

POLICY AND RESEARCH REPORT 03/2020

COMMON
CURRENCY,
COMMON
IDENTITY?

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COMMON CURRENCY, COMMON IDENTITY?

Does European institution building in key areas of national sovereignty go hand in hand with the emergence of a common identity among European citizens? Drawing on a new study, Fedra Negri, Francesco Nicoli and Theresa Kuhn show that the introduction of the Euro has fostered European identity, leading to a small but significant decrease (-3%) in the share of people who identify only with their nation and not with the EU.

Note: [a longer version of this piece](#) has appeared on the London School of Economics's Euromag Blog. [The full academic paper](#) can be downloaded here on the website of the Journal European Union Politics.

Over the past few decades, the European Union (EU) has acquired important powers in policy areas that are intrinsically linked to national sovereignty. Among them, the Euro. From its onset, the Euro was intended to be more than a mere instrument for economic exchange. It was to provide a symbol of collective identity that could be tangibly experienced, not only by national and European political élites, but also by a much wider audience of European citizens as they engage in cross-border exchanges, purchases, and interactions. A common currency is in fact one of the most visible 'identity markers' that shapes the EU as a [taken-for-granted](#) social fact and helps in building an imagined community.

Almost two decades after the currency changeover, can we say that the Euro has helped make the European society real in people's minds? If so, then the introduction of the Euro must be associated with a lower share of strongly nationalist people. Furthermore, this effect would probably not happen overnight, but rather build up over time.

Using advanced econometric techniques, we provide a formal test of these two hypotheses. We use the well known Eurobarometer surveys, from which we extract public opinion polls over the years; and we combine these with macro-economic indicators from Eurostat. We look at 26 EU member states, observed in the period from 1996 to 2017 (the UK is included as it was a member state in the sample period; Cyprus and Croatia are excluded due to missing data). According to their year of accession to the EU and to data availability, countries are observed from 1996 (15 countries) or 2004 (11 countries) to 2017.

our empirical results align partially with our expectations. To start with, they show that, immediately after its introduction, the Euro became a symbol affecting Europeans' feelings of belonging towards Europe. The adoption of the Euro is associated with a modest but robust reduction in the share of nationalist citizens of about 3%.

A change of 3% overall may seem like a small number, but how important is really this effect? If we put together the overall average, for all years, of the share of nationalist people in all studied countries, this corresponds to about 44% of the total. A change of 3% triggered by the adoption of the Euro is not as negligible as it may seem, especially because it is enough to ensure that nationalists move from being the strongest group, to the second one (being replaced in the first position by those who have mixed national-European feelings). Moreover, it is worth noting that the Euro is not the only supranational institution affecting European citizens' ordinary lives. Thus, there are reasons to believe that, together, European institutions are capable of building and fostering collective identities in a substantial way.

Our second question pertained the timing: is this a quick effect, or does it build slowly over time? Our results show that institutions like the Euro represent "trigger-moments": their cultural effects may be long-lived, but happen fast and do not increase further with time. This suggests that the novelty and media exposure that these profound European-level changes produce are essential in shaping people's views of their relationship to Europe: once the limelight is off and these institutions have become part of our daily routines, they become exactly that: a piece of Europe so embedded in everyday life, we don't even really notice any longer.

While the lack of common European identity is often used as a rhetorical artefact to constrain the construction of supranational institutions, our study suggests instead that integration processes could benefit from institutional reforms carrying a symbolic as well as practical meaning for everyday life. All in all, our study suggests that common identities may stem from the construction of state powers, insofar as these contribute to creating the conditions that allow meaningful social interactions shaping our views of ourselves and the continent we live in.

For more information, see the authors' accompanying study in the *Journal of European Union Politics*.

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