mass perceptions and desires of their constituents. In this sense, the political narratives that are propagated by elites must be strategic and selective. They must be based on culturally and psychologically compelling ideas that appeal to many citizens. But, as this chapter will show, this strategic discursiveness has a negative side effect: it obscures the real structures of power of the international system that is characterized with hierarchy, competition, and relative gains that confer privileges to some nations and losses to others.

Discourse is the key variable that determined this misperception of relative status. A key element of discourse that will be examined is inter-group comparison. As scholars of nationalism, social psychologists, and constructivists have demonstrated, the identity of the nation relies in large part on comparisons of the collective Self with some collective Other. In Europe this dynamic is more complicated because there are often fuzzy distinctions between Self and Other. For instance, many Italians compare their nation (the Self) with “Europe” (the Other), but Europe also has Self properties, especially for those who feel a strong sense of belongingness to Europe. But focusing on the Other properties of Europe is a first step in addressing the
research question. For many Italians, the idea of “Europe” embodies the things that are perceived to be absent in Italy: normality, equality, modernity, freedom. Indeed, Italians, despite living in one of the richest countries in the world, often describe their country as something akin to a third world banana republic. This national trait, which has been observed by many intellectuals, is animated by the intergroup comparisons of Italy (Self) and Europe (Other). But when Italy entered EMU, for many this distinction became blurred. Many felt that this event represented a watershed for the development of the nation: it demonstrated its European credentials, it showed that it can rise up to the task, it became more “European”. This blurring of the Self and Other properties transformed, at least temporarily the construction of the national Self: It was perceived that in Europe Italy was one of Europe’s top-tier nations. Social psychologists have recognized this dynamic at the nexus between the individual and the group: the individual often defines his individual status, not on the basis of his personal material achievements, but on the basis of the group in which he belongs. This chapter applies this concept to the nexus between different groups rather than between the individual and the group: how individuals define their group’s status often depends on perceived assimilation with other groups.

To see how discourse can have this effect, we need to examine the question of why some discourses, and not others, construct reality. It is affect which provides the first clue. The reality of the monetary union was that it was a new currency that could, it was hoped, eventually lead to a political union. It would impose some discipline on monetary policy and public finance, it would reduce interest rates, and it would ease travel. Although these discourses were part of the debate in Italy, another narrative, especially in the wider public, was that the euro would solve Italy’s problems, that it would make it a top-tier country in Europe. The media, which helped to

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construct and propagate these narratives, played a crucial role in creating the perception that the euro would create equality between Italy and Europe’s elite countries. The media not only are the conduit between the policy elite and the actors that constitute the nation; they help to shape and construct the narratives that produce collectively held perceptions of the group’s relative international status.

This research question can be operationalized with the following hypothesis: adopting the euro was not perceived simply as entering a monetary union; it was perceived to have shifted Italy’s place on the European pecking order because, for many Italians, entering EMU meant that Italy was now more ‘European’ in the sense that it was up to the standards of Europe’s top-tier countries. I call this phenomenon “Vicarious Evaluation”: the construction of the identity of the nation can change when it is perceived to have assimilated features of the Other (here, the ‘Other’ refers to Europe’s elite countries).

Evidence

To my knowledge there are no professional polling agencies in Italy that ask respondents to express their perceptions of their nation’s relative status. Thus to investigate how these perceptions changed, I will rely on survey data that I collected in 2010. I will also present media sources from the RAI (Italy’s public broadcaster) in the form of clips of television news shows that were aired immediately after Italy entered the euro. This data is qualitative in character but these clips are an important source for locating those symbols and expressions that are taken for
granted; humour, speeches, interviews by journalists of the common man on the street, all can convey those taken-for-granted beliefs that constitute a nation’s identity (Smith 1992).

Some elites perceived that Italy’s entering the euro meant that it was no longer an “abnormal” country (Chevallard 2008, p. 50). “Abnormal”, in Italy’s discursive political universe is another way of saying not normal, “normal” meaning the European ideal discussed above, which is associated with Europe’s elite countries. For Chevallard and many others, the election of Berlusconi was a turning point that undermined this illusion and demonstrated that Italy was still, compared to “Europe”, an “abnormal” country (ibid., p. 50), while for others the image of Italy as a country of Serie A remained.

This belief was reflected in the media as well. In January 1999, right after Italy entered the euro, journalists from the RAI went out in public and interviewed citizens, asking them about their views on the new currency. For many, the meanings associated with the currency were strictly monetary, in the sense that it was simply a new medium of exchange with which to go shopping. But for many others there were extra-monetary meanings, as demonstrated by this interview:

Journalist: The euro creates a unity and makes us [Europeans] feel like a common people…
Respondent: yes…using the same currency means also feeling that we [Europeans] are equal.

The key idea here is that the euro produced feelings of equality among European nations. But the bias is upward, in the sense that equality is important not because it creates a sense of parity with, say, Spain, but rather with the euro’s elite countries like France and Germany. Although

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35 All the clips obtained from the archives of the RAI are available upon request.
36 Personal interview, Member of Italian Parliament, Partito Democratico, Oct 15th, 2010.
this upward bias is not explicitly expressed by the respondent, it can be inferred for two reasons: 1) the research mentioned in the literature review which shows that lower status groups aim for equality with higher status groups, and 2) the fact, as highlighted by Willis (1971) and Brogi (2002) that Italians’ primary foreign policy objective, in particular after WW2, has been to obtain equality with France and Germany in running Europe’s affairs. The political class sold the euro in these terms, and so when Italy entered the common currency it was felt to attenuate the inequality that existed, and still objectively exists, between Italy and Europe’s elite countries. These exaggerated beliefs about what the euro could do to impact Italy’s relative status manifested itself in other ways in the media. After Italy entered the euro, Prime Minister Prodi went on the air to give a congratulatory speech to the nation where he presented the event in the following way:

"Italy enters Europe [note the conflation of EMU with Europe] with all its history and culture without which Europe would be poorer and less present in the world…we have to construct together this new reality with a way of life that is new and serene…we must look towards the South…the relationship between the Christian world and the Muslim world, and here, Italy has the obligation to promote peace, and if we were not in Europe, we would not be able to carry out this obligation (Dichiarazione di Prodi, aired on May 2 1998)."

The meanings associated with the euro in this speech are “strength” and “influence” (these associations are also embedded in the popular Italian expression that is often used to express support for European unity: “l’unione fa la forza”, which means: “together we are stronger”). This sense of new strength and influence was extended to the belief that entering “Europe” for Italy meant it would be a harbinger of geo-political change that will help to bridge the differences between Europe and the Muslim world. Needless to say, the euro had no such effect, nor could it, because Italy’s capacity to bridge the differences between the Muslim world and
Europe did not rest on its capacity to enter the first round of euro countries. It strains credulity to think, for example, that leaders in Tunisia, Saudi Arabia, Iran, and Egypt would be more influenced by Italy because it was now part of a wider currency union. Rather, it is more likely that those Muslim countries are more influenced by military power and economic strength, neither of which have much to do with the euro. But this belief in increased influence was held because of the extra-monetary meanings that were associated with the euro. It was believed that entering would increase the country’s relative status and influence in the unequal inter-state pecking order.

Humour that only national audiences can understand is also a good source of those symbols that pertain to the intersubjective universe of the nation. Humour also often reveals uncomfortable truths that are made palatable because they are expressed in jests. They often penetrate the psychological defences that prevent people from saying things that many believe but that few would openly express. I found one of these jokes on “Mister Euro”, moderated by Alan Friedman, aired on January 8 2002. The show is characterized by a panel of politicians, union and business leaders, and other members of the ruling class who are interviewed by Friedman and who debate one another on the serious matters surrounding the euro. But the show aims to inject humour through one of the characters, who, in this case is the well-known Italian actress/comedian Syusy Blady. In one of her comedic skits, she goes on a tangent about the euro and then she says “for once we are like the Germans, with the same currency!!!!!!!” The euro here meant more than just a new currency with which to go shopping; it was another way of saying, “for once Italy is up to the standards of Germany”. This allusion to Germany is not a coincidence: it highlights the upward bias of inter-group comparison. For lower status groups, it is important to feel equality with higher status groups. Germany is also the country that is the
ideal for most Italians when they engage in the social comparisons that reify the perceived defects that the Italian nation-state possesses. This is confirmed by my own survey data. Out of 253 subjects, 186 responded to the open-ended question “Which country should Italy copy?” And the results show that a plurality said Germany, under 10% said France, 25% responded “Europe’s great powers” (which includes France and Germany), around 24% said Scandinavian countries, and under 10% said English-speaking nations.

Figure 7.1

As mentioned above, a sample of newspaper articles were collected from Italy’s major newspapers to provide a quantitative idea of how perceptions of Italy’s relative status changed after entering the euro. The articles were coded with a simple scheme that divided them on the basis of whether they present Italy at the “same level” as Europe’s elite countries, or whether they presented Italy as “inferior” to them in some way. Regarding the latter, many articles represented Italy as a member of the “Club Med” countries, a derogatory term within which is embedded the division between the virtuous Northern European countries and the non-virtuous
nations of Southern Europe. Articles that represented Italy in terms of its specific problems that other nations presumably do not have were also coded with “inferior”. Conversely, articles that presented Italy as a “grande paese” of Europe (which roughly translates to “great power”) were coded as “same level”. Other articles that were coded in the “same level” category represented Italy as sharing the same position in Europe as Germany and France, rather than, say, Spain or Portugal. The coded articles were plotted on a graph that highlights the distribution over the time period 1996-2004, and the results can be seen in the following:

**Figure 7.2: Perceptions of relative status in Italian newspapers**

The first line highlights the numbers of articles that were published that discussed the euro or the Maastricht criteria in the context of Italy’s place in Europe. There is a huge spike between late 1996 and late 1997, and then again between late 1997 and 1998. There were a flurry of articles published in these periods because at the time Italy’s entering EMU was very much in doubt, when comments from Dutch and German officials raised serious questions about Italy making the first round, and many of the articles are attempts to interpret this or that comment on Italy from some German or Dutch official. The second line represents the articles that depicted Italy as one of Europe’s “great powers” or that expressed the notion that Italy was
at the same level of Europe’s elite countries. The third line depicts the articles that represent Italy as inferior to Europe’s elite countries. The graph shows a shift that begins when it became official that Italy would enter the eurozone. By around the middle of 2000, there are slightly more articles that represent Italy as a great power at the same level of Europe’s elite countries. The shift back to “inferior” starts to happen in 2004.

It is important to point out that these data are not representative of the population in the scientific sense. They tend to reflect the views of mainstream elites, as columnists in national dailies tend to be. Therefore, on the basis of the media samples, it cannot be inferred that X percent of Italians perceived these shifts. The newspaper and television clips are nonetheless valuable sources for inferring how discourses shifted after Italy entered the euro. Although these sources represent the views of elites, national identities are mostly elite constructions. These constructions permeate the subjective universe of non-elites through the media, but my survey data suggests that they permeated only a minority of non-elites.

To get an idea of the extent to which these constructions permeated the non-elites interview subjects were asked the question: “After Italy entered EMU, how did you perceive the country?” Like the other questions, this question was deliberately open-ended because I wanted to investigate whether, and how, perceptions of the nation-state changed after entering the common currency. The results are shown below. A plurality responded saying that they perceived the increase in prices that many Italians believe was caused by the euro. But from the perspective of this chapter, the other responses are much more interesting. Around 20% of the sample explicitly said that they perceived that Italy became equal with Germany and/or France; around 10% perceived an improvement in the quality of national institutions, while around 13% believed that “Italy improved” in a general sense (that is, without specifying exactly which way
the country improved). These latter responses, which together are about 43% of the sample, perceived EMU is equalizing terms, even if they had different ideas about the way that EMU had an equalizing effect. A small portion responded saying that they felt “euphoria” after Italy entered, which attests to the emotional character for some of Italy’s entering EMU, while another small portion—10%—said that the country “worsened” but in the general sense (that is, without specifying in what way it did).

Figure 7.3

The following Table aims to show which types of actors were more likely to apply the equality meme to Italy’s entering the Eurozone. The table below shows three sets of actors: the centre-left and the centre-right, elites and non-elites, and those who were more or less likely to interpret the euro through the lens of belongingness or instrumentality.

Table 7A: After Italy adopted the euro, did your perception of the country change? How?
Centre-Left

<table>
<thead>
<tr>
<th>Perception</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Became equals in Europe</td>
<td>10.66</td>
</tr>
<tr>
<td>Institutions improved</td>
<td>14.66</td>
</tr>
<tr>
<td>Country worsened</td>
<td>2.66</td>
</tr>
<tr>
<td>Euphoria</td>
<td>10.66</td>
</tr>
<tr>
<td>The country improved</td>
<td>12</td>
</tr>
<tr>
<td>We became European</td>
<td>10.66</td>
</tr>
</tbody>
</table>
Prices rose 29.33
Miscellaneous 9.37
Total 100

**Centre-Right**
Became equals in Europe 0
Institutions improved 5.33
Country worsened 5.33
Euphoria 3.8
The country improved 15.38
We became European 3.84
Prices rose 46
Miscellaneous 20.32
Total 100

**Elite**
Became equals in Europe 5.63
Institutions improved 22.53
Country worsened 2.81
Euphoria 12.67
The country improved 14.08
We became European 11.26
Prices rose 16.90
Miscellaneous 14.12
Total 100

**Non-elite**
Became equals in Europe 7.73
Institutions improved 3.31
Country worsened 7.73
Euphoria 7.18
The country improved 9.94
We became European 6.62
Prices rose 43.64
Miscellaneous 13.85
Total 100

**Logic of belongingness**
Became equals in Europe 17.39
Institutions improved 11.59
Country worsened 2.89
Euphoria 8.69
The country improved 14.49
We became European 14.49
Prices rose 21.73
Miscellaneous 8.73
Total 100

**Logic of instrumentality**
Became equals in Europe 6.25
Institutions improved 11.25
The table shows that proportionally more individuals on the centre-left interpreted the euro through the prism of equality. Regarding elites and non-elites, the data do not display significant variations, in proportional terms, in the application of the equality meme to Italy’s entering the euro, although elites were proportionally more likely to have expressed that entering the euro made Italy “more European”, while non-elites are overwhelmingly more likely to have expressed the perception of price rises.

Regarding the last lines in the table that divides actors on the basis of the logic of belongingness and the logic of instrumentality, after the interviews were transcribed, the texts of the interviews were coded with a scheme that aimed to capture the patterns and variations of the cognitive logics. Scholars of human behaviour recognize that there are two key logics of decision-making: the logic of appropriateness and the logic of consequentialism. The logic of appropriateness corresponds with expressions of identity, which translate into political objects like Europe being interpreted on the basis of visions of order more than on the concrete costs and benefits of integration. Table 7A shows that those actors in the sample who conveyed expressions of European identity were more likely to have ascribed the meaning of equality to the euro.
Perception and reality

The present chapter provides evidence in support of the argument that entering the Eurozone temporarily led to shifts in how Italians perceive their relative position in Europe. This section will present evidence in support of the argument that despite its adoption of the euro, objectively Italy is in the second tier in Europe’s informal hierarchical structure. Before proceeding, it would be worthwhile to elaborate on the concept of hierarchy.

On page 70 of this thesis, I distinguished between 1) the hierarchy in Europe as it is perceived by many Italians, and 2) the hierarchy of status and influence in Europe. The first was identified by presenting the myriad ways in which Italians—in newspapers, TV shows, and interviews—present their nation as “behind” or “below” or “not up to the standards of” Europe. The second form, hierarchy of status and influence in Europe, is of a different species. In Europe there are several different types of hierarchy that can be analytically distinguished even if in practise they are not always mutually exclusive. 1) The influence on decisions taken in the European Union, which is a complex structure of both supranational and inter-governmental rules. In the supranational sphere, Italy and Italians have influence that is not less than others or that matches the country’s actual weight relative to others. For example, members of the Eurozone each have a seat (and an equal vote) on the ECB’s governing council; in the European Parliament, which allocates seats on the basis of population, Italy has as much voting power as France and the UK; Italy also has an equal vote in the commission. However, the same cannot be said about other areas of European politics, especially the inter-governmental sphere, where Germany and France are on top, while Italy is in the second-tier. Establishing the relative influence of a nation in the inter-governmental sphere is difficult because bargaining takes place
behind closed doors, and because policymakers keep the character of negotiations secret or obscure for reasons of domestic politics. But, as will be argued below, by exploring proxy indicators, we can infer which countries are in the first and second tier. 2) The hierarchy of material factors: population, and absolute and pro-capita GDP. On this dimension, Italy is roughly equal to France and the UK. However, it does not enjoy the relative status and influence of those two nations and this may very well be the result of the next dimension. 3) The hierarchy of ideational factors that are highly valued in Europe and which are rooted in the qualitative dimensions of a country’s political economy, such as corruption, the credibility of the political class, economic dynamism, social equality, democratic structures, and technological sophistication. By itself this dimension may not matter much for relative influence in Europe, otherwise, Sweden would be more influential than, say, Italy or Spain. But this dimension matters for a nation’s reputation and hence for its relative status when we combine it with the preceding dimension, namely, population and economic size (absolute and pro-capita). In the hierarchy of the qualitative dimensions of society and economy, culture matters too, but not in the sense of the cultural treasures of the nation. In determining hierarchy, culture is important in a different sense: the beliefs and practices of its citizens which are understood to be proxies for their perceived honesty and sense of civic responsibility. The reason is that for large numbers of Europeans, the quality of nations’ socio-political and bureaucratic organization very much depends on the national culture. This is observable in the moralistic language that is often used to describe a nation’s place on Europe’s pecking order. Those countries with efficient bureaucracies and credible political classes are often described as “virtuous”, while those on the other end of the spectrum are often described as “lazy”, “dishonest”, and “irresponsible”.
When Italians say that they perceive their country in the “Serie B”, they may be talking about all of these dimensions, or even individual ones. For example, for many the election of Berlusconi despite all his scandals places Italy in the “Serie B”; for them, it is the political class that is determinative. For others, it is the continued exclusion by France and Germany, or the lack of social mobility, or the lack of civic culture. For others, it is some combination of these things. The general point is that this perception of inequality is real, even though inequality may mean different things to different people. This perception among Italians is not without foundation, and the following will adduce evidence in support of this thesis. Subsequently, I will address counterarguments.

To measure the hierarchy of status and influence, we can rely on proxy indicators. One indicator, I argue, is exclusion from being grouped together, in discourse and in decisions, with Europe’s top-tier nations: Germany, France, and, to a lesser extent, the UK.

“Leaderless Europe” (Hayward 2008) is a text that examines the question of hierarchy in Europe. The title of the book is misleading, because none of the contributors in the volume who explore the role France and/or Germany in Europe actually argue that they do not possess more influence than others, including Italy. In the Preface we are told that “the reduced [but not absent] capacity of the Franco-German tandem to offer acceptable leadership is marked by a shift in the balance of influence from French to greater German predominance not merely in the financial sphere but more generally” (Hayward 2008, p. vi; emphasis mine). In chapter five, we are told that “in the history of European integration, there has been both supranational and intergovernmental leadership” and that the latter “has been, to a very large extent Franco-German (Paterson 2008, p. 91). He also states that “in the years immediately following German unity”…there was “an even more explicit Franco-German core” (p.104). The language of “core”
suggests that others, including Italy, are part of the “periphery.” This textual and discursive exclusion of Italy from being grouped together with Europe’s “leaders” is present elsewhere in “Leaderless Europe” (Paterson 2008, pp. 90, 103, 107; Cole 2008, p. 161; Dimitrakopolous 2008, pp. 295, 300; Hayward 2008, p. 309) In chapter eight we are reminded that “as the most significant founding fathers of the EU, France and Germany arguably count more than others” (Cole 2008, p.148), and that they dominated the agenda setting during both Maastricht and Amsterdam treaties (p. 152). On this basis the author makes the reasonable conclusion that France’s and Germany’s agreement is a necessary, but not sufficient, condition for agreement on treaties (p.153), which suggests that the consent of other states, including Italy, is neither necessary nor sufficient for these types of decisions, at least relative to the “core” countries.

Scholars disagree on the character of French and German leadership. There are two hypotheses on this question: the neorealist one (Pederson 1998), which conceives their leadership as a kind of directorate, and the weaker one, which asserts that the EU cannot progress without Franco-German cooperation. Cole (2008) provides convincing evidence that the second, weaker hypotheses is closer to reality, which means that their power is constrained by the other centres of power in the EU, both institutional and non-institutional. This raises the question of what is the source of this Franco-German leadership. The history of their relations certainly plays a role. As is argued by Paterson (2007, p. 93), the creation of the ECSC established a continuing expectation where France and Germany were the central players in setting the terms for future integration.

The above provides evidence from secondary sources of the perception held by Europeanists of the existence of a hierarchy in Europe’s inter-state politics. But the perceptions of scholars, although important, are not the only indicators; exclusion of Italy is visible
elsewhere. In 2004, it was recognized that, in the new enlarged Europe, the Franco-German couple was too restricted to provide leadership. It was proposed to the UK to join this exclusive club of “leaders”. This “triumvirate” of the “Big Three” did not work out only because Blair was unable to secure mass support for his wish to play a leading role (Hayward 2008, p. 309). But crucially, this proposal was not extended to Italy even though, in terms of size, population, and economic development, Italy is comparable to the UK, and, most importantly for this chapter, the fact that it and not the UK is part of the euro. Italy’s reaction to this attempt to produce a triumvirate is instructive. When the leaders of the “Big Three” organized meetings in Berlin in 2004 to discuss important issues like social security reform and the future of the EU, the first to sound the alarm on this exclusion of those who are not part of the “Big Three” was Italian foreign Minister Franco Frattini, who warned that “there cannot be a directorate, a divisive nucleus that would threaten European unity.” This sentiment was echoed by Minister of Europe Rocco Buttiglione, who after the meeting said "Nobody in Europe is ready to be a second-class citizen. Europe is made up of 25 countries, not of three.” Meanwhile, the leaders of Denmark, Luxembourg, and the Netherlands were not concerned at all about the “Big Three” joining to provide leadership. Poland was also sanguine about the meeting: "Better three than two," said Adam Rotfeld, undersecretary at the Polish Foreign Ministry. "These three reflect the diversity of understanding of some transatlantic problems." These disparate reactions indicate that in Italy there was a sense of insecurity about the “Big Three” meeting.

Italy was also excluded from the St. Malo process, which was an inter-governmental Franco-British initiative that was subsequently extended to include Germany (but not Italy). The debt crisis in the Eurozone has only accentuated the leadership of France and, to a greater extent,
Germany. For example, the Fiscal Pact that was signed in March 2012 was essentially established by France and Germany and then presented to the other members, including Italy, as a fait accompli. Many observers agree that to save the euro requires a banking union, Eurobonds, and a political union, and not coincidentally, a sine qua non for these instruments is agreement between France and Germany. It strains credulity to think that other countries’ agreement or disagreement on these centralizing instruments to save the currency will be as important at France’s and Germany’s. Moreover, the dominant narrative of the Eurozone crisis is that it is the result of “lazy” and “corrupt” Southern European countries who lacked the willingness to make their economies more competitive and who could not control their public finances. The fact that this narrative provides the intellectual basis for the fiscal pact that is intended to resolve the crisis comes at the expense of other competing narratives. It also shows that Germany is the leader in Europe’s pecking order in the economic realm, and one of the privileges of this leadership is that its narrative comes at the expense of other narratives. This hierarchy is reproduced in a multiplicity of settings, and has become even more pronounced since power has recently shifted from the Commission towards a more inter-governmentalist framework.

Italy’s second tier status can be seen elsewhere in the region’s politics. The exclusion of the Italian language in Europe’s patent system despite vociferous Italian opposition (patents will only be published in three languages: English, German, and French) is symbolically important for reasons of the prestige of the Italian language. But it also important indicator of Italian influence. For example, another alternative on the table, endorsed by Italy, was to make English the only language for the patent system, an eminently reasonable compromise in light of the status of English as a global language of commerce and science. But France and Germany

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rejected this proposal for the obvious reason that it would lower the prestige of their own respective languages. Their demands became policy. Italy’s did not. Why? How can this be explained by other than the fact that Italy is less influential than the “core”?

Italy’s exclusion can also be seen in the realm of international security. The country was excluded from the important meetings and conference calls during the recent conflict in Libya (even though Italy played a strategically crucial part in the operations), and from the “E-3” — the European nations, Germany, France, and the UK, actively working with the US and Russia to dissuade Iran from building nuclear weapons (Dimitrakopolous 2008, p. 300), even though Italy is one of Iran’s most important European trading partners. This raises the question: why would Italy be excluded from these groupings? One can understand why France and the UK would be included, since both have seats on the Security Council and make significant investments in their militaries. But this cannot be said about Germany, and yet this country is invited to be a part of the “Big Three”, while Italy is not.

Let’s examine Italy’s relative status in terms of the qualitative dimensions of its political economy. Recently EU Commissioner of Energy, Gunther Ottinger, when asked about Italy, responded “Italians? They are like Bulgarians and Romanians” (Corriere della Sera 30/05/2013). Subsequently, there was the predictable ambiguous response from the German government, which said that “the German government would never express such views about Italy” (note that is not a denial of Ottinger’s belief). These comments were made after Italy had chosen Enrico Letta as Prime Minister. He is a moderate, very Europeanist leader, but his premiership is the result of inconclusive elections that took place in February 2013. For many in Europe, especially in Germany, this election—where Berlusconi and a populist comedian together obtained more than half the vote—was a confirmation of the country’s dysfunctional
politics and/or institutions. Hence the comparison with corrupt, undeveloped countries like Bulgaria and Romania.

This image of Italy as dysfunctional is not only held by the EU Commissioner and the German government. Majorities in Europe feel the same:

Table 7B
Who is the most corrupt country in Europe?

<table>
<thead>
<tr>
<th>According to citizens in:</th>
<th>The most corrupt European country is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Britain</td>
<td>Italy</td>
</tr>
<tr>
<td>France</td>
<td>Italy</td>
</tr>
<tr>
<td>Germany</td>
<td>Italy</td>
</tr>
<tr>
<td>Spain</td>
<td>Spain/Italy</td>
</tr>
<tr>
<td>Italy</td>
<td>Italy</td>
</tr>
<tr>
<td>Greece</td>
<td>Greece</td>
</tr>
</tbody>
</table>

This coincides with other indicators that show that, despite entering the euro, Italy’s political economy did not improve:

Figure 7.4

Corruptions Perceptions Index survey of Italy. Score of 10 refers to least corrupt, score of 0 refers to most corrupt. Available at:
TransparencyInternationalArchives.Available at: http://archive.transparency.org/policy_research/surveys_indices/cpi
Income Inequality in Italy. Source: OECD. Available at http://www.oecd.org/italy/49177743.pdf

Figure 7.6

These data show that on a range of qualitative dimensions of the political economy, Italy has not improved since entering EMU. Hence the beliefs expressed above from the EU commissioner, the German government, and majorities in Europe are not without foundation. This likely does not matter for the country’s influence in the supranational sphere of European governance; but it may help to explain the exclusions of Italy in the other areas of European politics mentioned above. This is because hierarchy in Europe is likely based on a complex
interplay between material and ideational factors that have little to do with whether a country belongs to a prestigious currency union. The material factors are mostly population and economic size (absolute and pro-capita GDP). The ideational elements derive from the values that have a high priority in Europe: the quality of a nation’s culture, bureaucracy, political class, economic dynamism, social mobility, equality, etc. This framework helps to explain why Italy, which has a population, GDP, in absolute and in per-capita terms, that is comparable to France and the UK, is often relegated to second-class status compared to these two countries. Unlike France and the UK, Italy is perceived to be part of the “Club Med” countries, with all the negative connotations that are associated with that label. It is perceived, not entirely inaccurately, to have higher levels of inequality, corruption, and general socio-bureaucratic and economic inefficiency than other nations with comparably-sized economies. It is also perceived to have a corrupt and not-credible political class compared to others. These ideas often rely on simplistic stereotypes and caricatures, but they are not divorced from the facts.

One may contest the argument that there exists an informal hierarchy in Europe because of the character of the European Union, which institutionally is a polycentric consociational structure, where power is diffused differently across different policy sectors and circumstances, where different coalitions can be more or less influential depending on the character of the decision. For instance, in the Council Hix (2005) has identified a number of coalitions, like the Nordic bloc and the Benelux coalition that can strongly influence the Franco-German couple. Others have made a similar observation (Selck and Kaeding 2004), arguing that the UK can often be more influential than the Franco-German couple, and that France often exerts power, not with Germany, but as a leader of Mediterranean countries. Moreover, both France and Germany are constrained by the public opinion of small nations, like Denmark, which, as
demonstrated by the referendum on the constitutional treaty, can have a decisive impact on Europe (Cole 2008, p.155) However, these qualifications only show that the Franco-German couple does not exercise hegemony, and that its leadership is more contingent and intermittent, not that it is absent.

One may also challenge the argument on the grounds of complexity: there are many types of hierarchy in Europe, and it is natural that some countries would have different positions in different hierarchies. For example, militarily, France and Britain are clearly on the first tier compared to others because both have seats on the Security Council, both make significant investments in their militaries, and both have demonstrated a willingness to use force (compared to the pacifism of Germany). Meanwhile, Germany has become much more powerful in recent years because its size, population, economic weight in terms of absolute and pro-capital GDP, low unemployment, technological sophistication, and social mobility has made it a first among equals, especially since the Eurozone crisis. Furthermore, a country like Italy has significant weight in the supranational sphere of governance, and one might argue that this makes up for its relative weakness in the inter-governmental sphere. These points may qualify, but they do not undermine the evidence mentioned above, for several reasons. First, despite the complexity of different types of hierarchy, the data presented in the previous chapters show that many Italians are acutely aware of their second-tier status compared to Europe’s elite countries. Second, the exclusion of Italy from being grouped together with Europe’s “core”, the statistical data on corruption and indicators of economic dynamism, and the views expressed above by the EU commissioner, the German government, and majorities in Europe indicate that these perceptions held by Italians of their relative position in Europe are not without foundation.
Conclusion

Much of the work on the role of identity in Europe is based on the difference between “strong” versus “weak” identity, and how these different identities correlate with different national approaches towards Europe. This chapter focuses on a different aspect of identity: the perception of relative status that nationalized individuals perceive their country to possess. By focusing on this narrow element of identity, scholars can more easily detect how identities are impacted by external events and by the discourses through which these events are filtered. In the case study that is the focus of this chapter, the political class in Italy exploited their constituents’ desire for increased national status by selling integrationist measures like the euro in these terms. And this impacted mass perceptions of national status, especially because most citizens do not have sufficient information to evaluate the complexity of the international system. It led to the belief that Italy was one of Europe’s top-tier nations even though objectively it continued to rank in the level of second-class countries. Eventually, though, it dawned on most that they were oversold the policy and that it in fact did not have the intended effect. This highlights that some aspects of national identity are not static; they are malleable and shiftable in accordance with the shifting discourses which are propagated by the elite.

The findings of this chapter also have important political implications. There is widespread disillusionment with the euro in Italy. Political parties that explicitly reject the euro, like the comedian Beppe Grillo’s 5 Star Movement, surged in the last election, obtaining 25% of the vote. Even mainstream parties, like Silvio Berlusconi’s People of Freedom party, have mused openly about leaving the euro, which would have been unthinkable only a year ago. One of the reasons for this increased anti-euro feeling is that the political class made extravagant
promises that were not met. And now, some sections of this same political class are trying to capitalize on the widespread disillusionment with the euro by telling the electorate that the return of the lira is possible. This messy situation should be a lesson to Italy’s political class: when selling an integrationist policy to a largely uninformed electorate, they should be intellectually honest about the real ramifications of the policy, even if it comes at the expense of lower public support for it.
Chapter 8
The UK and the Euro

“Some Noble Lords…have always believed that the euro was a flawed project from the start which was bound to fail. Therefore, what has happened in the eurozone over the past year or so has merely confirmed their original, brilliant judgement and there has been a certain amount of Schadenfreude going around.”


Many of the euro’s critics in the UK did, in fact, predict with impressive accuracy what has transpired since 2010: the transfer of resources from the North to the South in the form of bailouts, higher unemployment and lower economic growth in the periphery, and the rise of xenophobic nationalism. Some would argue that this accurate prediction among many in the UK reflects certain characteristics of Britain’s approach to the EU: that, unlike other member states, Britain has no idealistic or emotional attachment to the European project, which allows the country to evaluate integration initiatives on the basis of only the cold, hard, facts (Geddes 2004, p. 4; Ludlow 2002, p. 107). On this account, Britain approaches the EU on the basis of the objective national interest and eschews the ideological, affective, and normative impulses that supposedly govern other states’ relations with the EU.

This narrative has a grain of truth. Many in the UK who did predict the current crisis were able to, in part, because they were not blinded by the idealistic and affective attachments that were present in other countries, like Italy, which during the late nineties worked frantically to ensure that it was part of the euro’s first round. But this narrative also suffers from the fallacy of composition. The accurate prediction of many eurosceptics in the UK does not mean that their approach to Europe is emblematic of most of the country. There is the fact that many Britons,
including Lord Radice who is quoted above, were, and still are, in favour of the UK’s entering the euro. There is also the fact that it takes a real stretch of the imagination to presume that the eurosceptics would have endorsed Britain’s entry had the euro succeeded and shown itself to be unambiguously in the country’s interest. That is, it is likely that they would oppose Britain entering the euro *regardless* of whether it would have benefited the country. It follows that their interpretations of British-Europe relations are not reducible to some objective national interest that is independent of the idealistic and normative impulses that their political opponents display.

The main argument of this chapter will be that British identity, and not material interests, best explains the country’s approach to Europe generally, and its rejection of entry into the euro specifically. The method will be to compare Britain with Italy, which, in its approach to the euro, was, in many ways, on the opposite side of the spectrum. In the late nineties, the vast majority of Italians, both elites and non-elites, were in favour of entering the euro. In fact the terror of being “excluded” from Europe united the country and provided a rare moment of national purpose and resolve. In Britain, in contrast, the majority were opposed to entering. Many Labourites and the Liberal Democrats were in favour, but they lost the debate, and were unable to convince the public of the merits of entering. Some might argue that this difference shows that Italy’s approach to the euro was informed by ideals and affective attachment, while Britain’s was informed by pragmatism and the national interest. This chapter will challenge this position, and show that the British, too, are subject to the same identity dynamics that other member states are prone too. The difference is the content of these dynamics, a difference which is rooted in different interpretations of history and alternative visions of political order. Investigating these differences requires a comparison of the discourses in each country. Previous chapters evaluated Italian discourses, highlighting their cognitive, affective, and normative
properties in order to explain the country’s approach to the euro. This chapter will do the same for the UK, relying on the following sources of evidence: parliamentary debates on the euro, a media analysis of a sample of articles published in the Guardian, one of the country’s pro-euro newspapers, and interviews I conducted with three prominent members of the British elite: Lord Howard Flight, a currency specialist and eurosceptic who is leading a campaign for the UK to leave the EU; Lord Giles Radice, a noted euro-enthusiast who has written extensively on British-EU relations and who has campaigned for establishing closer ties between them; and Philip Stephens, a pro-European columnist for the Financial Times, the paper that is read daily by much of the British establishment. These sources will be marshalled in support of the argument that the key difference between Britain and Italy that explains their different approaches to the common currency is content, not form. That is, both approach their relations with Europe on the basis of identity dynamics (form), although the different content of these dynamics helps to explain why Italy enthusiastically embraced, while Britain rejected, the common currency.

Before proceeding, a few points on the data are in order. Previous chapters on Italy were based on a set of data that took almost a year to collect, code, and statistically analyze. For reasons of time and resource constraints, a data set of that magnitude was not collected for the analysis of the UK and the euro. This will limit the kinds of comparisons that can be made. For instance, interviewing 253 subjects in Italy allowed for a systematic comparison of the cognitive schemes of many categories of individuals, especially elites and non-elites. In the UK I only interviewed 3 elite members, and hence I cannot systematically compare their responses to the responses that I might have received from a sample of non-elites.

Nonetheless, the three primary sources collected—interviews, parliamentary debates, and a sample of the pro-euro press—do allow inferences that support the main argument this chapter,
namely, that British identity, and not material interests, explains why the country rejected the euro. This chapter, like the previous ones on Italy, also assumes that that the policy of the country towards the euro had a domestic basis. In January of 1999, Chancellor of the Exchequer Gordon Brown officially announced to Parliament and the country that the nation would not be entering the first round of euro countries. Not coincidentally, in the same period, polls showed that the overwhelming majority of Britons opposed entry:

**Figure 8.1**

![Pie chart showing British attitudes towards the euro, 1999](http://nesstar.esds.ac.uk/webview/index.jsp?object=http://nesstar.esds.ac.uk:80/obj/Variable/4318_V368)

As will become clear, it is this widespread opposition which explains why Britain rejected the euro. The identity of the nation that is the focus of this chapter is most explicitly expressed by those opposed to the euro, but, as will be argued, elements of this identity are also present in the discourse of those who were superficially in favour of the common currency.
The Exchange Rate Mechanism (ERM)

An analysis of Britain’s approach to the common currency should start with the ERM, the system which preceded the euro. Both Italy and the UK joined, in part, because they hoped that it would bring stability to their exchange rates and to levels of inflation. Before entering the ERM, both countries had bouts of inflation and volatile exchange rates, and it was believed that this instability could be ameliorated by tying their currencies to the Bundesbank. Politically, though, there were differences between the countries. In Italy there was wide support, not only across the political spectrum, but also among major interest groups, some of whom saw ERM as a mechanism to promote domestic ends. For example, Confindustria promoted the ERM because they hoped to constrain the macroeconomic policy management of the central government (Talani 2000, p. 33). At the societal level there was little public debate in Britain on the merits of its entering ERM (Talani 2003). But the debate among politicians was fierce and divisive; moreover, the intra-party divisions were more salient than the inter-party ones. One third of Labour voted against the ERM, while Conservatives were roughly equally divided. Opponents of ERM in both parties attacked the government’s decision to enter, but the pro-ERM forces won the day.

The ERM was to be the precursor to full monetary union, and one of the conditions of entering the common currency was the capacity to successfully keep the country’s currency within the rigorous standards established by the Bundesbank. Both countries had difficulty with the ERM, in part, because they had to increase interest rates, which increased the value of the pound and the lira relative to other currencies. The overvalued currencies and high interest rates reduced exports, lending, and economic activity in both Italy and the UK. Had the countries
retained an independent monetary policy, they could have devalued and restored competitiveness. But the ERM precluded this option. When the value of the lira and the pound threatened to go below the parameters established by the ERM, the Italian and British Central banks marshalled their foreign reserves to intervene in bond markets to try to increase the value of their respective currencies. But they failed, forcing a humiliating exit from the ERM. But after leaving, the values of the pound and lira plummeted, leading to an export boom and reduction in unemployment in both countries.

What is striking for the purposes of this chapter is that these similar experiences were interpreted differently in each country. Both the UK and Italy benefited economically from leaving the ERM, which could lead one to conclude that both would have interpreted the event positively. But that is not the case. In Italy it was seen as a humiliating display of its lack of European credentials. It did not reduce the country’s resolve to re-enter when it could so that it could be part of the first round of countries in the common currency.

In Britain, in contrast, leaving the ERM created fierce divisions within both the Labour and Conservative parties. The effect for the Conservatives was fatal: as the party who took Britain into the ERM, their support plummeted (personal interview, Lord Flight). And whereas Conservatives were roughly equally divided on Europe before the ERM debacle, subsequently the majority, in both the party and the grassroots, became opposed, and euroscepticism strengthened further (Personal Interview, Lord Flight). The shift in public opinion was even more marked. Whereas before Black Wednesday the British were roughly equally divided on the merits of the idea of a European common currency, after the event support plummeted to a level from which it never recovered (Geddes 2004, p. 216; Buller 2006, p. 210).
It is tempting to conclude from this comparison that the British were simply more in tune with their national interests. Their experience with the ERM debacle showed that there were clear economic costs to entering the monetary system, and the benefits—in the form of an export boom and increased employment—of leaving were also evident. Their rejection of ERM, therefore, is based on an analysis of the costs and benefits, which supposedly contrasts with Italy’s idealistic attachment to Europe, an attachment that led it to ignore the costs and benefits of being forced to leave the ERM. But this argument is incomplete. The ERM must be assessed within the context of the Maastricht treaty which established the monetary union. The goal of the fathers of Maastricht, from the beginning, was to create a federal union, and monetary union was intended to be the catalyst for that. Britain tried to prevent that goal. The word “federal” was removed from the text of the Maastricht treaty at the behest of Britain (Radice 1992). But this did not change the fact that the logic of monetary union would lead to a federal system, or to a level of centralization that Britain would reject. At the time, it is likely that most in Britain did not recognize this. The political dimensions and goals of the common currency were either ignored or wished away by the political class. As will be shown below, the tendency to ignore the political dimensions of monetary union was much more salient in the debate on whether to enter the euro. And the reasons for this are rooted in aspects of Britain’s national identity.

There are many ways to trace these aspects to Britain’s political practice towards the EU. First, there are the linguistic and rhetorical frames through which British-EU relations are interpreted (Ludlow 2002, p. 104), frames which hide and obscure painful realities, which reveal political prejudices and hopes. The word “integration” is rarely used in Britain when referring to Europe (Philip 1992, p. 184). Rather, anodyne words like “co-operation”, “partnership”, “engagement”, and “closer ties” are used to refer to British-Europe relations. It is instructive that
these words are used by some of the most pro-Europe forces in the country. There are two likely reasons why many in Britain, even the pro-Europe political forces, denied or ignored the reality that monetary union is a form of integration that implies a substantive pooling of sovereignty. The first is that the reality of Europe must be framed this way for public consumption. Polls consistently show that, among European countries, the British display the lowest support for European integration (Gowland, Turner, and Wright 2010). The British also usually are on the low end of European publics who feel “European” (Worcester 2000, p. 59). Polls also show that, overall, the political class is more favourable to the EU than is the public (Bache and Jordan 2006, p. 12). From this data is not a stretch to infer that politicians of all parties, fearful of losing votes, would frame European integration in a way that denies that it is really integrating. The second reason, equally plausible and which complements the first, is that denying the reality of integration is an unconscious expression of a hope or a wish that integration initiatives will not lead to the surrender of sovereignty. The content of political discourse often serves to hide painful political realities (Haseler 1996, p. 55), which reveals the fears, hopes, and wishes of a political community. Reducing monetary union to “partnership” and “engagement” when it in reality is much more could very well reflect the hope that pooling monetary sovereignty is little more than “engaging” and “partnering” rather than integrating. This would fit with the pattern of British political discourse that other scholars have recognized in the context of Britain’s imperial decline. Near the end of the Second World War, when the reality of British decline was evident, there was a denial of this painful reality coupled with delusions of grandeur (Stephens 2004). This belief persisted until the Suez crisis, when the US forced Britain to withdrawal in a humiliating manner. It subsequently became painfully obvious to many that Britain had been relegated to the status of second-rate power. Not coincidentally, it was after this humiliating
In popular discourse, when Europe is referred to it connotes separateness and distance. When travelling to other European countries, many British say they are “going to Europe”, or they are going to the “continent” (Philip 1992, p. 184). Books and articles are still devoted to the study of Britain “and” Europe; when British soccer teams take part in European competitions, they are said to be playing “in” Europe (Daddow 2009). These taken-for-granted expressions that form discourse connote the idea that Britain is not part of Europe despite all the facts to the contrary. This sense of separateness is associated with popular images of the continent and of Britain. Europe is associated with absolutism, war, instability, revolution, and backwardness, while the British Isles are associated with freedom, peace, stability, and democracy (Wallace 1991, p. 70). Front and centre in these images is the association of British parliamentary democracy, the common law, and sovereignty with freedom (Philip 1992).

These linguistic and rhetorical features of political discourses are rooted in narratives of history and visions of political order that inform political debate in the country. Let us start with history. Hugo Young, who was one of Britain’s foremost commentators and writers on British politics, began his magnum opus on Britain-Europe relations with the following sentence:

This is the story of fifty years in which Britain struggled to reconcile the past she could not forget with the future she could not avoid (emphasis mine) (Young 1998, p. 1).

The weight of the history of empire is a heavy burden for the country. Empire became part of the national identity, and gave a sense of esteem and superiority. There were even narratives, created in the Victorian era, about features of the British that supposedly made their global empire
inevitable (Stephens 2004). Even British citizens that had little to do with the operations of empire evaluated their own individual worth and esteem vicariously through the empire (Haesler 1996, p 48). In their own country they may have been oppressed and at the bottom of the British social hierarchy, but through their nationality and its leadership of a global empire they could vicariously feel a sense of superiority over others. The country had a difficult time adapting to the reality of the loss of empire. Even as late as 1964, when the reality of imperial decline was evident to all but the wilfully blind, the newly elected Labour leader Harold Wilson said “we are a world power, and a world influence, or we are nothing” (Radice 1992, p. 20). The country eventually accepted the reality of its second-rate status when it joined the European Community in 1973. This event, not coincidentally, was perceived as a lowering, not a raising, of the country’s status and self-esteem (Jaregui 1999). But although the British largely accepted the reality of imperial decline, their reluctant, awkward, and hesitant approach to European integration, as well as the evasive and misleading political discourse mentioned above, suggests an unwillingness, perhaps an unconscious one but no less real for that, to completely relegate its imperial status to the dustbin of history and to come to terms with the reality of its actual status in the international system. As will be shown below, this was evident even in the late nineties, when the country debated the merits of entering the eurozone.

And so it can hardly be said that Britain’s approach to monetary union reflects some a-ideological assessment of the actual costs and benefits. The content of the country’s political discourse displays anxieties, fears, and hopes that are rooted in the legacy of empire. This leads to the observable tendency to deny or ignore the very real political dimensions of integration initiatives. It is useful to contrast the identity dynamics that were present in Italy with those in the UK. In the former country, there is no recent history of empire comparable to Britain’s that
provided a sense of national esteem and superiority. Indeed, national status is perceived to be closely associated with how “European” the country is. And so closer European integration is associated with higher collective esteem for the nation. Large sections of Italy’s political class openly endorse a political/federal union. In the country’s political and non-political discourse, adding the suffix “Europe” before an object implies that it is better than the alternative which is not “European” (as in a “European budget”, a hospital of “European” quality, etc.). This is because the meme “Europe” implies normality, progress, and modernization. Majorities feel “European” and have no conflict reconciling their national and European identities (Isernia 2005). And so it is not surprising that being forced to leave the ERM led to an increased effort to re-enter despite the fact that the economic benefits of not being in the monetary union were clear. However, as has been shown above, this euroenthusiasm among Italians is often very superficial, as what is expressed in polls and in political discourse does not often correspond with what is expressed in the actual political behaviour of many elements of the political community.

The Main Event: Britain and the European Monetary Union (EMU)

This section will analyse the debate that took place in Britain on the merits of entering the euro. The content of the political discourse in the country, especially among pro-euro forces, reveals many of the patterns above, namely, the expression of the fears, hopes, prejudices, and insecurities of the British political community and its relation with the EU, all of which are rooted in narratives of history and visions of order. In the run-up to the euro, out of the three major parties, only Labour and the Liberal Democrats were in favour. However, their support
was framed in ways that either wilfully ignored or obscured the true, political nature of the common currency. The euro was never supposed to be simply a pooling of monetary policy. The goal, from the beginning, was a political union. There are two reasons for this. The first is the intentions of the architects of the euro. The Treaty of Maastricht that established the euro was part of an overall package of initiatives to create a federal union. The concept of EU citizenship was established in the treaty, as were the strengthening of the Commission, the European Parliament, and the European Court of Justice. The intellectual father of the euro, Jacques Delors, never intended for the common currency to be an end in itself. It was always meant to be a catalyst for a wider political integration.

Equally instructive is a conversation that took place between Kohl and Mitterrand on the merits of the common currency. Kohl said to Mitterrand that Europe could not embark on a common currency until there was a political unification. Mitterrand replied that “that would take forever to achieve, but that if there was a common currency it would force political integration and unification” (Lord Howard Flight, House of Lords Debate, Dec 1, 2011). In February of 2002, Gerhard Schroeder reminded the British of this when he told them that “European monetary union has to be complemented with political union — that was always the presumption of Europeans” (Guardian, April 10 2002). In Italy, too, which in some ways was more intellectually honest about the euro than were the pro-euro political forces in Britain, it was clear from the beginning that the common currency was intended to be the catalyst for a political union.

It is not only the intentions of the euro’s designers and promoters that show the true character of the monetary enterprise. It is also the structural logic of the common currency itself. The economic crisis that started in 2010 has made it painfully clear that a currency union
between such disparate economies and polities cannot function without the political apparatus of a real, central government. With national currencies, the value of money reflects the conditions of the national economy, which permits a certain level of flexibility. For example, when a current account deficit continues for longer than investors can accept, they will sell national currency-denominated assets of the country in question. This reduces the value of the currency, restoring competitiveness by increasing exports and reducing imports. This automatic stabilizer, ceteris paribus, helps to fix a country’s public finances and place them on a sustainable path (Minford 1992). Without a national currency, this automatic stabilizer is precluded, and this creates severe problems when, for instance, a country like Greece must share a currency with Germany. The transfer of over 240 billion euros in EU official loans that may well go bad to Greece since 2009 — a sum which roughly equals Greece’s annual Gross Domestic Product — is, in part, a consequence of its inability to restore competitiveness while sharing a currency with Germany. The argument that nobody would have foreseen this outcome is unconvincing; it was predicted by many eminent economists as ideologically diverse as Paul Krugman and Milton Friedman, who evaluated the euro, not on the basis of ideals of integration, but on the basis of a basic comparison with other continental-size currency unions, like the US. The internal inequalities in the US between different states—in terms of output, productivity, employment, etc—in many ways mirror the inequalities within Europe. But the US federal government acts as an automatic stabilizer to mitigate these disparities. Indeed, 30% of the US federal budget, a budget with collects 24% of the country’s GDP, is used for this stabilizing function (Personal Interview, Lord Howard Flight). At its inception, the euro lacked these features of central government, but the currency could not survive long without them.
Indeed, it is for this reason that the Eurozone governments are beginning to put in place the organs and functions of a political union. They have de facto given the ECB the power to be a lender of last resort, although at the moment only for short term bonds; there are negotiations for a banking union that would give the ECB the power to liquidate banks; there is the common bailout fund that has the authority to lend directly to governments in the primary bond market and to recapitalize banks. And there are discussions of the creation of euro-bonds and a deposit-insurance scheme, which would essentially socialize risk across the union. There was also talk of creating a Eurozone-wide Ministry of Finance, which would parallel the US Treasury. EC president Manuel Barroso has recently declared the goal of a “federation of nation states”. Even France, the country which after Britain is the most reluctant to give up sovereignty, has grudgingly recognized that for the euro to survive a political union is necessary. Political union has been the goal of Germany from the beginning, the country whose intentions matter most in this discussion. And it has made its support for centralizing instruments, like euro-bonds or deposit insurance schemes, which are supported by its economic might conditional on a real political union that gives more power to Brussels and Strasbourg. The survival of the euro very much depends on the capacity to negotiate and find workable compromises on these principles, whether the member states agree with them or not, highlighting that it is the structural character of the currency itself which is leading to these centralizing tendencies.

One could go further and argue that, when Britain signed to be a member of the European Community, it was also consenting to be a part of an entity whose raison d’être was a political union. But for the purposes of this chapter, that is not necessary. What is more important is that the evidence was before everybody’s eyes that the true end of a monetary union was a political union. The statements of the fathers of the Eurozone, as well as the structural
logic of the common currency itself, lead to that conclusion. This was recognized by most intellectually honest observers. Indeed, many countries, like Italy and Germany, supported monetary union \textit{precisely} because it would eventually lead to a political union. And yet in Britain this fact was ignored by the promoters of the euro. This will become clearer with the content analysis of the discourse in the following three sources: parliamentary debates, interviews with three prominent members of the British elite, and a sample of articles from the pro-euro \textit{Guardian} that were published between 1998 and 2002, when the debate on the merits of the euro was especially animated and fierce.

First the debates that took place in the House of Commons will be examined. On October 27, 1997, Gordon Brown conveyed a statement about the government’s policy on the EMU. In this statement, he states, inaccurately, “that the essential decision on whether to enter is economic” (Gordon Brown, House of Commons Debate, Oct27, 1997). The phrases “British economic interest” or “economic benefits” are mentioned four times in the speech. And the substantive political dimensions are not mentioned even once. The only political aspect mentioned in the debate is the ambiguous condition on “whether there are constitutional objections on the grounds of sovereignty”. The opposition Conservatives, who were more in tune with British public opinion, saw right through Mr. Brown’s attempt to obscure or ignore the real, political dimension of the EMU. In their response to Mr. Brown, they cite Treasury documents that say that “membership of the a single currency would mean centralization of financial markets” (which is exactly what is happening)…."and the centralization of taxing and borrowing powers” (the latter of which is happening)….as well as the “transfer of resources from prosperous countries to those that are handicapped by joining the single currency” (again, a prediction that has come to pass). Mr. Brown evaded answering these points. Rather than
responding directly to the points that were cited in the Treasury documents, Mr. Brown accused the Conservatives of being divided on the question of whether “there is a constitutional bar to membership to the common currency”, and repeated his inaccurate statement that the decision on whether Britain should join was essentially economic.

In the same debate, Gordon Brown defended the government’s position on the basis of the “five tests” that needed to be met if the UK was to join the common currency, which were the following:

- Whether there can be sustainable convergence between Britain and the economies of the single currency
- Whether there is sufficient flexibility to cope with economic change
- Whether the single currency will lead to an increase in investment
- Whether the single currency will have a positive impact on our financial services generally
- Lastly, whether it will lead to increases in employment.

These tests reveal, I argue, many of the features of British political discourse mentioned above, namely, the wilfully ignoring or obscuring the political dimensions of European integration initiatives. First, with the exception of the first test, the tests cannot be answered objectively in the sense of being independent of one’s own political ideology and economic philosophy. The first test arguably could be measured objectively by looking at the differences in interest rates of Britain and other countries. If their interest rates were similar, it would indicate convergence, and if they were dissimilar, it would indicate divergence. One reason for this is that interest rates are an indicator of a country’s economic health and prospects. When investors are willing to pay
low rates for a country’s bonds, it signals, among other things, investors’ belief in the solidity of the country’s public finances and in good prospects for economic growth. Higher interest rates signal, among other things, the opposite. And so a convergence of interest rates among different countries would arguably signal that there was a convergence in public finances and prospects for economic growth. And, in fact, in a House of Commons debate that took place on January 13, 1999, when the government announced its decision that it would not be part of the first round of eurozone countries, it cited this reason, pointing out that interest rates were 7% in the UK and 3% in Germany.

But the other tests are more ambiguous, and this raises important questions about the government’s true motives in establishing these tests. Take for example tests two (whether the single currency will lead to an increase in investment) and five (whether it will lead to an increase in employment). There are two problems with these tests: first, not all employment and investment are equal. An increase in employment could mean an increase in low-wage, part-time jobs or high value-added, long-term jobs. An increase in investment could refer to an increase in purchasing of assets that lead to a speculative bubble or to highly productive assets that increase the real standard of living of citizens. Which kind was the government referring to? It is not clear, at least not from looking at the tests themselves. Furthermore, both jobs and investment are influenced by a myriad of variables that are difficult to disentangle in an a-ideological way. Everything from oil markets, to tax rates, to government investment, to the growth trajectories of the BRICS, to demographics, to culture can increase or decrease investment, economic growth, and employment. Whether the euro would increase or decrease these economic indicators depends on the relative weight that one assigns to other influences (which often depends on the assumptions of one’s political ideology and economic philosophy).
Or take test two (whether it will be sufficiently flexible to cope with economic change). There are many ways in which a government and an economy inside a wider monetary union can cope with economic change. There is austerity, which, in the case of the euro, has been shown to be politically toxic and not very effective. There is structural reform of labour markets, which is also politically unpopular. There is internal devaluation, which, because of the stickiness of wages and contracts, is very difficult to implement, and when it is implemented it mostly comes at an exorbitant economic cost. There is the Keynesian solution of increasing aggregate demand, but in a monetary union led by Germany this approach was unrealistic. There is government and private sector investment in education, training, and technology, which takes a long time to bear fruit, either inside or outside a monetary union. Which one of these tools was the government referring to when it said “flexibility”? It does not say.

And lastly, there is the test of whether the euro would be beneficial to the financial sector. The City itself was divided on this issue, which suggests that this test cannot be answered objectively. Given that the City is complex and trades in a vast array of financial instruments, it is more plausible to say that the euro could potentially be profitable for some instruments and not for others. The relative weight that one assigns to some instruments at the expense of others depends, among other things, on one’s interests and one’s hierarchy of values, neither of which are objective in the sense that they are independent of the preferences of some and not others. It follows that this test, like the others, could not be answered objectively.

Then there is the fact that all the tests are economic. Not one is political, and this fits in with the pattern that was highlighted above, namely, the wilfully ignoring the political dimension of the currency union. The five tests were an attempt to frame the possibility of entering the euro in a way that would be palatable to the British public, which polls showed was
overwhelmingly opposed to the single currency. By framing the decision as exclusively an
economic one, Labour hoped to win over enough of the public to win a referendum. This
strategy was evident in another debate that took place in the House of Commons on January 13,
1999. Here, supporters of the euro justify their arguments on the basis of the “British national
economic interest.” Indeed, in the entire debate, this argument is expressed 6 times; the
centralizing implications of the EMU were deliberately ignored. As in the previous debate, the
opposition attacked the pro-euro MP’s for ignoring these implications. And the evasiveness of
the responses from some pro-euro MP’s is instructive. Rather than directly responding to a
question on the centralizing implications of the euro, MP Louise Ellman replies that “the
government has put jobs at the top of its agenda”…. “that European funding has supported 1100
jobs in Britain”….and that Britain’s “active participation in Europe will enable us to shape
policies for the benefit of the people, jobs, and the generation of wealth” (House of Commons
debate, Jan 13, 1999).

In the same debate, other pro-euro MP’s say that “it is our belief that the euro could be a
huge advantage to Britain economically”…..and that the euro “will be acceptable to the British
people only in the context of a Europe which is seen to be open, accountable, democratic, and
decentralized” (MP Malcolm Bruce – Liberal Democrat). When we unpack this statement, we
notice many of the patterns mentioned above. First, there is the usual emphasis on the supposed
economic advantages of the euro. Then this is qualified with the proviso that the euro will be
acceptable in a Europe that must be open, accountable, democratic, and decentralized. The main
problem with this statement is that the EMU implied centralization, not decentralization. This
was clear from the statements of the fathers of the EMU and from the structural logic of the
EMU itself, a fact which, predictably, was borne out by events and which was recognized by the
euro’s supporters in other European countries. Thus Malcolm Bruce was doing two things here, which fits the pattern of Britain’s approach to Europe generally. He was framing the issue in a way that made it palatable for public consumption. And, equally plausible, he was expressing a hope in a decentralized monetary union and a fear of a centralized one, and in so doing projecting these feelings onto the EMU. In either case, there was a wilful ignoring of the political dimensions of the EMU.

There was one political argument that was expressed in the House of Commons debates, although it did not receive as much attention as did the economic argument. That was the belief that Britain needed to enter in order to promote its “leadership of Europe”. For example, Malcolm Bruce, lamenting the government’s decision to not be part of the first round of eurozone countries, said that the “Government’s failure to come to terms with the euro will undermine the prospects for exercising British leadership in Europe” (House of Commons debate, Jan 29, 1999). In his reply in defence of the government, Labour MP Alan Milburn says the government is “providing leadership not only on the economy and preparations for the euro, but in Europe too….it is simply not true to say that just because Britain is out of the euro, we are unable to shape developments in the European Union.” Students of Britain’s role in the European project have recognized that this idea of “leadership” of Europe reflects traces of the imperial legacy and delusions of grandeur (Deighton 2001; Haseler 1996; Gowland, Turner and Wright 2010). In this narrative, Europe is a new platform through which Britain can reclaim its lost role of “great power.” This was especially evident in the discourse of the Blair government, which ostensibly tried to shift British public opinion towards a more pro-European direction. In the 1997 election manifesto, Labour explicitly says “we will give Britain leadership in Europe” (Deighton 2001, p. 311). But, as noted by Oliver Daddow (2007) in his analysis of Tony Blair’s
discourse in the media, by evoking, explicitly and implicitly, Britain’s legacy as a world power he was also undermining the case he was trying to make for Europe. Blair did say that it was time for the British to overcome the legacy of Britain’s past and that the British should lose any lingering traces of imperial arrogance (p. 589). But his other rhetoric expresses pride for the reach and influence that the legacy gives to the country (p. 591). Delusions of British leadership of Europe or of Europe as a new platform from which Britain could reclaim its status as a world power sat uneasily with the pro-Europe discourse from the same government, and this incoherence undermined its goal to shift public opinion.

Another political argument in defence of entering was the notion that Britain would have more influence in the international system by being inside the euro. In another House of Commons debate (Oct 27, 1997), Sir Edward Heath, defending the government’s pro-euro position, states that the opposition’s “refusal to accept the common currency immediately” means that Britain “will lose all influence in the European Union in all financial questions and in everything concerned with the single currency.” This theme was particularly salient in the interviews that were conducted for this chapter. In response to my question of what was the main argument in favour of entering the euro, Lord Radice told me that there “was a fear of being excluded and marginalized from the major decisions in Europe.” Philip Stephens of the Financial Times echoed this theme when he told me that closer ties with Europe are necessary to influence decisions on everything from the instability in the Balkans, to illegal immigration, and climate change. This “influence” argument sometimes took on a different hue, suggesting that, by integrating into Europe, Britain’s power would increase vis-à-vis other, non-European great powers. In the same interview, Mr. Stephens told me that at the White House he was told that “Britain was a much more useful ally [to the US] in Europe than out….and that China pays more
attention to the UK than it otherwise would because it sees Britain as a free trade voice in Europe.” Radice voiced similar arguments in my interview with him, but with a much stronger focus on the increased influence with the US (Personal Interview, Lord Radice).

To get the other side of the story, I posed this influence argument to the eurosceptic Lord Howard Flight. He was particularly cynical about the idea that, by establishing closer ties to Europe the UK can increase its influence in the US: “there has been pressure from the US for the UK to be a member of the EU and remain a member on the grounds that we can help argue the US’s case in Europe (emphasis mine)….it is clear that America will always act in its interest whether it is in our interest or not.” Real influence, eurosceptics believe, comes from having a dynamic and growing economy. In this sense, they argue, the EU reduces the UK’s influence, because “being part of the EU is damaging this economy…it is increasingly expensive, not only our own contributions but also the extra cost of food [which results from the CAP]…and we import damaging regulatory constraints on our economy from Europe…mature economies [like the UK] if they want to compete, must remove these regulations.” In order to increase the UK’s influence, therefore, Lord Flight believes that it would be better to establish free trade relationships and closer ties with the Commonwealth countries, because they have better growth prospects than does Europe. Lord Flight also told me that the vast majority of British agree with him, because, in his words, “they can see what a f*****ng mess Europe is.”

This disagreement is difficult to solve, especially since the word “influence” is very ambiguous, and the way that one utilizes it depends largely on political ideology and on one’s definition of “interests.” The pro-Europe influence arguments put forth by Radice, Stephens, and others may certainly be valid for some areas of international politics (Bache and Jordan 2006, p. 272). For instance, as an economic unit one can easily envisage Europe having more influence,
say, in WTO negotiations, than would individual countries. But in other areas of international politics there are problems with this argument. First, it seems more likely that the US will act according to its interests in its relations with Britain regardless of whether Britain is in Europe or not. Many US officials may say that Britain is a more useful ally if it is in Europe than if it is out. But this raises the question: useful for what? To promote the US’s or the UK’s interests? The former seems more likely if we assume that the US will, like every other nation in the history of the earth, give priority to its own interests over others. Another problem with the pro-Europe influence argument is that, in the international system, power is determined by a host of variables, and being part of a larger social aggregate like the euro is perhaps one of the least important ones. This was made painfully clear in the case of Italy. In the late nineties, pro-euro forces in that country, like their counterparts in the UK, also propagated the narrative that entering the euro would give the country more prestige and influence. But this has not happened. Italy continues to be relegated to the “periphery”, in the discourse that Europeans use to convey their internal hierarchies. Entering the euro, many Italians believed, would remove the stain and prejudices that come from being grouped as one of the “Club Med” countries in Europe. But precisely the opposite has happened, and the main reason is that, since entering EMU, Italy has not grown nor restored competitiveness. Its debt is seen as posing a grave danger to the stability of the euro, for, if Italy defaults, the euro would likely break up. This lends weight to the eurosceptic argument that economic dynamism and growth are the most important determinants of power and influence in Europe, or at least it is for countries of a certain size, like Italy and the UK.

The eurosceptic position is much more in tune with the beliefs, prejudices, and sentiments of the British public, a fact which was recognized in my interviews by Lord Radici,
Philip Stephens, and Lord Flight. Of course, for the first two, this is negative and demonstrates British insularity (Lord Radice) and an inability to distance itself from the legacy of empire (Philip Stephens). Lord Flight, unsurprisingly, sees things otherwise. I asked him why the majority of British were opposed to the euro even though it was likely that most of them were not informed enough to objectively and independently evaluate the pro- and anti-euro arguments. He replied that

It is a good point in the sense that most people do not understand the arguments [about the euro] that we have been discussing… I think the overwhelming consensus in the UK is that we don’t like being bossed around by Brussels…when I studied medieval history at Cambridge there was a German professor and he said that in the UK there is the great Anglo-Saxon concept of power coming up from the people which goes back to the early Germanic tribes….where Europe still has the descending concept of power, either down from God or the Roman Emperor, and basically these two conceptions of power sit very unhappily together…very clearly the Commission has the descending concept of power and thinks that it is God; that, unconsciously, is one of the reasons that the British did not support the euro.

This conception of Brussels as the villain and Britain as the lone ranger defending its freedom from the faceless and nameless bureaucrats in Brussels is a dominant theme in Britain’s tabloid press (Deighton 2001), which have a much larger readership than do the high-brow dailies. This framing of Britain’s role in Europe, with all the themes of a good narrative — good, evil, conflict, struggle, victory, etc. — is given emotional salience in the country’s political discourse when it is imbued with analogies of World War Two, conveying the idea of a Manichean struggle between the British and the Continent. In this regard the selective invocation of Churchill is a particularly powerful narrative device, as is demonstrated in the following headline that appeared in the tabloids (Gowl and Turner and Wright 2010, p. 242): “Never have so few decided so much for so many” (which is a skilful invocation of Churchill’s comment,
referring to the British fighter pilots who resisted the German bombing raids, that “never have so many owed so much to so few). The pro-euro press, especially high-brow publications like the \textit{Guardian} and the \textit{Financial Times}, could not evoke such affectively charged historical memories in their arguments in favour of the euro. They appealed to arguments about economic interest and increased influence, but this was not enough to sway the public.

\textit{The Guardian}

The tabloid press mentioned above explicitly makes reference to elements of Britain’s identity that are clearly anti-European. The strategy in this chapter, in contrast, is mainly to extract elements of this identity from the pro-euro, high-brow press. Accordingly, a sample of 48 articles from the \textit{Guardian} was collected that were published between May 1998 and December 2002. The criterion for selection was that the article discussed the eurozone in the context of Britain; any article that discussed any dimension of the eurozone in a way that was divorced from British-EU relations was excluded. They were coded with a simple scheme to detect the presence and frequency of the following meanings: support or opposition for Britain’s entry into the euro, reasons for support, and whether there were counterarguments present. This sample of the \textit{Guardian} will be compared with a sample of 48 articles that were published in \textit{La Repubblica} in Italy in the same period. \textit{La Repubblica} was selected because it is broadly similar to the \textit{Guardian}, in the sense that it is of the centre-left and relatively high-brow. As will be shown below, an analysis of the differences between these two papers will be shed more light on the character of the pro-euro narratives that took place in Britain in the period 1998-2002, and
how these narratives reflect the fears, prejudices, wishes, and sentiments of the political community.

**Figure 8.2**

![The Guardian](image)

Figure 8.2 shows that the *Guardian* was a very pro-euro paper, as the vast majority of articles were in favour of British entry. Only five articles were opposed, and many of these articles were written by Labourites who were opposed for technical reasons rather than the generalized eurosceptic sentiments that many Conservatives are known to possess. Around seven articles were balanced, in the sense that they provided both sides of the argument without giving extra-space or salience to either the pro or anti side of the debate.

**Table 8A**

<table>
<thead>
<tr>
<th>Support for, and opposition to, the euro, 1998-2002</th>
<th>In favour</th>
<th>Not in favour</th>
<th>Balanced</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Guardian</td>
<td>36</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>La Repubblica</td>
<td>38</td>
<td>0</td>
<td>10</td>
</tr>
</tbody>
</table>

Table 8A shows that the *Guardian* and *La Repubblica* were broadly similar in their positions on the euro vis-à-vis their home countries. In the same period, most of the articles published in *La
*Repubblica* endorsed Italy’s entry into the common currency. A similar number of articles were evenly balanced. Interestingly, *not one* article in *La Repubblica* in that period was opposed. The reason is that in Italy, unlike the UK, in the late nineties and even in the immediate post euro-period there was a consensus — among both the centre-left and centre-right, elites and non-elites — that the country belonged in the euro. There were some critical voices, but they were found on the extremes of the ideological spectrum. Most main-stream political forces, and especially those on the centre-left, were unambiguously and often uncritically in favour of entering. This can be seen in the Table 8B:

**Table 8B**

<table>
<thead>
<tr>
<th>Counterarguments</th>
<th>Present</th>
<th>Absent</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Guardian</td>
<td>31</td>
<td>12</td>
</tr>
<tr>
<td>La Repubblica</td>
<td>14</td>
<td>30</td>
</tr>
</tbody>
</table>

All the articles were coded for the absence or presence of counterarguments, and Table 8B shows that the differences between the two papers are significant. Most of the pieces in the *Guardian* presented at least one counterargument even if the writer was in favour of the euro. While the reverse is true for *La Repubblica*: the vast majority were uncritically in favour of Italy’s entering the common currency. This difference reflects, at least in part, some of the political dynamics of the two countries. It was the centre-left government led by Romano Prodi who brought Italy into the EMU, and *La Repubblica* was solidly in favour of both the Prodi government and the euro. Meanwhile, although the Labour government was in principle in favour of entering, there were divisions within the party, and many were opposed. Indeed, a few of the anti-euro pieces published in the *Guardian* displayed in Tables 8A and 8B were written by
Labour MP’s. One can imagine that these divisions played themselves out in the media in the form of more balanced arguments.

**Table 8C**  
**General Reasons for Support**

<table>
<thead>
<tr>
<th></th>
<th>Political</th>
<th>Economic</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Guardian</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>La Repubblica</td>
<td>17</td>
<td>20</td>
</tr>
</tbody>
</table>

**Table 8D**  
**Specific Reasons for Support**

<table>
<thead>
<tr>
<th></th>
<th>European Integration</th>
<th>Jobs and Trade</th>
<th>More Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Guardian</td>
<td>0</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td>La Repubblica</td>
<td>17</td>
<td>16</td>
<td>0</td>
</tr>
</tbody>
</table>

Tables 8C and 8D look at some of the reasons for support for the euro. The results of Table 8C show that the majority of arguments in favour of the euro published in the *Guardian* were in favour for economic reasons. This follows the pattern that was found in the House of Commons debates on the euro, where economic arguments dominated over political ones. The opposite is true in Italy, where most of the arguments in favour were political in character. Table 8D shows the kinds of economic and political arguments that were presented. For both, economic reasons mostly referred to more jobs and trading opportunities. But their political arguments were very different. Most of the political arguments in *La Repubblica* were in favour for reasons of European integration. In contrast, in the *Guardian*, the word “integration” was never even used even though that is precisely what the eurozone was. When referring to this dimension of the eurozone, more anodyne words like “closer ties” and “partnership” and “co-operation” were used. And, as Table 8D shows, their political arguments were mostly about increasing Britain’s
influence in the international system, not only in Europe but with great powers like the US and China. This fits the pattern that was observed in the other sources of evidence above, namely, wilfully ignoring the political dimensions of the euro. Curious about this pattern, I asked Lord Radice, who, as a pro-Europe Labourite, shares many of the positions of the editorial staff of the Guardian, why it was that the Guardian seemed to ignore the political dimensions of the euro:

Me: Were the pro-euro media dishonest about the [political dimensions of] euro?

Radice: They were sceptical of political union. The Dutch and French referendums showed scepticism towards political union and so I did not believe that it [the euro] would lead to political union...political union, especially from Germany, was mostly high-blown talk. For me it means a Stability and Growth Pact that works and is respected. It does not mean federalism, and I would not endorse federalism.

Lord Radice is one of Britain’s most enthusiastic supporters of Europe. He has written many pro-Europe books, campaigned for pro-Europe causes, and defended the pro-euro case in the British Parliament. And yet his conception of political union is simply a “Stability and Growth Pact that works and is respected.” This represents a significant difference with Italy, where much of the pro-euro forces were in favour because they endorsed the euro as a step towards a federal union. As mentioned above, the euro, in both the intentions of its designers and in its structural logic, would lead to a centralization of power. In other European countries this was not only recognized; it was welcomed, especially in Germany and Italy. Recent events are leading to the creation of federal structures in the Eurozone because it is recognized to be essential for the euro to survive. And so Lord Radice’s conception of a eurozone with a minimalist vision of political union perhaps represents the tendency shown in the parliamentary debates and media sources to ignore or minimize the real political implications of integrationist measures like the euro. This contrasts with Italy, where the pro-euro forces on the centre-left have always been openly
federalist. However, as the next section will show, below the surface, there are some interesting similarities between Britain and Italy.

Continuity through change

Many scholars have attempted to theorize the tendency of pro-euro forces in the UK to approach European integration in a reluctant and even contradictory way. Some have pointed out that the UK’s strategy towards Europe from when it initially joined in 1973 is in fact a conservative strategy to preserve the core elements of the British state and its relation to international order. Gifford (2008) highlights that, contrary to popular belief, euroscepticism is a-ideological in character. Even the nominally pro-euro Labour party continues to assert Britain’s essential differences with Europe (Geddes 2006). This cross-party euroscepticism takes the form of promoting the economic dimensions of the project, such as opening up Europe to the free-movement of capital, while restricting the political dimensions in order to prevent the formation of a political unit that could challenge US hegemony. This is illustrated, according to Gifford, when the British promote closer ties with Europe in order to preserve the “special relationship” with the US. This adds up to an attempt to manage its imperial decline by establishing its authority in a neo-liberal international order led by the US (Gifford 2008; Wallace 1991). According to this argument, a deeper political union in Europe would not only challenge the US in the international system; it would also promote and strengthen the social democratic, corporatist political economy that reigns supreme in Europe. In this sense, promoting European disunity would help to preserve the US neo-liberal model of political economy.

There were also conservative elements in Italy’s policy towards Europe, although in the domestic realm more than the international one. Italy’s euro-enthusiasm in the late-nineties was,
in many ways, superficial, because it underplayed the painful and politically unpopular reforms that were and are necessary for the country to stay in the euro. In Italian political discourse, Europe, and by extension the euro, were associated with “protection” and “strength” in the face of the pressures of globalization. Indeed, this was one of Prodi’s framing devices (Moro 2011, p. 131) in his pro-euro political discourse. But for many Italians, this was interpreted to mean the “protection” (i.e., conservation) of core elements of the political economy that were resistant to change and that needed to change in order to compete in a globalized world (Della Sala 2012; Giurlando 2012). Subsequent events provided evidence for this interpretation of Italy’s approach to the euro. First, governments in the post-euro period were unable to enact many of the necessary reforms because they were politically unpopular, even though these reforms were a necessary corollary of being in a common currency without the tool of devaluation. It took an unelected government led by Mario Monti to implement many of these reforms, and consequently support for the euro, and for Monti, has plummeted. This suggests that many Italians’ support for the euro was not based on the substantive aspects of membership to the common currency, which implied painful changes to their way of life; rather, many supported the euro because they wanted “protection” from globalization. In other words, they wanted continuity through change.

However, in both the UK and Italy there were, and are, those who desired real, substantive reforms and who supported the euro for this reason. Many Labourites supported the euro because they hoped that closer ties with Europe would help transform Britain’s liberal political economy into Germany’s corporatist model. This belief was expressed in the Lords debates, which in many ways were more honest and frank than were the debates in the House of Commons:
The noble Lord, Lord Heseltine, recently said that he had favoured the UK joining the euro because it would make us more like Germany. I believe that he was right, and he could still be right if the euro survives the present crisis (Lord Monks, House of Lords Debate, Dec 1, 2011).

This level of frankness would be unlikely in the House of Commons because it would be politically damaging. It challenges the belief, held by many, in the UK’s essential superiority vis-à-vis other European countries, including Germany. It also undermines the Blair government’s narrative that joining the euro would give Britain “leadership” of Europe; for hoping that Britain would become more German is an admission of Britain’s lower status compared to Germany. It would also challenge popular narratives held by the masses that equate Britain’s relations with the EU with the struggles that took place in World War Two, when the UK was the free and democratic country that was fighting the evil Germany and its plans to rule the continent. But for some pro-euro reformers, the association of “Europe” with “Germany” was positive because, by joining the EMU, Britain would become more like Germany. In this sense, for some elements on the centre-left Europe was a device to promote domestic ends. This attitude actually preceded the euro; many Conservatives in the sixties and seventies supported Europe because they believed it could help prevent some of the socialist reforms of Labour (Holmes 1996); meanwhile, many Labourites in the eighties supported Europe because they believed it would be an effective defence against some of the right-wing reforms being enacted by Thatcher (Philip 1992, p. 192; Haseler 2000).

This strategy was certainly present among some reformers in Italy in the run-up to the euro. Many supported the euro because, they hoped, Europe would promote their own domestic objectives. For instance, many on the left wanted to consolidate the social democratic model of
political economy in the face of globalizing pressures. On the right, in contrast, there were (and are) elements who see the EU as a defense and promotion of free trade, competitive and liberal (in the European sense) markets that would be potentially undermined by the left and their union supporters.

The problem for the reformers in both Italy and the UK who wanted to use Europe to promote their domestic ends is that the evidence shows that domestic structures are very resilient even in the face of Europeanizing pressures (Bache and Jordan 2006, p. 13; Baimbridge and Whyman 2008, p. 158). This is particularly the case in Italy. Entering the EMU, many hoped, would transform the country. But despite being in the EMU for 12 years, the country continues to display many of the problems that have served to relegate it to second-class status in Europe: high levels of corruption and tax evasion, a divided and ineffective political class, low levels of productivity and innovation, low economic growth, low employment, and inefficient public services. The reason is that many interests have a stake in preserving the status quo, and they can use their political power, through the democratic process, to preserve their preferred political-economic structures. In fact, as was highlighted above, many domestic interests endorse Europe precisely because they want to prevent change, or rather because they desire protection from the change-inducing pressures of economic globalization.

Alternative explanations

Some argue that it is material interests that explain Britain’s rejection of the euro. Talani (2000) argues that one only has to look at the preferences of the City to understand why Britain did not join the common currency. According to Talani, the City risked losing its financial dominance if
London was to be integrated into a common currency (2003). In a currency union, London would supposedly lose its comparative advantages and would be forced into tighter competition with Frankfurt and other financial capitals: as new financial instruments denominated in the new currency were created, other financial centres in Europe would be able to increase their market share (Talani 2003, p. 140). Talani adds that it is not a coincidence that one of the five tests was whether the euro would be beneficial to the financial industry; it shows that the government gave priority to the City over other interests in its decision on whether to enter (Talani 2003, p. 140).

There are both empirical and theoretical problems with this argument. First the former will be discussed. Throughout the text Talani repeatedly refers to the “City’s” preferences. This assumes that the City is sufficiently homogenous to share the same “preference.” But this is mistaken. The reality is that the City was divided on the euro, which is unsurprising given that the City is composed of different firms who specialize in trading different securities which creates different sets of cost-benefit analysis. Perhaps it is for this reason that Talani does not present any solid empirical evidence for her argument, such as a survey of City firms. Surveys that were taken, in fact, show that the majority of City firms were in favour of Britain entering the euro (KPMG poll, cited in House of Commons Debate, 1999). Even if one questions the representativeness of that sample, it still seems more likely, based on other evidence from British industry (Foreman-Peck 2004, p. 106; Barrell 2002, p. 63; Haseler 2000, p. 45), that the City was divided on the merits of entering. It follows that there were no “City” preferences. In a later piece, moreover, Talani says that the City can preserve its centrality as the financial market of Europe only if it joins EMU (Talani 2011, p. 131). This raises the question: if that was true, wouldn’t the “City” know that and act accordingly?
There are also theoretical problems with her argument. First, the notion that the City would have lost its comparative advantages had it joined the common currency is unconvincing. London’s comparative advantages include the English language, its common law system, its position in the middle of two time zones, and the cosmopolitanism of the city, advantages that other European capitals have a hard time reproducing. These advantages would have remained even had Britain entered EMU, and so even if we accept the dubious proposition that the City opposed entry because it would lose its comparative advantages, the argument flounders on the fact that London had other, arguably more important, comparative advantages that would not have been undermined had it entered EMU. Second, the fact that one of the five tests was whether EMU would be beneficial to the financial industry does not indicate that the government gave the City priority over other interests. Other tests included whether EMU would be beneficial for jobs and investment. Supposedly, these two tests refer to other British industries as well as finance, suggesting that other sectors were also given importance. But this assumes that the government really intended the five tests to be the determining factor for British entry. This is dubious, because, as mentioned above, with the exception of the first test, all the tests were ambiguous and could not be answered objectively. Some researchers did attempt to determine whether the tests were met, using broad assumptions of “jobs” and “investment”, and they determined that all the tests were met in 2002 (Barrell 2002). But this did not matter, because the tests were not what they were presented to be. They were a political strategy for a public which, polls showed, were overwhelmingly in favour of preserving the pound. The five tests were part of the government’s strategy to present the decision on whether to enter as “essentially economic” when it was a political one par excellence. The opposition saw right through this
strategy and accordingly pounded the government in parliament and the media, helping them to win the debate.

Another, in many ways more convincing, challenge to the arguments presented in this chapter come from public opinion data from Britain. The argument on political identity assumes a certain stability and intensity of widely held views, beliefs, and feelings of a political community. But public opinion data suggest, according to some scholars, that British public opinion on the euro was more nuanced, superficial, and malleable, and that Tony Blair could have won a referendum on British entry into the euro. In June 1992, polls showed that the British were marginally in favour of Maastricht (54% to 46%). But after the humiliating exit of Britain from the ERM, public opinion shifted to 68% opposed, 38% in favour (Worcester 2000, p. 55). What is more, in July 1998, polls showed that 33% were in favour of the euro, and 50% were against, but when the question was repeated with the condition that the government strongly urged Britain’s joining, the gap fell to a mere 7% (Berrington and Hague 2001, p. 74). Finally, the experience of the 1975 referendum demonstrated that, when a decision has to be made about Europe, many in Britain will act in ways that defy prediction. Before the referendum, polls showed that a solid majority were opposed to Britain’s entry into the EC. But the results of the referendum showed that views can suddenly shift, as two thirds voted in favour of staying. One reason is that both the major parties, most industry, and the media were solidly in favour, and this impacted public opinion. This suggests two things: first, that we should be sceptical of the many polls that support the notion of British euroscepticism. Second, that even if these polls accurately reflect a snapshot of the public’s views, it does not follow that these views reflect an independent, coherent, and settled judgement (Berrington and Hague 2001, p. 69); rather often these eurosceptic views are very superficial and can be shifted by governments and other
elements of the ruling class. This raises questions about the identity argument presented in this chapter because it suggests that the discursive features that were presented as evidence in support of “identity” are rather little more than superficial views that are shiftable and malleable.

This argument has many problems. For example, the few polls that showed large support for Maastricht and the euro would, I argue, have been different had the question added the condition that the euro was a federalist project that would lead to a political union. That is, the British display support for the economic dimensions of the euro, but there is little evidence that they would have displayed the same level of support for the political dimensions, which are more important. A thought experiment will help to show why. Imagine for the moment that Blair had successfully brought Britain into the common currency. Had he done so, he would have obtained a seat at the table; the topic of discussion at the table, however, would be transfers to uncompetitive Southern European countries, Eurobonds, a banking union with a centralized regulator, and the creation of a eurozone minister with the power to override democracy and veto national budgets. Would the British consent to the euro had they been told that it could likely lead to these centralizing tendencies? Probably not. In fact the very idea of political union is unpalatable to most British citizens, even those who supposedly supported the euro. It follows that one must be sceptical of some of the pro-euro opinion polls cited in the previous paragraph, for the results of those polls would have been very different had the respondents been informed about the true political dimensions of the euro. Even the 1975 referendum must be understood in this context. The pro-EC arguments were exclusively about promoting free trade in Europe, not about the vision of political union that other member-states aspired to, and this is one of the reasons that most supported British membership in 1975 (Philip 1992, p 187; Personal Interview with Lord Flight).
British euroskeptics were undoubtedly encouraged by the results of referendums on the euro in both Denmark and Sweden. Regarding the latter, similar to Britain, the pro-euro campaign was based largely on the supposed economic benefits of the common currency, with Prime Minister Goran Persson promising the euro would create 108,000 jobs (Ljungberg 2004, p. 22). Swedish Business was in favour: the powerful Confederation of Swedish Enterprise openly campaigned for the country to enter (ibid, p. 12). Respectable economic research also suggested that Sweden would benefit from joining. Those opposed marshalled arguments that would be very familiar to euroskeptics in Britain. Echoing Thatcher and other realists, they argued that the euro was little more than a _quid pro quo_ for France as the price for accepting German unification (Forman-Peck 2004, p. 102), and this was not coterminous with Sweden’s interests. It was also felt that the euro threatened the nation’s parliament as the supreme source of sovereign legitimacy (Ljungberg 2004, p. 21). Others argued that losing the tool of devaluation could lead to increases in unemployment (Vaubel 2004, p. 87). Lastly, unlike the Southern European countries, Sweden did not need “external pressures/impositions” to control public finances (Forman-Peck 2004, p. 103). In 2003, Sweden had a referendum on whether to join the euro, and the ‘no’ side won 56.1% to 41.8%. Although in Sweden, unlike the UK, there is little talk of leaving the EU, opinion of the currency has dwindled to a miserly 9.6% in favour, and 82.3% opposed, ensuring that the country will keep the Krona for the foreseeable future even though it is legally required to adopt the currency under the Treaty of Maastricht.

Denmark, like Britain, was able to obtain an opt-out, which, _de jure_ allows it more freedom on whether to join the Eurozone. Danish public opinion, like the British and Sweden’s, was and is also solidly opposed, as evidence in their rejection of the euro in a referendum in

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2000, with 53.2% voting against, and 46.8% voting in favour. The results indicated that there was a significant difference between the public and the political/economic elite in Denmark. The two major parties, the Liberals and Conservatives, were solidly in favour, as were the industrial, banking, and union elite. The Danish central bank also actively campaigned in favour of the currency (Jespersen 2004, p. 57). Polls taken before the vote indicated a slight lead for the yes side, but this was undermined by a report released by the Danish Economic Council that concluded that the economic benefits from EMU would be small, and that the common currency could best be described as a political project (Marcussen and Zolner 2003). Since the vote, Danish support for the currency has plummeted, with the most recent polls showing that the euro’s opponents are ahead by a margin of between 42% and 46% (Bloomberg 17/05/2013), although unlike Sweden, which allows the Krona to float freely, the Danish Krone is pegged to the euro.

Conclusions: the present Eurozone debt crisis

This chapter has largely focused on Britain’s approach to the euro, drawing on comparisons with Italy to highlight certain distinct features of the identity of the British nation and its impact on relations with Europe. Interestingly, in the past four years there has been a convergence between the two nations, with Italians becoming, like their British counterparts, increasingly eurosceptic. Polls taken in May 2012 show that 40% of Italians want to return to the lira (Telegraph May 30 2012). They blame the euro for many of the country’s ills that have seemed to worsen in the past 10 years since the country entered. Arguments that the euro “saved” the country by forcing it to control public spending may hold water among the elite, but not among the masses. Indeed,
many politicians, from Berlusconi to Beppe Grillo, exploited this anti-euro sentiment by telling voters that the return of the lira is possible. That members of one of Italy’s major parties, the PdL, would openly endorse an exit from the euro, and that the anti-euro Beppe Grillo obtained a quarter of the votes in the election of February 2013, is a stunning reversal of the “consensus” in favour of the euro that reigned supreme in the late nineties.

Many British eurosceptics look at the troubles that Italians and other Southern European economies are facing and say “we told you so.” And, in fact, reading the debates that took place in the late nineties, they did indeed accurately predict that the project would not succeed. The vindication is palpable in British parliamentary debates:

I would remind those people that the euroskeptics warned of the dangers of joining or having a single currency…we were told that if we did not join, we would be sidelined…indeed, people like me were called unpatriotic because we believed that it would be inimical to British interests to join the single currency…we have been vindicated by events (House of Lords Debate, Feb 3, 2012, Lord Stoddart of Swindon)

I asked Lord Flight whether he felt vindicated by the events, and this was his colourful reply:

The establishment endeavoured to make cheap remarks against those who argued against the euro and they tried to paint us as little Englanders and all that crap. They are the people who have been shown to have been wrong, and by and large the media still has not covered that sufficiently.

Although many eurosceptic elite members predicted the difficulties that the eurozone is experiencing, the same cannot be said about the wider public. The vast majority rejected the euro for more prosaic reasons, namely, the feeling, often unexpressed, that Britain did not belong in the euro, and that it is “different” and “superior” to the nations “in” Europe. In their approach to
the euro, these feelings of superiority and separateness were reinforced by the sensationalist and
tendentious reporting of eurosceptic tabloids (Taverne 2000, p. 15). These feelings also
substituted for their lack of knowledge of the common currency and of Europe generally; indeed,
polls show that, compared to other European nations, the British are the most ignorant of the EU
(Gowland, Turner, and Wright 2010; Baker and Sherrington 2005, p. 313). And yet they
arguably made the rational choice of preferring to stay out of the euro. Which provides a useful
lesson that more knowledge does not always mean that one is more rational. In fact, sometimes,
the opposite is true.
Chapter 9: Conclusion

This dissertation highlights the role that ideas have in the construction of political reality. It assumes that the way that people construct their political worlds matters for understanding the way that they behave towards political objects. But for most actors, it is important to highlight that there is little sense in which their political reality is “constructed.” For them, their political and social reality feels objectively real in the cosmic sense. Very few of them, perhaps with the exception of highly educated elites, I sustain, engage in the delicate and painstaking tracing of the way that one’s socialization, political culture, emotions, and discursive environment create political reality. Not all reality is constituted by these influences, of course. But the way that actors construct their nations, and their nations’ relations with other social aggregates, is very susceptible to these influences. This derives from the intrinsic ambiguity of the nation. Unlike, say, one’s immediate family, nations have little concrete existence. They are, as has been pointed out ad infinitum, “imagined communities.” And so the properties that people give to their nation and its relations to other social aggregates are essentially artistic projections, and the materials used to create these projections are the discourses that intellectuals and other elites promulgate through various channels that link them to non-elites.

This framework provides a foundation that helps to explain the puzzles that were mentioned in the introduction. To wit: why Italy was predicted, accurately, to be one of the losers from EMU and yet the country, in the late nineties, enthusiastically embraced it; why the political left in Italy was enthusiastically in favour of the euro even though it was a direct repudiation of their Keynesian economic philosophy; and why public sector workers and many other actors were in favour even though the reality of the EMU implied changes that they themselves had been resisting for years. These puzzles can be explained by the fact that the way
that the euro was constructed in the late nineties reflected the properties that Italians ascribe to
their own nation rather than the reality of the currency union itself. Italians display the tendency
to depict their nation as incorrigibly corrupt and backward. Like all compelling narratives, there
is an element of truth to this idea, since on global rankings of indicators like corruption, tax
evasion, economic equality, and public sector efficiency Italy does indeed score well below its
peers. Most importantly for this thesis, the nation is constructed on the basis of a comparison of
a European ideal. When comparing themselves to “Europe” Italians, unconsciously or
consciously, are largely comparing themselves to France and Germany, which are perceived to
be superior in terms of political economy. This construct is both analytic and normative,
diagnosing the disease and the wish to cure it.

This construction of the nation and its relation to “Europe” took an imaginative flight of
fancy in the late nineties when it was believed that entering EMU would correct the country’s
problems and make Italy one of Europe’s top-tier nations. The “vincolo esterno” (external
pressure) of Europe could help Italy to fix its public finances. But it could not transform the
country by, in the words of one euro-enthusiast, turning Italians into “mature and modern
European citizens.” Only Italians can do that by deciding through their own volition that they
will now pay their taxes, and not pay bribes, and dismantle their cosseted firms and professions,
and implement stronger cultural and legal mechanisms of accountability in every sphere of
human activity—social, economic, and political. The belief that the euro could do these things
was held because European integration, and the euro, was imbued with the equality meme: by
entering, it was hoped, Italy would obtain equality with Europe’s elite countries. Often, equality
was expressed with different concepts: modernization, international prestige, “Serie A,”
progress, normality. But they all pointed to the same goal, because they are associated with
“Europe”, which is associated with the standards that are present in Europe’s elite countries, France and Germany. These ideas were especially present on the left, which explains why it would ignore the fact that the euro represented a direct repudiation of their Keynesian philosophy. It also explains why the country as a whole would, in the late nineties, embrace a policy that, predictably, has not led to the expected changes. In fact entering EMU has led to the suspension of democracy, as an unelected, technocratic government tried to transform the country in order to spur economic growth to avoid a default. Arguably, the jury is still out on whether the Monti government has succeeded. But his top-down changing of the rules will only work if they lead to real substantive changes in the habits and beliefs of Italians. In this sense, only through their own volition can Italians ultimately achieve the dream of becoming truly “European.”

On the surface, Britain in many ways was the polar opposite of Italy: the majority of Britons rejected the common currency. But below the surface there are very similar dynamics. To the British, the idea of “Europe” largely refers to Germany and France, and this association is no less real when it is unconscious and latent. And as in Italy’s discursive conception of Europe, these two countries, as constitutive elements of “Europe”, are constructed in stereotypical ways. Entering Europe, for many Britons, meant being at the same level as these two countries. But this is where the similarity ends. The content of these constructions in the British political universe is very different, and to see why we must start with the way that Britons construct their own imagined community. To start, there is no sense of inferiority with Europe; in fact, it is quite the opposite, as historical memories of empire, of being the “good guy” in WW2, and of the association of parliamentary democracy and the common law with freedom give a sense of superiority compared to “Europe.” When Margaret Thatcher said “I believe that Britain is the
best country in Europe,” it resonated with many Britons regardless of political ideology and social class. Had an Italian politician of Thatcher’s stature said the same about Italy, very few Italians, perhaps with the exception of some fascists, would have taken him seriously. And so in Britain there is little desire to obtain equality with Europe. In fact the idea of obtaining equality with Germany and France, both of which are associated, in the popular imagination, with war, absolutism, statism, and instability, would be deemed a lowering of the country’s status and condition, not, as in Italy, a raising of these things.

Original Contributions

My original contributions to this debate are theoretical, methodological, and empirical. Regarding the first, this project aims to link ideas that constitute political reality to cognition and to affect. Other constructivist scholars who investigate the politics of EMU typically pair ideas with some other variable, such as the economic power of Germany, shifting circumstances that lead to new policy paradigms, or the strategic imperatives of elites who utilize narratives and discourses to promote their political ends. Where I differ from them is to focus scholarly attention on the cognitive and affective dimensions of discourse and identity and by arguing that these are the determinants of political behaviour towards political objects like the euro. Most actors in the political communities under investigation could not analyze the complexity of the common currency. And so this lack of knowledge was replaced by cognitive schemes that contain memes such as hierarchy and equality, which characterize most inter-group relations. In Italy, the hope that the euro would equalize their inferior position in the European hierarchy became cognitively transformed into the theory that it would. These memes also had affective
properties that produced approach tendencies, that motivated actors, and that helped make these ideas feel objectively real. In Britain, in contrast, the idea of being on equal terms with Europe was associated with negative affect, producing avoid tendencies. In other words, the memes “hierarchy” and “equality” had very different meanings and affective properties in Britain, which led to the very different outcome that was observed: the vast majority of Britons being opposed to entry into the common currency.

Another theoretical contribution is the identity index that was presented in chapter five. The purpose of this index was to provide a framework that allowed me to systematically compare the cognitive schemes of a diverse range of actors, but especially elites and non-elites. The findings were that elites display a stronger sense of identity than do non-elites; that is, they were more subject to non-rational influences, like feelings of belongingness, emotion, idealistic attachments and abstract hopes. This seems to challenge conventional stereotypes of elites and non-elites: since the latter are patently less knowledgeable than the former, we might expect them to be more likely to be subject to non-rational influences. But this was not the case. Both, it bears repeating, interpreted EMU through the dominant discourses that were present in the late nineties, discourses that depicted the euro as some kind of solution to the country’s problems and that only loosely, if at all, corresponded with the substantive content of the policy. But non-elites were less likely to have done so despite their lower level of knowledge.

An empirical contribution is to show how the political discourses in Italy that surrounded the politics of EMU obscured the reality of the country’s political situation, both internally and externally. Scholars elsewhere have highlighted that political identity often serves to hide painful truths (Hewstone 1986, Haseler 1996); the data that was collected for this project provides ample evidence for that astute observation. The narrative that the euro would fix Italy’s problems that
have served to relegate it to second-class status in Europe ignored the fact that only changes in Italians’ behaviour, and not Europe, could do that. This narrative was reinforced by the German-level interest rates that Italy paid on its debt after it entered, which produced a false sense of security. These interest rates transmitted false information to policy makers because they were based, in part, on the belief that a eurozone country could never default. The narrative through which the euro was understood also transmitted false information: by creating the impression that the euro would automatically be the solution to the country’s problems, political agency was transferred to Europe, rather than to Italians themselves, where it properly belongs. It is partly for this reason that in the first 10 years of the euro, the structure of the political economy remained in place. Politicians who tried to implement the necessary reforms, like Cassese and Bersani, were forced to water them down because they were politically unpopular. The debt crisis that reached a crescendo in 2010 has shattered many illusions about what Italy must do to restore competitiveness and avoid default. It must transform its social and economic relations, which means changes in people’s beliefs, habits, and practises that they have deemed to be part of the natural order of things. The crisis also demonstrated the inadequacy of Italy’s democratically elected governments, bringing in a non-elected one. This suspension of democracy, which signalled to the world Italy’s incapacity to make painful decisions through the democratic process, is certainly not what many had in mind when the country entered the common currency.

The discourses also obscured the character of the country’s external relations. The belief that entering the euro would make Italy one of Europe’s top-tier nations obscured the reality that a nation’s place on the international and European pecking order is determined by many variables, and that entering a prestigious monetary union is perhaps one of the least important. A
review of the international relations literature provided the basis for the argument that economic size, military power, and technological sophistication are the main determinants of one’s position in the inter-state pecking order. But in Europe, although these things matter, the qualitative dimensions of the economy also matter in determining one’s place in the pecking order: levels of inequality, social mobility, socio-political-bureaucratic organization, and the cultural beliefs of the nation. In Italy, these things did not change after entering the euro. In fact some indicators that measure these dimensions of the economy have worsened. And so entering EMU did not fundamentally change Italy’s second-class status on the continent. Yet this fact was obscured in the immediate post-euro period, when the euphoria of entering, the feeling that it had demonstrated its “European” credentials, created the impression that it was one of Europe’s top-tier nations. But this belief could not be sustained when Italy was repeatedly excluded from the decisions being made by Europe’s “great powers”, i.e. Germany and France.

There are other empirical contributions to the debate. First, many other works on Italy-Europe relations that are constructivist in approach rely on the many Eurobarometer polls that testified the country’s euro-enthusiasm, and/or on the statements of Italian elites and intellectuals. This project mainly relied on three samples that were collected during my field work in 2010: 253 Italians, 430 newspaper articles, and clips of TV shows that were aired in the immediate pre- and post-euro period. The sample of Italians reflected the regional, socioeconomic, political, and status differences that are present in the country. Although the sample was not randomly selected, many of the findings were similar to the ones from other, randomly selected samples. Moreover, the subjects were asked questions designed specifically for the purposes of this research project.
The transcribed responses were also coded with a scheme or set of categories that was developed specifically for this project. The coding rules of “relative emphasis” as a way to determine which “reason” the subject felt was more important; the identifying the affective properties of the responses by coding the tone and language of the responses; and asking “indirect” questions as a way to evoke the subject’s perceptions of the emotional and cultural climate of the pre- and post-euro period - all these techniques were developed by me to investigate the presence and frequency of the cognitive and affective dynamics mentioned above. Regarding the newspaper articles, other constructivist-oriented students of Italy have also relied on this source (Triandafyllidou 2005). My original contribution was to code them on the basis of perceptions of relative status to show that entering the euro did impact these perceptions. And lastly, not one student of Italy has relied on clips of TV shows as a source of evidence. To obtain these clips I went to the archives of the RAI, which are not available to the public. Access to the RAI’s archives requires legal authorization which required navigating the country’s byzantine bureaucratic process. But the effort was worth it, because the clips are a rich source of evidence for investigating the way that entering the euro impacted perceptions, making them a valuable contribution to the debate on Italy-Europe relations.

Another original addition to this debate is the systematic comparison between Italy and the UK to demonstrate that, contrary to what many Britons believe, their approach to Europe is not a-ideological and devoid of the cognitive, affective, and normative impulses that govern other nations, like Italy. The purpose of this comparison was to provide variation on the dependent variable, and on the surface Britain’s widespread eurosceptism is the opposite of Italy’s euroenthusiasm. But below the surface once could detect that they, too, project onto Europe their hopes, fears, and historical legacies. In Britain the language used to describe their
approach to Europe—the national interest, economic interest, British jobs, output, etc—certainly gives the appearance of being based only on the cold, hard facts, especially if we compare it with the hyperbolic and often unrealistic language that was present in Italy. But these differences in language are the result of differences in the content, not form, of their interpretive schemes. The primary data collected — interviews with three members of the British elite, parliamentary debates, and a sample of Britain’s pro-euro media — amply demonstrate that, in their approach to Europe, the Britons are projecting narratives and discourses that are rooted in nationally-based perceptions of the collective self: that it is superior to the “continent,” and that equality with other member-states represents a reduction, not an increase, in the nation’s relative status and condition.

Limitations and future research

The main limitation of the project is that the sample was not randomly selected. Therefore, one might be suspicious of assertions of the identity of the Italian nation on the basis a sample of subjects who were interviewed in the summer evenings in public places. There are two responses to this limitation. First, to penetrate a subject’s cognitive scheme requires open-ended questions that allow them to respond freely and openly. These kinds of interviews are time-consuming to conduct, transcribe, and code. It is for this reason that randomly selected large samples, of the kind that are conducted by Eurobarometer surveys, typically rely on only a few questions with multiple-choice structured responses. But this method was unsatisfactory for this project, which is why, unlike other constructivist students of Italy, this project cites Eurobarometer surveys very sparsely. Second, there were three steps taken to reduce bias: deliberate sampling for
heterogeneity, limiting the universe of actors that the findings are projectable to (the middle-aged), and the comparison of some of my findings from those of Eurobarometer; as was shown in chapters two and three, many of the findings of my sample correspond with the findings of representative samples, such as the fact that around 85% of Italians were, in the late nineties, in favour of the euro, that 65% were in favour in the summer of 2010, and that support for the euro is higher among the highly educated, the political left, men, professionals, and elites. This provides an empirical basis for the assumption that the other findings in this project are valid. It certainly challenges the pure probability theorist’s contention that the findings reflect only the sample and not the country as a whole. Another limitation is the one that most survey research is prone to: social desirability bias, which conditions subjects to say what they think is socially desirable rather than what they actually believe. I sustain that this is a risk for some, but not all, questions. For political ideology it is certainly a risk; many on the centre-right, for example, would not openly admit that they voted for Berlusconi. This is why I did not ask directly what the subject’s ideology was. Rather, I coded ideology based on the ideological content of their other responses, which greatly reduced the number who could be coded on either the left or right, but that still allowed inferences to be made on the differences between the two.

Another limitation is the one that all ideational/ideational work is prone to: arguments that the weight of history, or that the way that nationalized individuals construct and perceive their nation, influences a nation’s approach to Europe even when it is latent, unconscious, and unexpressed are difficult to establish quantitatively. But they are no less real for that. This only highlights the limitation of positivist methodology for some research questions, not the limitations of ideational/constructivist work. Regardless, empirical evidence can be marshalled to support the arguments above and to show why alternative explanations are inadequate.
Counterfactuals are also a valuable device to show why the weight of the evidence supports one argument and not another. And the weight of the evidence does support the argument that Italy’s enthusiastic embrace, and Britain’s widespread rejection, of the euro is not reducible to the material interests of these two nations. And lastly, there is the risk of selection bias. The selection of only two countries raises questions about the generalizability of the findings. But this project does not aim to establish findings that are generalizable to other European nations. Most of the project aims to explain the dynamics in Italy, and less so, Britain. There is no presumption that identify dynamics observed in these two countries were also in place in, say, France and Finland. To make that assertion would require a detailed empirical investigation of those two countries.

Nonetheless, there are findings that are certainly valid for other European countries that would be worth exploring. One of them is the role of vicarious evaluation in the construction of the nation: nationalized actors often define themselves on the basis of other social aggregates to which they belong rather than on the properties of their nation. The origins of this idea are in the discipline of sociology, where it has been observed, most notably by Elias, that individuals define the properties of the self, not on the basis of the properties of themselves as individuals, but on the basis of the changing fortunes of the groups in which they belong. This project applied this idea to intergroup relations rather than individual-group relations, arguing that groups often describe their group status on the basis of their perceived assimilation with other groups. In Italy, for example, after entering the euro, many perceived that their status on the European inter-state pecking order had shifted because they were more “European”, when, in fact, the structure of the political-economic and social relations remained unchanged. One can imagine that this dynamic was present even in other “periphery” European nations, which
entered Europe because they believed that the latter would transform their country, and, after entering, believed they were more “European” and that their status had changed. Greece, Romania, and perhaps Bulgaria are good candidates for this framework. In Britain, in contrast, the euro was rejected, in part, because of the belief that assimilation with Europe would represent a reduction in the country’s status and condition. The literature on Britain highlighted that vicarious evaluation was present within the country: British individuals, even lowly and oppressed ones, could feel “superior” through their association with empire, when the reality of their condition was such that they were in fact, in terms of social class, not superior to other individuals in other nations. But their association with empire obscured this reality. In the inter-group context, this tendency to vicariously define status and condition on the basis of assimilation with other social aggregates certainly conditioned British attitudes to the euro, for the idea of being “equal” to Europe was associated with inferiority, not, as in Italy, with superiority.

This project relied mainly on three samples—interviews, newspapers, and TV clips—to examine the inter-textual congruence of identity (the word text here refers to the constructivist conception of this word, as the surfaces upon which actors constitute political reality). These different texts were investigated to examine the presence and frequency of the cognitive and affective dynamics that condition a political community’s approach to Europe. Further research could apply this inter-textual congruence method to other countries’ relations with Europe to provide richly textured explanations of some of the variations that are observed in Europe. For instance, in the current eurozone crisis, we are seeing the emergence of coalitions that are divided on the best way to preserve the euro: there are the creditor nations, led by Germany, who are calling for more rigour and austerity, and debtor nations, currently led by France, who are
calling for more stimulus. On the surface, it appears that material dynamics, such as whether a country is a creditor or debtor, may best explain which coalition a country chooses to be in. But below the surface, it is plausible that nationally based narratives play a role. France’s reluctance, for example, to surrender the kind of sovereignty that is implied in Germany’s conception of a political union perhaps reflects the historical narratives, and their cognitive and affective salience, that have structured French-EU relations for decades. The same might be said about Ireland or Finland. The inter-textual congruence method would be an effective way to answer these questions.

Broader scholarly and political significance

The work presented in this dissertation has implications for the seemingly insoluble debate on whether actors approach political objects based on rationality or identity dynamics. One of the major criticisms of rational choice is that actors rarely have the knowledge to objectively evaluate complex policies. This is especially the case for the masses, most of whom could not identify the operations of a central bank that are used to control interest rates, much less a complex political structure like the euro. But the findings of this dissertation highlight that more knowledge does not always equal rationality. Most, perhaps all, of the highly intelligent elite members whom I interviewed in Italy for this project, who were almost uniformly enthusiastic about the euro, did not predict the grave difficulties that the euro has found itself in. What is more, most of British who rejected the euro did so not because they predicted the current crisis. Many British eurosceptic elites predicted what has occurred. But the masses’ opposition was based on more prosaic reasons: a sense that Britain did not belong in the euro, of a sense of
The essential difference with other (especially Southern) European countries. And yet their opposition to entering the euro seems to have been the right approach.

Britain has by no means escaped the effects of the crisis. But by not entering EMU, it has escaped some of the grindingly difficult choices that members of the common currency are being forced to make. It has preserved its autonomy to engage in the kind of quantitative easing that would be almost impossible in a Bundesbank-inspired ECB. It has not had to risk its credit rating by financing the Eurozone bail-out funds that, were they to go sour, would threaten the credit even of economic behemoths like Germany. It has the option of staying out of the common currency, while other countries, even if they wanted to leave, could not without devastating economic consequences, at least initially. It could be argued, therefore, that Britain, by rejecting the euro, was more “rational.” But this rationality, at least for most British citizens, did not emerge from a superior knowledge. It was rational in the sense that the consequences of the choice were better than the alternative. In this sense, the idea, but not the actor, was rational. And this suggests that an alternative definition of rationality might be based, not on the level of knowledge that the actor possesses, but on the consequences of the ideas that guide his behaviour. The source of this idea may very well be nationally based narratives. In Britain, for example, the weight of history, the legacy of empire, the sense that Britain did not belong in the euro because it was essentially different, these ideas were what kept the country outside the euro, and in so doing protected Britain from many of the toxic effects of the eurozone crisis. In this sense, the ideas were rational because of their consequences. Defining rationality this way could lead to different sets of assumptions in our theoretical models of human behaviour. There would be no presumption that the actor is rational just because he is a utility-maximizing agent who evaluates the costs, benefits, and probabilities of X or Y and then chooses accordingly. The
presumption would be that the actor chooses based on a myriad of influences, both cognitive and affective, and that only if the consequences of his choice led to the outcomes he desired would his behaviour be deemed rational. In this conception, the knowledge problem that scholars elsewhere have highlighted to be a major shortcoming of rational choice would vanish. The euro debacle shows that the highly knowledgeable can make very irrational choices, while the unknowledgeable unwashed masses can make very rational ones. Not because they could foresee the consequences of their choices. They couldn’t. But rather because the ideas in their heads led to choices that produced favourable outcomes, at least compared to the alternatives at hand.

There are also important political implications, especially for Italy. The narrative that the euro would “save” Italy was widely held, but it was not invented by the masses. Like most other narratives that suffuse democratic practice, it was invented by elites. In the run-up to the euro, this narrative took many different forms; it was used to build support for the painful reforms that were enacted to satisfy the Maastricht criteria. It resonated among Italians because it seemed like a relatively painless way to escape their national nightmare. But the consequences of this narrative were harmful to the country’s democracy. First, it obscured the fact that the true locus of agency is in Italy, not in Europe. In this sense, it reduced the sense of political accountability that is an essential element in healthy democratic practice. It also created exaggerated expectations about what the currency could do for the country. That these expectations were not met bred cynicism and has helped to fuel the widespread opposition to the euro that populist parties are exploiting. To some extent, this is a problem in all democracies. Politicians, to build support for their policies, make extravagant promises that exaggerate the benefits and ignore the true costs. In Italy, though, this has worsened the already preciously low levels of legitimacy that citizens ascribe to the political system. Living in Italy, and talking to Italians, one senses a deep
and enduring malaise and cynicism. This is not a healthy condition, especially when the country needs the confidence and dynamism that are essential to restore economic growth and avoid a default. If this change does not occur, and the country continues the decline that started 10 years ago, then default on its debt would be only a matter of time. And this would represent an ignominious end to the eurozone saga.
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Apendix

Questionnaire:

1) Durante la fine degli anni novanta, lei ha sostenuto l'ingresso dell'Italia nell’Euro? [if they respond yes] Quali furono le sue ragioni per questo sostegno?

2) Quali pensa siano le caratteristiche dell'Italia, dalla fine degli anni 90 e attualmente, soprattutto a confronto con paese europei come Germania e Francia?

If they outline list of problems, defects, etc, proceed to questions 3 and 4. If not, proceed to question 5:

3) Secondo lei, che e la soluzione per le problemi che lei abbia elencati? Italia abbia la capacita di risolvere questi problemi?

4) chi o che cosa è responsabile per il fatto che l'Italia abbia queste caratteristiche?

5) lei crede che l'Italia dovrà cercare di emulare I maggiori paesi europei? Perche?

6) Come pensa che l'Italia sia stata percepita dai maggiori paesi europei durante la metà e alla fine degli anni novanta? E attualmente?

7) Dopo che l’Italia e entrata a fare parte dell’euro, la sua valutazione dell’italia, rispetto agli altri paesi europei, era la stessa? Se no, in che modo ha cambiato la sua valutazione dell'Italia dopo l'entrata nell’Euro?

8) Se l'Italia fosse espulsa dall'euro, come reagirebbe?

9)Per quanto riguarda la questione dell’ingresso dell’Italia nell’euro nel corso degli anni novanta, siete a conoscenza degli argomentazioni e controargomentazioni che sono state discusse negli anni Novanta? Si? Potete brevemente elencarli?

10) Nei dieci anni dall'introduzione dell'euro, il suo sostegno per l’euro è cambiato o è rimasto lo stesso? Quali sono le ragioni?

11) E a conoscenza se la maggior parte, tutti, o alcuni dei suoi amici, la sua famiglia e i conoscenti hanno appoggiato l’entrata nell’euro negli? Se la risposta e si, quale e il motivo?

Qual e la sua mestiere, e il suo posto di lavoro?
May 27, 2010

Mr. Philip Giurlando
PhD Candidate
Department of Political Studies
Mackintosh-Corry Hall
Queen’s University

GREB Ref #: GPLST-059-10
Title: “Italy and the EMU: How Collective Representations Influence Political Outcomes”

Dear Mr. Giurlando:

The General Research Ethics Board (GREB), by means of a delegated board review, has cleared your proposal entitled “Italy and the EMU: How Collective Representations Influence Political Outcomes” for ethical compliance with the Tri-Council Guidelines (TCPS) and Queen’s ethics policies. In accordance with the Tri-Council Guidelines (article D.1.6) and Senate Terms of Reference (article G), your project has been cleared for one year. At the end of each year, the GREB will ask if your project has been completed and if not, what changes have occurred or will occur in the next year.

You are reminded of your obligation to advise the GREB, with a copy to your unit REB; of any adverse event(s) that occur during this one year period (details available on webpage http://www.queensu.ca/ors/researchethics/GeneralREB/forms.html – Adverse Event Report Form). An adverse event includes, but is not limited to, a complaint, a change or unexpected event that alters the level of risk for the researcher or participants or situation that requires a substantial change in approach to a participant(s). You are also advised that all adverse events must be reported to the GREB within 48 hours.

You are also reminded that all changes that might affect human participants must be cleared by the GREB. For example you must report changes in study procedures or implementations of new aspects into the study procedures on the Ethics Change Form that can be found at http://www.queensu.ca/ors/researchethics/GeneralREB/forms.html - Research Ethics Change Form. These changes must be sent to the Ethics Coordinator, Gail Irving, at the Office of Research Services or irvingg@queensu.ca prior to implementation. Mrs. Irving will forward your request for protocol changes to the appropriate GREB reviewers and / or the GREB Chair.

On behalf of the General Research Ethics Board, I wish you continued success in your research.

Yours sincerely,

Joan Stevenson, PhD
Professor and Chair
General Research Ethics Board

copies to: Dr. Grant Amyot, Faculty Supervisor
Dr. Andrew Lister, Chair, Unit REB
Amelia Ponte-Viveiros, Administrative Support