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## The Dynamics of European Society

### INTRODUCTION

An observer from 1945 who returned today to the border between Germany and France would be astounded. Instead of devastation, army outposts, and check-points, they would simply observe a lack of borders. Cars and trucks pass freely and frequently. Everywhere are signs of prosperity. Opened a newspaper, our observer from 1945 would even be more perplexed. The main Western European actors in that war, Great Britain, France, Germany, and Italy have given up military competition and instead taken up political and economic cooperation. As a result, the people who live in Western Europe enjoy high levels of income and a good quality of life.

This is a remarkable feat given the history of Western Europe and its role in the world in the past 500 years. Europe has morphed from the main site of war and imperialism in the nineteenth and twentieth centuries to a prosperous, peaceful region that has operated as a political conscience for the world. There are many reasons that this has occurred. Among the most important is the hard work of the people who live in Europe. They have chosen leaders committed to peace, prosperity, and social and economic equality. They rebuilt their economies after the war and voted for politicians who have taken chances to build transnational institutions to promote trade and exchange. The peoples of Europe resisted leaders who would have taken them toward rearmament or more belligerent stances toward their neighbors. European governments responded by avoiding the paths taken during the first half of the twentieth century and instead focused on policies to promote peace and economic stability. They have made equality central in their government policies by building extensive welfare states. They have structured their political economies to attempt to promote growth but maintain social justice.

One of the main purposes of this book is to begin to consider how to analyze these accomplishments by focusing on the horizontal linkages that have been constructed across societies as a result of the policies pursued by citizens and governments. My basic assertion is that the growing cooperation amongst the people in Europe is now underpinned by a large number of Europe-wide fields of action, social fields where organized groups, be they governments, firms, nonprofit organizations, or interested groups of citizens from countries across Europe have come together for common purposes. The deepest part of this integration has been in the economy. Firms have moved from being participants

in national markets to being involved in Europe-wide markets. They have come to invest all around Europe and employ citizens of many countries. Interest groups and social movement organizations have been part of constructing European political domains both in Brussels and occasionally emergent across national borders. National nonprofit associations have pushed forward cooperation for professions, trade associations, charities, and hobby and sports groups on a trans-European basis. What these social fields have in common is that national-level organizations have formed larger groupings that have reoriented their attention from nations or single states to their counterparts across borders. These fields of action have brought people together from across the continent and now form one of the main supports for a more integrated Europe. Indeed, these horizontal linkages that cross borders form the basis for what can be described as a European society.

The process of creating a European society entails that people from different countries are getting to know one another directly. New and stable social relations have emerged between people from different societies. These direct experiences have ended up affecting how people think of themselves and others. While people from different societies maintain their cultural and linguistic differences, they come to appreciate others from around Western Europe as being part of something that they are part of as well. The overall effect of these interactions is to change the identity of organizations and individuals. People who travel and work across borders do not have just national identities, but come to see themselves as Europeans. Firms are no longer national firms, but European firms. Nonprofit organizations help organize Europe-wide interests. The increasing density and cross-cutting nature of these interactions has come to stabilize and promote more interactions. There is evidence that supports the assertion that more and more of the political and economic affairs of what were previously separate national fields have become European fields. There is very little of national social, economic, and political life that has not in some way been affected by the creation of these European fields.

I am a scholar who has been traveling to Europe for many years. I have been both a formal and informal observer of European political and economic life. What has struck me most about the creation of a European society is the degree to which people in Europe are unaware of it. Most of my conversations have taken place with officials of the European Union, representatives of governments, business people, and academics. I note that many of these people see themselves as Europeans. But even while they see the details of the European project with which they are associated, few of them see how connected Europeans have become. This is for many reasons. People lack time and information about events far away from their central concerns. But it is also because many of these strands are not easily observable. So, for example, few Europeans are aware of the degree to which they are economically interdependent.

From the standpoint of even well-informed citizens, it is hard to see the connections between the representatives of the member states, the European Commission and the various interest groups represented there, and what is

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going on in their country. Similarly, firms in particular markets understand the nature of who their rivals are and where their markets exist, but few appreciate the degree to which other European markets are integrated. Finally, groups with a European focus meet on a whole variety of topics. Yet their meetings and deliberations do not take them to see how many others are doing the same. Most citizens continue to focus on their differences, differences reinforced by governments and their local settings.

One of my goals is to provide evidence to demonstrate how far the Europe project has gone across many social spheres. This movement has created a great many new social fields and opportunities for new forms of interaction. It has been this process that has provided the glue to connect the people of Europe together. Large numbers are involved to different degrees in working across national borders and traveling for business, vacations, and school. These interactions have produced a newfound cultural understanding of citizens from other countries, which in turn has helped promote security, economic stability, and peace.

This process of building European society forms a kind of circle. The original driving force for the idea of creating a European common market was the vision that if Europeans cooperated on trade they would be less likely to make war. Politics was used to push forward economic interdependence. As this interdependence expanded, two important kinds of dynamics were set in motion. First, people across Europe began to trade with one another more regularly, which fueled demand for more political cooperation. Consequent political discussions were centered in Brussels and new market-opening projects produced more economic interdependence (Fligstein and Stone Sweet 2002).

The second dynamic is that as people from across national boundaries began to get to know one another through their participation in politics or business, their knowledge of and interest in what each other was doing increased in many ways. Many Europeans have learned second languages, and use them regularly for work and leisure. Professional associations, trade associations, charities, and sport and hobby groups now operate on a Europe-wide basis. Such European groups meet at least yearly to discuss issues of common interest (often in resort locations!). People travel across borders for culture and to find the sun. This familiarization of people across Europe with people from other countries has not occurred just through face-to-face interactions. European media such as movies, television, music, and books can be produced in one place and eventually be consumed in other countries. European newspapers cover European business and politics and European events are a staple of the daily press, both print and television.

The process of both market and social integration is no longer tenuous and is not likely to be easily reversed. There are now a great many interests tied up in economic and political interdependence across Europe. There is also a great deal of routine social interaction. In a phrase, Europe has become a part of people's worlds. It has woven new interests and interdependence together to cause people in governments, those involved in businesses, and ordinary citizens recognize that they need each other.

But these extensive horizontal linkages are very unevenly distributed between the citizens of Europe. A very small number of people are deeply involved with other Europeans on a daily basis. A somewhat larger group has more infrequent contact. The rest have little or no contact with people in other countries. If many of the people directly involved in the process of creating Europe do not appreciate what has occurred, the large mass of the population understands it even less (see Gabel 1998 for a review of the evidence regarding the knowledge of citizens of the European Union). This lack of connection to Europe can be indexed by looking at the percentage of the population which identifies itself as European. Only about 13 per cent (about 46 million people) of the European population in 2004 view themselves as primarily European. An additional 43 per cent sometimes think of themselves as European. This leaves 44 per cent who never think of themselves as European. Given the right circumstances, 56 per cent of people in Europe think of themselves as European (13% + 43%). But under other social conditions, 87 per cent might think of themselves as mostly having a national identity (43% + 44%).

These stark figures hide another important social fact. People who do think of themselves as Europeans are those who have experienced Europe most directly, through business or travel. Those who are most likely to have interactions with their counterparts in other societies are well educated, often holding jobs as managers or professionals, people who are more wealthy, and young people. Being part of Europe mostly involves the middle and upper middle classes who have the opportunities and resources to travel. Young people are more European because they are likely to travel and spend time living in other countries.

The main source of tension and conflict over what might happen next in Europe is the gap between those who participate and benefit from Europe directly and those who do not. There is an immense amount of political cooperation, a more or less well-integrated market for goods and services, and a nascent European politics. There is a great deal of social communication whereby people travel for business and holidays, speak second languages, and share some media and popular culture. But, for most people, this cooperation is not directly experienced. They do not travel or speak second languages, and they consume popular culture in the national vernacular. Given the fact that the beneficiaries of much interaction have been people who are richer and more educated, 'Europe' makes a big potential target for politicians and much of the population who do not think of themselves as Europeans. These citizens can easily view European integration as either a business plot that benefits those who are already better off or an assault on their national identity, state sovereignty, and welfare state. While this is a caricatured view of some of the arguments of the EU's opponents, it is, at some level, a not unreasonable representation that is in sync with what is happening for those who are not involved with the European economic project.

Much of the conflict and occasional stalling of the European process in the past twenty-five years can be understood this way: if citizens see themselves as Europeans, they are likely to favor Europe-wide political solutions to problems. If not, then they will not support Europe-wide policies. Since the swing voters around any European issue are mostly national in identity, but sometimes think

of themselves as Europeans, people who live in Europe can be swayed for or against the European project depending on how the particular issue at stake is presented and how it plays out (see Diez Medrano 2003 for a related argument). Under the right conditions, politicians can appeal to constituents that European cooperation is the appropriate method to solve a particular problem; but these same politicians can fail to find ways to cooperate when larger majorities of the European populations are not convinced that something should be done at the European level.

European publics have generally favored creation of the Single Market, creation of the Euro, taking down of border controls, cooperation on issues such as the environment, and having a common foreign and security policy. But they have consistently opposed allowing national welfare state policies such as unemployment benefits, pensions, and labor market policies to be decided in Brussels (Eichenberg and Dalton 1993; Dalton and Eichenberg 1998; Citrin and Sides 2003). The former make sense to citizens as issues to be European about, while the latter people see not as European, but national. So, for example, citizens might see having a Europe-wide foreign policy in Bosnia as a good thing because it is a European issue to be resolved at the European level, but the same citizens are likely to view welfare state issues as national issues. They simply do not 'trust' the politicians in Brussels who are remote from them to serve what they perceive as the national interest on these questions.

This explains why building majorities of the European citizenry to expand the purview of Europe-wide politics is so difficult given the relatively high degree of economic, political, legal, and social integration that already exists across Europe. If only a small percentage of citizens see Europe as the natural place for cooperation, it is far easier to build opposition to European levels of cooperation than it is to build coalitions supporting the expansion of a European state. It is also easier to build opposition to Europe-wide policies within any given country or even across countries.

Indeed, European political, economic, and social integration may have reached a natural limit. Most of the obvious political and economic forms of cooperation have been undertaken and the policies that remain national are unlikely to be pushed to the European level. Without public perception that Europe is the obvious level for political cooperation on many outstanding issues, it is difficult to see where political pressure to engage in new forms of cooperation will come from. Given that most of the population does not view itself as European, they will be skeptical of politicians who want to move national programs to the European level. This does not mean that it is impossible for European integration to be pushed forward. It means instead that it will only do so if citizens who are situational Europeans (i.e. those who sometimes think of themselves as Europeans) can be convinced that the EU is the place to coordinate their policy concerns.

In the rest of this chapter, I will develop this argument in some detail. First, I provide a backdrop of how the European economy, politics, and nations looked before the EU. I consider the key events of the past fifty years that are indicative of the economic, political, and social integration of Europe. Next, I turn to discussing

how I conceive of European society as a set of fields. Then I trace out more specifically the evolution of the key dynamics linking the changes in the EU with changes in the economy and European patterns of social interaction. Finally, I compare my approach to the more dominant views of European integration in the political science literature in order to argue about what that literature captures and what it misses.

## THE BACKDROP TO MODERN EUROPEAN SOCIETY

There was a set of relations that existed between governments across Europe before World War II (for a review of the historical and theoretical aspects of these relationships, see Katzenstein 2005; for the long view, see Krasner 1988). These relations had a long history and were guided by a 'realist model' of foreign relations that emphasized a world of anarchic states locked in battle over territory. Both German and Italian unification in the nineteenth century occurred mainly in response to the realization that smaller states were less powerful and were likely to be military targets (Moore 1966). The realist model was transformed by the 'Cold War' where the world became divided, at least in the minds of policymakers, into two camps and all international relations were framed by the two main protagonists in these terms (Waltz 1979).

In Europe, there were relationships between businesses mostly within each society, and between labor and capital in each of the societies (Berger and Dore 1996; Boyer and Drache 1996; Crouch and Streeck 1997; Hall and Soskice 2001; Amable 2003 for recent accounts of these continued differences across Europe). Within each society, business elites had links to government and one another. There were systems of property rights to protect their interests and rules to govern economic exchange and competition. Businesses could, in some instances, form cartels and governments could be counted on to be more or less protectionist. As labor mobilized and attained organizational strength, many of the European societies also constructed labor market and social welfare regimes to mediate firm-worker interactions. Governments directly intervened in capital markets and often directed investment and owned firms.

While there was extensive trade across societies before 1914, World War I, the Depression, and the onset of World War II diminished trade substantially across Europe. International trade in the years after World War II accounted for less than 6 per cent of world GDP, down from 14 per cent at the onset of World War I (Fligstein 2001). Nation-state relations during the 1930s were about war making and protecting the interests of the state and the 'nation' (here defined as the sovereignty of the state apparatus in a given territory). Industry was directed to produce for the state as it became obvious that war was coming to Europe. Workers tried to resist both business and the governments by engaging in political actions. But on the eve of World War II, trade and industrial relations became secondary to war making.

The end of World War II altered the whole of Europe dramatically. Much of the physical and institutional infrastructure in Western Europe was shattered. The main governments of the continent were in the process of being reformed. The German, Italian, and French governments were writing new constitutions. There was the possibility of creating a new politics. At one point, for example, the idea was seriously bandied about as to whether or not a United States of Europe should be formed (Duchene 1994; Parsons 2003). The US occupation of Europe meant that the US played an important part in helping to reconstruct the institutions around Europe after the war. Indeed, the US was the strongest external force to push forward democratic government, capitalist economic relations, and free trade. The Marshall Plan aided European economic recovery. The Cold War and the continued presence of American troops on European soil meant that defense issues stayed in the foreground. While some of the US-led institutional projects were put into place, they were also resisted and their implementation was never complete (Djelic 1998).

For the purposes of this book, there were four significant events that produced huge institutional openings that created the possibility of organizing new and different social fields across Europe. The first was the Treaty of Rome, which initiated the process of building a common market area in six Western European countries. It provided a broad set of agreements to try and produce institutional arrangements to promote economic growth through cooperation on trade across Europe. The decision to produce an open-ended organization continuously to promote agreements meant that as firms took advantage of the possibility of producing new economic fields, there was a natural political field in which to discuss their problems. This field could then be used to produce new agreements to govern the continued international opening of markets.

The second event, which was actually a series, institutionalized the Treaty of Rome (see the papers in Stone Sweet, Sandholtz, and Fligstein 2001). These were quiet happenings: the setting up of the European Council of Ministers, the European Commission, the European Court of Justice, and the European Parliament. The problem of how to translate the Treaty of Rome into a workable set of organizations that could produce policy required a great many starts and stops. So, for example, the people who worked at the European Commission had to figure out how to get the many member states to agree to anything. The European Court of Justice had to decide how EU agreements were to fit into national law and how to interpret the Treaty of Rome. As it became apparent that the EU was going to be a place where agreements on opening trade were going to be hammered out, firms and industries took to forming lobbying groups. They did so in order to make sure that whatever was going to be decided would be likely to help them, but also to make sure that it did not obviously hurt their interests.

The third significant event took place in the early part of the 1980s when the European governments decided to relaunch the European Union. This set of events was an outcome of the successes of the first two phases of creating Europe. The European economies had grown together and trade had expanded rapidly between 1960 and 1980. There was demand on Brussels from market participants

for more directives to produce clearer rules about collective economic governance. The result was to open up the possibility for yet further integration of the European economy. These events and what generated them is still the subject of scholarly dispute, but everyone agrees that The Single European Act and the Treaty on European Union laid the groundwork that provided actors in governments, political parties, social movements, and the private economy to continue and intensify their creation of Europe-wide social fields.

Finally, the end of the Cold War and German reunification meant that the security issues that had dominated Europe for forty years had been transformed. Almost overnight, Europe went from an area with a potentially belligerent neighbor to the East, to an area that enjoyed great peace and security. This left the defenders of the states as the preservation of the nation with less leverage against increased European cooperation and encouraged politics that emphasized economic growth and individualism. German unification was feared across Europe because some thought it would encourage Germany, already an economic powerhouse, to undertake rearmament. Helmut Kohl, German Chancellor, wanted to make sure that German unification would not result in the possibility of rearmament. He therefore forcefully pushed forward the project of the monetary union and sought out still stronger forms of political cooperation across Europe. These historical events provide the backdrop for thinking about the process of building European fields. The Treaty of Rome, the creation of the Brussels-Luxembourg-Strasbourg complex, and the relaunched EU of the 1980s reflected the processes by which European society was being built. The end of the Cold War pushed governments away from worrying about security concerns and caused them to focus on issues of social justice and employment and ways to grow their economies.

#### THE DEFINITION OF EUROPEAN FIELDS

I have asserted that a kind of European society had come into existence; I will clarify what I mean by this. There are a great many different ways in which to define society, so rather than offer some top-down view of what a society is, I prefer to use a more empirical concept that focuses on the issue of social interaction. I begin with the idea of a field (also sometimes called a meso-level social order, a social field, an organizational field, akin to what in political science would be called a policy domain or policy field and, more generically, a game in game theory). A field can be defined as an arena of social interaction where organized individuals or groups such as interest groups, states, firms, and non-governmental organizations routinely interact under a set of shared understandings about the nature of the goals of the field, the rules governing social interaction, who has power and why, and how actors make sense of one another's actions (DiMaggio and Powell 1983; Meyer and Scott 1983; Bourdieu and Wacquant 1992; Fligstein 2001). This idea focuses attention on field participants,



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their knowledge of one another, and the structure of their interactions on a period to period basis.

The central way in which I use this idea here is that Europe-wide social fields are being built where people and organizations from different countries come routinely to interact. In 1950, it is safe to say that few Europe-wide social fields existed. Instead, most of the economic, political, and social fields were organized within each country. They were governed by national states, and populated with local political, social, and economic groups or organizations. What has happened since then, is that a whole new sets of fields has emerged that connect national level organizations and citizens to their counterparts across Europe. These fields bring together citizens and organization from around Europe to interact not just on a haphazard or random basis, but routinely.

I use the idea of fields generically. There can be political fields, such as the policy domains that exist in Brussels or the national policy domains. Markets are a kind of field as well (Fligstein 1996; 2001). National markets with mainly national firms and governed by national governments were the main kind of market in Europe in 1950. Many of these have disappeared. They have been replaced by markets organized on an EU level where firms from different countries compete under European rules. European citizens participate in Europe-wide trade associations, professional organizations, and nonprofit organizations that focus on charity, sports, hobbies, or any other subject of common interest to people who live in different countries. These organizations were mostly built from the national organizations that came together to form a European association. It is these Europe-wide fields that have potential to create groups whose interests transcend European national boundaries.

It is only as a result of such building of European political, social, and economic fields that one can begin to talk of the possible creation of a European culture, identity, and common politics. It is the groups who participate in these fields who contribute to and help define Europe. These fields may have begun as an outcome of the political projects of the EU, but now they form the main source of support for continuing such a project. They also provide the impetus to continue to push forward the European economic and political project. Indeed, one could argue that the EU is like an iceberg: what goes on in Brussels is like the 10 per cent above the waterline. But the really interesting story is the 90 per cent that is harder to see, that is below the surface, and reflects how European citizens are interacting with one another in economic, social, and political fields outside Brussels.

Central to this analysis is the observation that participation in these kinds of projects transforms people's meanings and identities in subtle ways. While their interactions make them more aware of their differences from other people, mostly they predispose people to favor more social contact. This subtly shifts people's identities. It causes them to view those from other countries as not so different from themselves. It makes them Europeans. As I show in Chs. 5 and 6, those who think of themselves as Europeans are those who have more contact with some European fields.

I cannot map out all the social fields that have been created because the complexity of the picture makes it impossible to do so. Scholarship has generally not paid much attention to the horizontal ties between people and organizations across Europe, and where it has it has done so by looking at cases that come to the fore because of public or scholarly awareness. I will try only to illustrate some interesting cases that I and others have uncovered. It is hoped these cases will give the reader a sense of the myriad ways in which the building of Europe-wide fields has altered the way that people in Europe think of themselves and their relations to citizens of other societies.

Once one considers this general proposition, one can begin to ask the questions that are more interesting. What do the people and organizations who participate in these fields do? Who participates in them? What is the link between the broader top-down projects of the European Union and these horizontal projects of Europeans, firms, and their nongovernmental organizations? Does the construction of these fields change people's identities? How do these fields feed back into their national politics and the politics of the EU? Do these changes in identity affect national politics and the possibility of a European politics that involves citizens more directly?

#### THE DYNAMICS OF EUROPEAN ECONOMIC, POLITICAL, AND SOCIAL FIELDS

It is one thing to assert that **there has been much creation of economic**, social, and political fields across Europe, and quite another to theorize their linkages. I want to walk a line here. **On, the one hand**, I do not want to be too deterministic about what has happened. It is the case that politicians, citizens, and corporations did not have to take the opportunities presented to them to create more interaction across Europe. That they did is part of the marvelous character of what has happened. Indeed, the whole European project could easily have died with the Treaty of Rome, a relatively vague document with relatively vague goals.

On the other hand, just to say that European economic, political, and social fields have grown without any sense of the deeper relationships between them would make this a descriptive endeavor that would not give much leverage on what is driving the process forward and causing the underlying tensions. My first purpose in this book is to be descriptive, i.e. to document the myriad ways in which economic, social, and political fields have evolved. But my second purpose is to consider these deeper relationships in order to discover what kinds of contradictions are produced and what social conflicts lie at the core of the European project.

There are three critical dynamics that have been set in motion in Europe. The first reflects the interplay of the political project in the EU and the way in which governments and firms took advantage of it. It was these initial market openings

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that began to increase the interactions between citizens in Europe. Because the EU project from the beginning was one centered on business, it created opportunities for a particular kind of European social interaction, one focused on the people involved in business and government, such as managers, professionals, white-collar workers, and the affluent, the educated, and the young more generally. European society has for the most part been created by these citizens and for their interests. The identities of these people have shifted as they came to view themselves, as having not just a national identity but also a European identity. This dynamic is at the core of the creation of Europe.

Even if the average citizen does not have routine interactions with other Europeans, the overall effect of the Single Market has been to increase trade, jobs, and economic growth across Europe. It has made it easier to travel for work, vacation, and school. Most middle-class people have been net beneficiaries of economic integration; they were directly affected by being employed in a job that depended on European trade; they were indirectly affected by the increase in the variety of goods and services and the lowering of prices. This variety included the opportunity to take relatively cheap vacations and to study abroad.

But the creation of the Single Market and the single currency has produced not just winners, but losers as well. This has created the second dynamic. There have been distributional issues of how jobs and income have been divided across societies. There are people for whom the past forty years have seen the closing down of economic opportunities. This is particularly true for less-skilled workers in the private sector who were the least able to find jobs as the economy changed. But anyone who might have worked for a government or was protected by their governments through laws guaranteeing job security might also have been hurt. Millions of people across Europe, for example, worked for their state-owned telephone companies as telephone operators. Today, as a result of the massive changes in telecommunications that have been driven partly by technology but also by the privatization of the telephone companies and their equipment manufacturers, such jobs mostly do not exist. Needless to say, these citizens do not identify with the EU or Europe but to continue to view the nation as their main political reference point.

The third dynamic concerns how the two others are responsible for some of the main conflicts in the existing structure of politics in Europe today. The member-state governments have controlled which policy fields have migrated to Brussels and which have remained under national control. They have done this mostly in response to what citizens have wanted. Citizens across Europe recognize that the EU has been a good thing for their country because it has, in general, created more jobs and economic growth. As a result political parties on the center right and center left have converged to a pro-European position.

But, this has not stopped particular groups of citizens from being concerned that certain EU policies might not be in their interest. These politics mostly play out at a national level because citizens expect their governments to protect them. There have been moments when a more transnational debate over issues has occurred and European governments have been pushed to act collectively in order

to respond to their publics. The main conduit for these politics is the media which offers extensive coverage of EU politics and events in member states. But this kind of politics that unites citizens across member states, what could be called a horizontal or more descriptively, European politics, remains the least developed.

I begin with the first dynamic. The Treaty of Rome was organized to produce a free trade area in Western Europe. The attempt to create a single market across Western Europe is both a theoretical and political problem. From a theoretical point of view, one must have some conception of what a single market is. Economists would generally focus on markets as fields where prices were determined for a commodity and anonymous market participants from all countries would not face political barriers to entry. In the world of 1950, European markets were fragmented mainly on national lines. Attaining a single market would require political will to reduce trade barriers and level the playing field for all possible market participants.

I choose a more elaborated view of considering what a single market is (Fligstein 1996; 2001). First, a single market would imply a single set of rules governing all firms. This would include rules that govern exchange (banking, insurance, bill payment, health and safety standards), rules governing competition and cooperation within markets (what is called competition policy), and a single system of property rights. A fully integrated market would theoretically contain all three. It should be noted that fully integrated national markets rarely exist. So, for example, in the US, a place where most people would assume there is a single market, the existence of a federal system has produced a certain amount of market fragmentation. States have different laws regarding property rights, minimum wages, and health and safety standards. It is clear that since the Treaty of Rome, Europe has become more of a single market. Most barriers to trade have been removed and it is increasingly difficult for governments to protect their national firms. Rules of exchange have been harmonized across many market settings. Europe has somewhat different competition policies across nation states, but there is now a single set of policies that apply to firms that trade across state boundaries. This creates a situation akin to the US, where interstate trade is governed by federal rules and antitrust laws. It is only in the area of a single set of property rights that Europe has not created a single market. Here national rules continue to predominate. In this regard it is much like the US, where states have different rules regarding property rights.

It is useful to consider what effect the EU project has had on the economies of Europe. In 1960, intra-European exports were 6.2 per cent of GDP for the EU-15, less than the 8.3 per cent share of GDP for exports outside the EU. By 1986, the year of the announcement of the decision to complete the Single Market, intra-EU trade rose to 13.2 per cent of GDP while trade to the rest of the world dropped to 8.1 per cent of GDP (European Economy, 2004: Annex, tables 38, 39). From 1960 to 1986, the EU project redirected the activities of European businesses to opportunities in other countries. As a result of the completion of the Single Market, intra-European exports rose to 18.4 per cent in 2000 and 20.6 per cent of

GDP in 2006. During the same period, the percentage of exports to countries outside the EU rose slightly to 9.4 per cent in 2000 and 9.7 per cent in 2006. The main effect of the existence of the EU is easy to see: trade dramatically increased in size and as a percentage of all economic activity within the EU over the first fifty years of its existence. While European businesses continued to export to the rest of the world, they intensified their focus on Europe.

In 1993, the Eurostat Agency (which gathers statistical data for the European Union) began to count intra-EU trade as internal trade and trade outside the EU as foreign trade. This symbolic shift was supposed to highlight the fact that the Single Market was now a reality. In Chs. 3 and 4, I show how European corporations have responded to the market opening opportunities by redeploing their assets on a Europe-wide scale. I do this by using case studies that consider how particular European markets were reorganized, supplementing this with other datasets to document these changes.

But the increases in trade were not just a one-off outcome of signing the Treaty of Rome. I show in Ch. 2 that the increases in trade created the possibility for more market opening projects in the EU. As traders took advantage of such openings, they began to lobby with their national governments at home and more directly in Brussels for more. This put pressure on governments to decrease their attempts to protect the markets that remained closed to outsiders and give their attention to opening all markets. The lobbying effort paid off, and governments since the mid-1980s have agreed to open many of their previously sacrosanct markets such as telecommunications, defense, electricity, water, and banking. The EU political fields were built on the positive feedback between trade opening projects, traders, and governments. Firms were given the ability to expand and grow. Governments gained great success in terms of aggregate economic growth and employment. As a result, between 2000 and 2005, two-thirds of the growth in the European economy came from trade alone. The politics of market opening projects in Brussels has succeeded beyond anyone's expectations. The governments and European corporations are well aware that all such projects have generally helped employment and economic growth.

The creation of Europe-wide markets had one important but largely unintended consequence. It caused people who worked for government and business from across Europe to interact with one another on a routine basis. Government officials and employees got to know their counterparts who worked in the other national governments. This knowledge increased trust and made cooperation easier (with perhaps the notable exception of the British government). While many of the most direct connections between governments were between officials in finance and trade ministries, ministers from other branches of government began to meet routinely as well. Another important effect of the EU on the creation of a European society has been to connect educational and research establishments across countries. Primary and secondary schoolteachers, principals, school superintendents, university professors, researchers, and university administrators have all been brought together in various venues for many purposes under the auspices of the EU. The main participants in the creation of

European markets were business owners, professionals, managers, consultants, marketing people, advertising agencies, lawyers, and sales people. They worked to set up plants and offices and help firms enter new national markets and integrate their production across Europe. They hired new workers from other societies and bought and sold goods and services across national borders.

Both sets of citizens have been active in forming Europe-wide associations. Their national trade and professional associations have led the formation of European fields where people and organizations from across different societies who share some interest meet. One of the main goals of forming such fields is simply for people to interact, learn more about each other, and try and solve the common problems that groups might face. There are two sorts of groups: some might, in the end, have a narrower pecuniary or political interest in developing ties (such as lawyers from different countries), while others are really trying to seek out counterparts in order to learn more about what they are doing and to interact with them (such as educators or sports fans).

The formation of scientific, professional, managerial, and trade associations are greatly dependent on the ways in which political and economic integration has opened up interactions and discussion between people across societies. Someone has to pay to bring people together from across Europe. Business and governments are the main source of such funds. As a result, not surprisingly, most of the Europe-wide nonprofit organizations are scientific, professional, and trade associations. The increased political and economic interaction makes people interested in how other people in similar situations function. By meeting others, one can learn a great deal about how other countries respond to the challenges of European integration and indeed, people can frame new and innovative collective responses to novel situations as well.

For example, lawyers in Germany might begin to be questioned by their clients about doing mergers in Italy. Lawyers now must develop expertise in Italian business law. This brings them in touch with lawyers in Italy and produces international meetings of lawyers with expertise in mergers. These interactions stimulate the creation of cross-national organizations. In this way, lawyers get information about their counterparts, become knowledgeable and up to date about events occurring in other societies, and develop opinions about important problems facing them and their clients.

These situations that stimulate direct contact between people who give advice to business can also have an effect on national governments. Continuing my example, the German government might be getting complaints from businessmen about how difficult it is to execute mergers in Italy. The lawyers involved in these transnational organizations are now in a position to advise their governments on these matters. Governments, relying on these bodies of national and international experts, produce new policies. They train some of their officials to become experts in these matters and continue to monitor the situation. The existence of transnational economic exchange stimulates the production of cross-national organizations, and eventually these same organizations become participants in nation-state deliberations, thereby transforming the policy domains of

national governments. This logic applies equally to actors in governments, social movements, and nongovernmental nonprofit organizations. To the degree that their activities are increasingly being affected by the production of new international markets or decision-making across national borders, organizations will want to interact with their cohorts in other nations. This kind of networking has produced much of the explosion of Europe-wide transnational associations.

This is not to say that every social activity will come to be organized transnationally. Again, the opening of new social fields will tend to follow opportunities. If groups are involved in situations where major issues of interest to them are being decided across national borders, then they will seek out contact with others of similar interest. But as soon as national governments transfer some decision-making on certain issues to Brussels, then it behooves social movement organizations to shift their attention to Brussels. This has occurred, for example, in the realm of environmental policy.

The last kind of social fields being created concern people who share similar lifestyle interests, such as sports enthusiasts, hobbyists, and those who share an interest in a particular charity or cause. The ease of international communication and travel can bring football fans, birdwatchers, or fundraisers for research into childhood diseases together. Modern forms of communication such as the internet also promote the opening of transnational fields. These groups are mostly populated with educated and better-off citizens. It is they who have the time, energy, and resources to make such connections. These groups are less likely to result in political lobbying and direct reorganization of national politics. Yet these kinds of lateral ties strengthen the connections between people who live across the continent.

The new social fields being constructed across societies mirror the new ties being forged between governments and firms. Europe-wide associations sprang up to bring professionals, scholars, researchers, business owners, and managers together to discuss topics of mutual interest. These are the people who have time, interest, financial resources, and expertise to participate and create novel European fields. One would also expect that such people would be the main founders of social groups such as hobby and sports groups, groups concerned with cultural issues, and groups interested in charities.

The growth of European trade and Europe-wide associations has created a large and vocal upper-middle class who have come to see themselves not just as citizens of a single country, but as Europeans. Their interactions have brought them interesting work and interesting lives. They have encouraged their governments to continue to expand their cooperation in Europe. They vote for political parties that favor the EU. They are the bedrock of support for the EU in their countries. But it is easy to see that only a tiny part of the population is directly involved, a minority that consists of the most educated and privileged segments of society. The fact that 'Europe' has not directly involved large segments of the population goes some way to explain why it is that in spite of almost fifty years of political and economic cooperation, the EU as a political organization is seen as remote from the interests of average citizens and its activities misunderstood.

It is useful to explore the literature on how national identities have formed historically in order to get some insight into why a European identity has been slow to emerge, and what it might take for that to happen. National identities are the product of the modern era. Benedict Anderson (1983) has argued that national identities represent imagined communities. This is because even in the smallest state, most people never know or meet one another. In spite of this, Anderson argues that they are still communities because, 'regardless of the actual inequality and exploitation that may prevail in each, the nation is always conceived as a deep, horizontal comradeship. Ultimately it is this fraternity that makes it possible, over the past two centuries, for so many millions of people, not so much to kill, as willingly to die for such limited imaginings' (ibid. 5).

History shows that trade, language, religion, and regional or ethnic identities were the basis for national solidarities. Karl Deutsch (1966) has explored this issue. The central problem of modern society for Deutsch was how it would be that occupational and class groups who controlled society could convince those who had less income, wealth, and status that in spite of these inequalities, everyone could be unified by a common cultural identity. To attain this identity, groups higher up in status had to find organizational means and forms of communication to create a horizontal community united by these goals. Nationality is one kind of community than can be created by communicating common values and creating a sense that people share a common culture. But in order to attain this, there has to be an alliance between the members of disparate social groups. Deutsch places the problem of communication and culture at the center of his theory of the emergence of a national identity. A nation-state will come into existence when a national 'story' exists and once in existence, the state apparatus will be used to reproduce the nation. The social groups communicate through extensive networks involving face-to-face interactions, and via organizations that communicate routinely in political, economic, and social arenas and perhaps by means of the media.

Deutsch's theory helps us make sense of what has and has not happened in Europe in the past fifty years. A European identity is first and foremost going to arise among people who associate with each other across national boundaries. As European economic, social, and political fields develop, they cause the regular interaction of people from different societies. It is the people who are involved in these routine interactions who are most likely to come to see themselves as Europeans and as involved in a European national project. In essence, Europeans are going to be people who have the opportunity and inclination to travel to other countries and frequently interact with people in other societies in the Europe-wide economic, social, and political fields.

If we have established an accurate profile of those who are likely to be at the forefront of the emergent Europe, then it follows that there is another sector of Europeans who lack either the interest or opportunity to be there. Most importantly, blue collar and service workers are less likely than managers, professionals, and other white-collar workers to have work that takes them to other countries. Older people will be less adventurous than younger people, and less likely to



know other languages, to hold favorable views of their neighbors, (they will remember who was on which side in World War II, or to be curious about or want to associate with people from neighboring countries. People who hold conservative political views that value the 'nation' as the most important political unit will be less attracted to travel, know, and interact with people who are 'not like us.' Finally, less educated and less well-off people might lack both the inclination to be attracted to the cultural diversity of Europe and the financial means to travel.

One of the central problems that Deutsch recognized at the core of founding a nation was the problem of dealing with inequalities of wealth, status, and income. He felt that this problem could be solved in one of two ways. First, higher- and lower-status people could mix in certain kinds of institutional settings (such as schools, churches, and the military), thereby bonding them together. In the case of Europe, there are no such mechanisms in place to bring people together across social classes. Indeed, the class basis of European social arenas closes off opportunities for this to happen. The second mechanism that might produce a shared identity is common culture. Here media of all varieties could play an integrative role. Some evidence about whether or not this is occurring in Europe will be presented in Ch. 7. The main conclusion is that popular culture remains nationally oriented with some elements of shared culture. There is some evidence that national media do cover European affairs and politics in a fashion that might produce more solidarity, but they are as likely to cover a European story from a national perspective rather than one that expresses solidarity with Europe.

The overall increase in European trade has generally created positive aggregate economic outcomes for most citizens. Those at the top of the educational and skill distribution categories have benefited the most, but those in the middle have done so too. However, the process of economic integration has also created a group of citizens who are losers. In the Europe of 1950, governments closely protected product markets in order to safeguard jobs. Their most organized workers were able to have high levels of job security and friendly governments to protect occupational privileges. But the tearing down of trade barriers hit industrial workers the hardest. Blue-collar workers were the most likely to find themselves out of work as firms with the most efficient production were able to take market shares from local champions. Governments tried to continue to protect workers by encouraging the building of national champions (a process still going on in many countries). But the ability to preserve manufacturing jobs and other low-skilled employment has eroded.

The best new jobs were in services such as banking, real estate, and insurance or for people with different skills such as computer programming and data services. This has meant that in all societies there has been a national opposition to the European project. The less educated and the less skilled (who frequently were older) saw the new economy based on services and trade as a threat. To them, the new Europe has entailed 'globalization' and the 'triumph of neoliberalism.' Their national governments, in this case, were the enemy. Instead of protecting citizens, their governments appeared to be willing to sell them out to heartless corporations.

Ironically, the EU market opening project has created three constituencies: one that has greatly benefited from trade and increased social interaction, one somewhere in the middle that have benefited to a degree, and a third that has been harmed. These groups map closely onto conventional measures of social class such that the upper-middle class are the most European, the middle classes are more national, but still partly European, and the working and lower classes are the least European. The EU project has created a European market and Europe-wide organizations to facilitate social interaction amongst educated and skilled citizens. These citizens, in turn, over time have supported more market opening and more involvement in Europe. The losers in this market process have come to understand their plight as being caused to some degree by European market opening projects. They have pressured their governments to preserve the nation and to increase protection against market capitalism.

In sum, what have occurred in Europe are centrifugal forces that are not promoting a European national identity across social class groups. The forces that are pushing toward such an identity are concentrated within a minority of the population and the part that is the most elite in educational, occupational, and wealth terms. There is social communication across Europe that is available to wider groups and there are some forms of social interaction (such as travel for vacations, watching European football) that produce a shared sense of being Europeans, albeit in a more fleeting fashion. But, the economic integration project has also produced less favorable economic outcomes as one moves down the scale of education and skill distributions. The effect of economic integration is not to turn these citizens into Europeans, but instead to reinforce their national identities by making them see Europe as the enemy. This produces the underlying tension in European and national politics.

## THE POLITICAL DYNAMICS OF THE NEW EUROPE

The creation of a European economy and society has gone on in the context of a set of **political dynamics** structured mostly around national governments. To make sense of what might happen next in Europe, it is important to understand how **these underlying class dynamics** play into the way that the political fields of Europe are structured. It is here that I want to rejoin the more mainstream political science literature on the EU. The central question in the literature is whether or not the EU is an intergovernmental organization (like the United Nations or the World Trade Organization), where states continue to be entirely sovereign powers, or is instead an entity where states have ceded sovereignty to a supranational political body. The EU has been described as a classic intergovernmental organization (Moravcsik 1991; 1998; Keohane and Hoffmann 1991), a postmodern state (Caparaso 1996), a regulatory state (Majone 1996), a partial supranational state (Stone Sweet and Sandholtz 1998), a multilevel polity (Schmitter 1996; Marks, Hooghe, and Blank 1996; Hooghe and Marks 2001),

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and a 'fusionist' state whereby the member state governments have fused to form a kind of supranational state (Wessels 1997). What all these characterizations agree upon is that the EU is some kind of multilevel polity with European, national, regional, and local levels of government and some division of policy fields by function and jurisdiction between them.

Here, I want to describe the structure of the division of labor between the states and the EU. My position is that the member state governments are in control of the EU in the most important ways. They decide which issues are open for EU negotiation; they have ultimate voting power over directives that emerge from the political process in Brussels; they have to agree to changes in the Treaties that either emend the voting rules or expand the issues under discussion. Having said this, European governments have committed themselves in Brussels to finding collective solutions to creating a single market in Europe. The process by which directives are created allows member state governments to decide what their positions are on particular issues, given the input by European-level interest groups, the European Parliament, and the European Commission. Over time, they have changed the voting rules from unanimous to a qualified majority in most of the important policy fields. This has made it easier to attain agreements and occasionally produce log rolling. They have also expanded their purview in Brussels to include cooperation on issues related to the single market, such as a single currency and the environment. At home, the member-state governments are the focus of their national political fields. National citizens, interest groups, and social movement organizations lobby, criticize, and demonstrate to attain national policies.

The functional division between policy fields in the EU and the member state governments is striking. While all issues of trade are open to discussion and decision in Brussels, the governments have firmly kept all issues to do with welfare states, such as pensions, social security, job training, education, and labor relations under their national control. They have also resisted efforts on the part of some member states to harmonize rates of taxation which would, of course, affect the ability of governments to raise money to pay for their welfare state apparatuses. The main reason that this division of policy fields remains intact is that it has proved popular with citizens (Dalton and Eichenberg 1998). Citizens support their governments pooling sovereignty around trade issues because they perceive gains to themselves and their country, but they do not favor creating a European-level welfare state. In countries with highly developed welfare state apparatuses, citizens fear that governments would end up dismantling popular programs if they were decided at the EU level.

This functional division of politics has had profound implications for the development of a European politics. The EU politics in Brussels has been institutionalized around a set of policy fields. These fields are organized by the European Commission which is subdivided into Directorates, each of which is in charge of managing particular issues related to trade (Fligstein and McNichol 1998). Member-state governments are the most influential participants in these discussions, but organized interest groups and the European Parliament also play

a role. The main interest groups in Brussels are either multinational corporations or the representatives of business groups. These lobby not only their governments but also the Commission and the Parliament. There has been a vast increase in the number of these groups, particularly since the announcement of the Single Market Program. I demonstrate in Ch. 2 that the emergence of these EU political fields was a function of the early successes at opening trade. As EU trade increased, so did the demand for more market openings. This brought interest groups to Brussels to lobby for more open trading.

There are two complaints about the development of these politics. First, is that these politics are undemocratic because citizens lack a real direct voice in the outcomes negotiated in Brussels. This has been called the 'democratic deficit.' A second related complaint is that EU politics is so dominated by business interests that the outcomes are out of line with what voters in Europe would prefer. Since much of Europe is center left or social democratic, they would prefer less market opening and more trade and job protection (Streeck and Schmitter 1991; Scharpf 1999).

I believe that both of these criticisms are somewhat misplaced. First, politicians in governments who were on the left and right in all the countries of Europe have been instrumental in market opening projects. Most of them have bought into such projects because they understood that they would bring new jobs and economic growth, and indeed, for most of Europe's citizens, the result has been an increase more in jobs and opportunities. One piece of evidence for this, shown in Ch. 7, is that both center-left and center-right parties in Europe experimented with anti-EU positions and all had converged on a pro-EU position by the 1990s. They did so because opposing the EU is not a way to win elections. Therefore, it is not clear that Europe's voters would prefer less of a market-friendly agenda in the EU. Indeed, one can argue that median European voters are pro-EU because they believe that trade increases jobs, opportunities, and economic growth; but they are worried about making sure that people have enough protection against the social dislocation that can be caused by market openings. This is why they want to keep the welfare state under their national control to make sure that the more negative outcomes from freer trade can be compensated for by more aggressive welfare state policies.

There has been some development of a European politics outside the context of Brussels. It is here that one can observe how the division of powers between the EU level and the national level of politics creates some elements of a democratic deficit. While citizens across Europe are generally pro-EU, this does not mean that all of them will approve of every policy undertaken by their government in Brussels. When groups of citizens find something they do not like, they generally protest directly to their national governments. They frequently do not have direct access to policymaking in Brussels, and in order to protest some decision that has already been made they direct their attention to their national political fields. This protest can play out in several ways. First, the modal response is for it to be totally contained within the policy fields of a particular country. Here, an aggrieved interest group or social movement organization will petition its government to

oppose directly the EU policy or else ameliorate its national effects by granting the injured groups some form of compensation.

Sometimes national groups across countries coordinate their protests against EU policies. In Ch. 7 I show that the European media report extensively on events in Brussels and issues that potentially affect all people in Europe. The media report the same stories in each country and sometimes act as a conduit for Europe-level discussion about a particular issue. This tends to work one of two ways. First, interest groups in a particular society will view their situation as different from their counterparts in other countries. This will cause them to work to get their governments to oppose the groups elsewhere and support the national group. Second, similarly placed groups in different countries will view each other's solutions to a particular problem and agitate with their national government to adopt the solutions from other countries. Occasionally, interest groups or social movement organizations coordinate protest events across national boundaries. To illustrate some of this, I explore two cases of such events in Ch. 7: the election of **Georg Haider** in Austria, and the way in which governments responded to BSE (so-called 'Mad Cow Disease'). The **Haider** episode shows clearly the emergence of a common Europe-wide political position. The BSE case illustrates how national interest groups can use such incidents to promote their own agendas and work against their counterparts in Europe.

One can conclude that there is a kind of European politics, but it is limited in scope because of the current set-up of political institutions and the fact that much of the protest is by national groups who want their governments to protect them from EU policies. The current division of functions between the EU and the member-state governments restricts the ability of citizens to participate directly in EU politics except in a reactive fashion. Most European citizens are happy with this division of power between their governments and the EU. But what they fail to recognize is that it limits their ability to cooperate with their counterparts in other societies who might oppose particular EU-level policies. This means that their main recourse to respond to EU-level policies is after the fact and as a protest. Frequently these protests do not lend themselves to international cooperation because their focus is on the interests and privileges of national groups which will frequently clash with those of groups in other countries. Both the institutions and the interests at stake make it difficult for European groups across societies to cooperate to put pressure either on their own governments or on Brussels. So, while there is a great deal of information about European issues and even about how they are playing out in other countries, there is very little horizontal coordination of political action across Europe.

I argue that this state of affairs is fed by and reflective of the social class differences governing which citizens are most involved in Europe and who is 'a European'. Most European integration has involved the economy and so the kinds of inter-European organizations that have been created are oriented toward the interests of people who are part of this economic expansion. They have created two sorts of organization: lobbying groups who go to Brussels to defend their interests and Europe-wide associations who go to discuss issues related to

their industry or their profession. Neither of these kinds of organization is going to create a European politics.

Because of the functional division of issues between the EU and the member-state governments, most citizen groups can enter EU-level discussions only by means of national political fields. Here, they can try and affect the position of their government or work to better their position by getting their government to intervene on their behalf. But because of the institutional division of labor between the EU and the national governments, they have the most difficult time coordinating with their counterparts in different countries. The social class issues play out in obvious ways. Many of the protests in national politics will be pleas to protect the weak against the encroachment of the market. Here, those who have been the most displaced by the EU will oppose more EU-level coordination and more of a return to a national market with stronger social protection. On the other side will be the upper-middle class who will generally favor solutions that produce more market and more international cooperation.

The most important groups in national politics are of citizens in the middle of the scale of education and skills distribution. These are the people who have found jobs because of the increases in trade or have benefited by having access to more and cheaper goods and services. But, they may be more skeptical of EU-level solutions and more sympathetic to their fellow citizens' complaints. They will sometimes support an EU-level solution to a problem, depending on the issue, but they are equally likely to oppose such a solution in favor of protecting some national group. They may be persuaded that the interests of their counterparts in other countries are not important and, instead, those of their fellow national citizens should prevail. Which side this swing group supports is the central dynamic that is at the core of the future of the EU.

## ORGANIZATION OF THE BOOK

The rest of this book is oriented to weaving together the basic ideas put down in this chapter. Chapter 2 considers how the EU as a political and legal organization has affected the economy of Europe in the past fifty years. I present a discussion that outlines how the EU works as a set of organizations, followed by a narrative that documents the historical periods in the growth of the EU. Data are given that show how the EU has produced more legislation, how more cases have ended up being decided by the European Court of Justice, and how lobbying groups have increased their presence in Brussels. Finally, I show that the effect of the increasing legislative output in Brussels has been to increase trade within Europe and that, over time, trade has produced an increase in rules. There has been feedback built up by the process of European political and economic integration. The EU is now a functioning polity whereby economic activity affects the level of litigation and legislation and the subsequent outpouring of legislation increases trade. This has ratcheted up the importance of trade and of trade rules.

Chapters 3 and 4 turn to understanding how the European economy has become integrated over time. The first chapter on the economy examines how these processes played out more widely across Europe. I use aggregate data to show how, over time, trade increased across Europe, and that, as countries join the EU, trade increases and becomes more focused upon it. This has been true not only in the 1970s and 1980s as the EU went from six to nine to fifteen members, but in the past ten years as the countries in Eastern Europe applied for membership. The ten countries in Eastern Europe accounted for only 2 per cent of world trade before their decision to apply for EU membership. Once it became clear that they would become members their trade rapidly increased. Evidence shows that huge foreign investments were made in their economies, their share of world trade leapt to 6 per cent, and most of that trade is with the rest of the EU.

A dataset is presented that shows how the largest European multinationals have deployed their assets in the past twenty-five years. I demonstrate that European multinationals became less national and more European in their investments. The average European multinational does 80 per cent of its business in the EU. Finally, I examine how merger patterns have created larger and larger European firms. There is a great deal of evidence that French and German firms have bought large British, and to a lesser degree American, firms. The total picture is one where the European economy has become more Europeanized.

Chapter 4 presents three case studies: the European defense industry, the telecommunications industry, and the emergence of European football. I show how, in all three cases, the member states and the EU played a part in the deregulation and opening of these markets. Even before the end of the Cold War, European arms producers realized that they were both too small and too fragmented to compete with US firms in the world market. Governments had tried for most of the post-war era to keep arms producers captive so that if they had to go to war they could produce their own armaments. But they began to realize that their producers were too small to survive. Firms began to consider mergers. With the end of the Cold War, this process accelerated. The member-state governments have been wrestling with several issues here. Governments remain uneasy about letting their largest arms producers be bought out by foreign firms. One tentative solution has been for governments to cooperate in purchasing large weapons systems from other national producers or consortia of such producers. As a backdrop to all this has been the ongoing discussion about the construction of a European common foreign and security policy and a European defense force organized to be used in pursuit of that policy. Over time, three large consortia formed that created joint shareholding across firms and across countries.

In the case of telecommunications, governments led the way to deregulate their firms in the mid-1980s. The result was that large state-owned telecommunications firms became privatized. Here, again, governments were reluctant to have their phone companies bought out by private foreign firms. Alliances and joint ventures have emerged in this industry as well. The explosive growth in cellular phones has produced a slew of new companies, most of which are joint ventures

between existing telecommunications firms. Only one new player has emerged, Vodaphone (Verizon in the US). The three largest companies remain France Telecom, Deutsche Telecom, and British Telecom.

European football has become more organized at a European level as well. In 1995, the European Court of Justice agreed to allow football players to sign contracts wherever they chose. This created free agency, which meant that the best players no longer played for national teams, but went to teams that bid the highest. This shift in free agency for players was accompanied by an explosive growth in cable TV broadcasting of games. The largest sixteen teams (in terms of revenue bases) threatened to form a European Football League in accord with some of the cable stations in 1999. While they backed away from that, the European Champions' League now holds annual competitions to crown a European champion and the largest teams play one another during the regular season as well as in the play-offs. Football that is being played in different national leagues is now broadcast all over Europe through pay-TV.

Chapters 5 and 6 consider who the people are who have populated the new European political and economic fields. The first chapter uses survey data to assess 'Who are the Europeans?' I show that people who have a European identity are young people, educated people, managers, professionals, or business owners, richer people, and people with political views more to the left. I explore how this varies across European societies. Great Britain, Denmark, and Sweden have the fewest Europeans. It is in these societies that there has been the greatest skepticism toward the European project. I also present evidence that shows that these same people speak second languages and have traveled to other European countries in the past twelve months.

Chapter 7 examines some more concrete ways in which Europeans have come to interact with one another across national borders. I begin by considering the migration of European citizens to work in other countries. Migration is a direct measure of interaction of people from across national borders. At the present time, only 2–3 per cent of the citizens of Europe are working in another EU country. These citizens are highly educated, usually young, and have strong European identities. There are three other major groups of intra-European migrants. Many people migrate to stay united with their families or accompany their spouses when they move to work. Substantial numbers of Europeans are also migrating for shorter periods either to attend school in another country or to retire there. In general, intra-European migration is amongst those who come from middle- or upper-middle-class backgrounds.

Data is presented on Europe-wide associations, which increased greatly in number following the announcement of the Single Market in 1985. This confirms my earlier argument that economic integration has pushed forward the opportunity for social integration. Of associations, professional and trade account for the largest number, but there are also many nonprofit groups such as charities, sports, and hobby groups. These also emerged in the wake of the Single Market, suggesting that the increase in social interaction propelled people toward more collective action.



One of the core groups involved in creating European society is the education establishment. I argue that this reflects the core agreement in the education establishment that being a European is to be someone who is educated and rational, and thereby takes into account the opinions and perspective of people unlike oneself. In essence, for educators, Europe is about the completion of the Enlightenment, a chance to create educated, enlightened European citizens. There are ongoing discussions at every level of schooling about constituting a European education. For primary and secondary schools, there are two issues: the teaching of second languages and the teaching of national history and literature in the context of Europe. I present evidence that European history in different countries is now being taught in the context of Europe. Such history seeks to place the good things that have occurred in a country's history as attributable to the unfolding of a European set of values. At the university level, I explore the expansion of the Erasmus program and students studying abroad. I show that for the 3–4 per cent of students who travel, the experience makes them more likely to work abroad and more European in general. European education ministers have embarked on a reorganization of their universities (called the 'Bologna process'), oriented toward making their degrees compatible. They want to create what they call a 'European higher education space' that will allow students to travel to universities everywhere and be able to transfer credits easily in order to complete their degrees. I conclude that the education establishments in all member-state countries are amongst the leaders in pushing forward a European identity project.

Finally, I consider how music, television, movies, and novels have or have not converged in content across Europe. I show that there is a large influence of American television and movies in Europe. There is less of a presence in music and books, but here there is a substantial persistence of local writer and musicians working in the national language. There are clear examples of books and music that do cross European borders, and even occasionally German, French, and British movies do so as well. There is little evidence of what could be called the emergence of a European culture. A European business press exists. While there are cases of culture moving across national borders, there is also evidence for a continued fragmentation of culture along national lines.

The last substantive chapter, Ch. 8, takes up the implications of all of this for national politics. I begin by outlining how EU and national politics works as a structure. Then I consider how political parties in Great Britain, France, and Germany have campaigned on EU issues over the past forty years. I show that all center-left and center-right parties have a pro-EU stance currently. But, in all three countries, parties did experiment with an anti-EU message at some time in their history. In Great Britain, the Labour Party initially opposed the EU, shifting its position in the 1980s. The Tory Party was initially favorable, but began to oppose the EU in the late 1980s. This issue eventually drove the Tory Party from power and they have subsequently adopted a more neutral EU stance.

There is good evidence that Europe-level political issues are covered extensively by the main newspapers across Europe. These issues are also debated in editorials. The slant on these issues can sometimes be one of solidarity with other countries,

but it is also the case that the slant can be about how the nation is affected and needs to be protected from the EU. Evidence is presented that national interest groups and social movement organizations have increased their level of protest to their national governments on EU issues of concern to them. Many of these protests are focused on safeguarding the national group and having the government offer some form of protection. There has been increased coordination of social movement events across national borders, but these forms of coordination remain rare.

A structural division of politics occurs in Europe. Brussels politics is highly organized and focuses on trade issues. The main method of intervention ordinary citizens have into the politics of the EU is through voting. Political parties have taken positions on the EU and most voters favor EU participation. Some citizens form groups that lobby their governments at home and sometimes in Brussels. The focus of these lobbying efforts is usually to preserve or expand the interest of the group. There is evidence that European political issues do travel across countries through the media. Sometimes these issues produce coordination of policy by national governments, but at other times, they reinforce national differences and put governments into conflict with one another. The class character of the EU plays out in interesting ways in these politics. Governments engage in EU-level policies to increase trade and market opportunities. These help middle- and upper-middle-class voters who benefit by getting jobs and more secure employment; at the same time, these policies harm less-skilled citizens. They are more likely to protest directly to their national governments. The degree to which they get satisfaction depends on the political party in power and the sympathy of swing middle-class voters toward their plight.

## CONCLUSION

So far in my presentation of my perspective on European economic, social, and political integration I have steered clear of directly engaging the literature in international relations and comparative politics on the nature of the EU, its underlying logic, and its direction. I have done so in order to clear out some ground for a more sociological view of the process. My main argument is that most of the theories of the EU are incomplete. By not understanding how the changes the EU began have played out amongst the citizens of Europe and how they have subsequently fed back into European processes, most theories are unable to specify how the EU changes have produced feedback into the existing political structure of Europe and what challenges those changes will produce.

Given that both the comparative politics and international relations literatures focus only on political processes, they miss how the changes in the economy and in patterns of social action can shift the political calculus in each country. Perhaps most importantly, the economic changes in Europe have benefited the better educated and skilled the most, those in the middle of the scale somewhat, and

have impacted most negatively the people at the bottom. The dynamic of integration has created both its proponents and its opponents. The crucial questions in understanding the future of Europe is which group is larger, and where will it make sense to them to have cooperation across countries on decisions concerning critical issues.

There are two main positions in the debate over the nature of the EU. The intergovernmentalists or regime theorists argue that the EU is a political organization formed by nation-states in recognition of their economic interdependencies (Moravcsik 1991; Keohane and Hoffman 1991). The states have decided to cooperate on issues of common concern, but in general will only enter into agreements that benefit them. Agreements will have to encompass issues that, in game-theoretic terms, will find the 'lowest common denominator solution' (Garrett 1995). Intergovernmentalists view the EU as a political structure firmly under control of the member state governments. They also see the legitimacy of that structure as resting primarily on the fact that national governments are democratically elected (Moravcsik 2002).

The other alternative posed in the literature is neofunctionalism. Here, the basic mechanism by which agreements are reached concerns the interactions between the international organization and the various constituencies it creates. Neofunctional arguments suggest that increased interdependence leads to the organization of societal and trans-societal actors who will bring new issues to their states and the international organization. This process, called 'spillover,' will result in increased purposes for the international organization over time (Haas 1958; Lindberg and Scheingold 1970). Here, sovereignty is transferred from the states to the international organization resulting in a supranational entity being formed.

This debate has spawned a great deal of scholarship, but it has remained focused on the relationship between EU-level and national politics. From my perspective, the issue of what was going on in Europe had the most to do with the changing effects of European economic integration on the life chances of people who live in Europe. It is the perception of these life chances that drive European attitudes toward the EU. From this perspective, political scientists were missing these deeper dynamics and were trying to explain were only part of the story.

I have a great deal of sympathy for intergovernmentalism. I agree that governments remain the most powerful actors in Brussels. Governments have created a self-conscious division of labor between the member-state governments and the EU around policy fields in order to maintain their control. This division of powers reflects the views of most European citizens who favor the focus on trade and monetary issues in the EU but want to keep all issues concerning the welfare state in the national political fields. Governments reflect national views. So, for example, in general, the British voting public is skeptical of the advantages of EU membership. Both Labour and Conservative governments are cautious about joining up with new European ventures in Brussels as a result. At the opposite extreme, the German public has been more pro-EU. Not surprisingly, German politicians have often floated the most federalist conceptions of political

structure and were behind the idea of producing a European constitution that would have created a much stronger political union.

I have three main problems with intergovernmentalism. First, governments have been constrained to act in Brussels in accordance with their previous agreements (Pierson 1996). Because new governments are elected with different political constituencies and programs, they have found themselves committed to courses of action that they might not have preferred. So, for example, social democratic governments might not have favored eliminating state aids to ailing corporations. But once member-state governments agreed to severely restrict such aids, new governments were constrained to obey the rules. Second, the political processes of negotiation that go on in Brussels imply that member-state governments need to figure out what is in their interest on any political issue. The process of introducing legislation by the European Commission, comment on the legislation by the European Parliament, and input from various national and Europe-wide interest groups does affect the final form of legislation. While governments do, in the end have to agree to legislation, the process of negotiation can clarify what paths governments will find acceptable.

Most importantly, intergovernmentalism assumes that the division of functions between the EU and the member states is in equilibrium (Moracsvik 2002). This view is based on the idea that the citizens of every country have fixed preferences with regard to the shape of the EU. These preferences are summed up and reflected in their governments. Thus, the separation of powers that exist have been fixed from the beginning and will remain so. My central argument is that the use of EU power to open opportunities for economic and social interactions across Europe changes the preferences of Europe's citizens. It makes some of them more interested in cooperating at the European level and if enough citizens feel that the EU is beneficial this pushes their governments to engage in 'ever closer union.' It is this dynamic that has pushed European integration forward. But, as I have already indicated, this dynamic can also sharpen the debate in member states as citizens who oppose this increasing commitment to the EU are wary of the continuous expansion of EU projects. Citizens who feel that the EU does not reflect their interests organize more vociferously to promote those interests. National political fields become more open battlegrounds for EU issues.

The perspective I develop here has some affinity for neofunctionalist theory in international relations in political science. This view suggests that international organizations produce cooperation amongst their members. By cooperating, actors would discover unintended consequences of the actions and thereby undertake to expand their arenas of cooperation. My position here differs from neofunctionalism in several respects. First, I am skeptical of its claim that 'spillover' into new political fields naturally follows from cooperation.

Much of the process of politics in Brussels has taken place along the lines laid out by the Treaty of Rome (Fligstein and McNichol 1998). So, for example, there has been very little cross-border cooperation on social welfare issues precisely because including these issues in EU cooperation is politically unpopular. From my perspective, spillover has not occurred because the interest groups to promote

it at the national level have not formed. Most of the growth in connections between European societies has followed the lines laid down in the Treaty of Rome. It is not surprising that business has the most extensive ties across state lines, followed by governments, nongovernmental organizations, particularly those that represent the interests of professionals and managers, and, finally, ordinary citizens. The Treaty of Rome set up a permanent organization whose major function was to increase economic cooperation across Europe. Much of the project creating Europe has been about creating a single market and that market, by definition, bounds what kinds of spaces might come into existence.

Second, I am not interested only in international agreements and the policy domains they have created in Brussels. The growth in the economic and social fields of Europe has increased awareness of the EU and brought many people into contact all across Europe. These citizens are the strongest source of support for continued European cooperation. They are also creating a European society in response to economic integration. The main way that they express their opinions to their governments is at home through elections or through the existence of interest groups or social movement organizations in national policy fields. The process of spillover is more like 'spill up.' If citizens in the member states view more European cooperation as a good thing, they will be inclined to encourage political parties and governments to pursue increased cooperation at the EU level. If they think it is a bad thing, they will discourage their governments from doing so. They may also take issue with a particular EU policy and organize directly in their national political fields or try and cooperate with citizens of other member states to do so.

It is useful to conclude this chapter by considering what the particular picture of the existence of a European society I have painted implies about the future of Europe. There is substantial evidence that there now exist thousands of fields that routinely bring people from different societies together. Europe has also produced a lot of social interaction outside the context of political activity in Brussels. There is much more connectedness and interaction amongst educated and highly skilled people who are professionals, managers, and similar white-collar workers than those who are poorer, elderly, blue collar, and have fewer educational credentials. In spite of this integration, I want to make the case that one must be circumspect about how far the process of creating a European society has gone. A very small number of people in Europe are interacting with people from other European countries on a daily basis. For most of the population, such interaction is much less frequent and for a substantial percentage, nonexistent.

Nation states are the policy fields where most Europeans continue to look for initiatives. Most Europeans see themselves primarily as citizens of a single country and most expect their governments to tend to their interests. Governments control social policy and remain the site of popular contention and legitimation. How does the creation of a European society matter for the political battles about unemployment, immigration, and the welfare state that are ongoing?

I would like to outline a continuum of various scenarios. At one end is the most negative, a situation where slow economic growth and unemployment push one

or more of the big states to pursue a more nationalist solution and even leave the EU. A second possible situation is what could be called 'muddling through.' Here, governments continue to be ineffective in combating slow growth and inflation, but keep the EU at its current institutional level. This could happen without increased cooperation across Europe. In this version, each welfare state decides to follow its own path toward economic and social reform. There may be some borrowing of ideas across societies, but mostly policy choices will be made in national contexts.

A third scenario is for there to be more cooperation amongst member-state governments on issues of employment and social welfare. These more formal agreements might include the attempt to coordinate fiscal policies, create more government spending to create jobs, and produce more market opening initiatives, such as trying to produce a European high technology sector through some form of industrial policy. The fourth possibility is an expansion of the EU apparatus to include social and welfare issues as part of the policy domains in Brussels.

My central argument is the first and last scenarios are the least likely at this point precisely because of the way Europe has developed. In the first case, even in Great Britain, where skepticism about Europe is the highest, the institutional connectedness of Britain to Europe makes it unlikely that it will leave the EU. The creation of Europe implies that the combination of the importance of the political and economic fields and the collective commitment to the legal institutions that help define those fields makes it unlikely for these institutions to slip backwards.

Consider how such a scenario might play out. A nationalist government in one of the main societies comes to power in a situation of severe fiscal and economic crisis, and asserts its sovereignty by trying to extricate itself from the EU. It would claim that the EU was binding it both economically and socially. Such a government might try to rearm itself to defend against the enemy. This is most likely to happen from the political right where nationalist parties would emphasize the nation and the state over Europe.

Such a scenario would produce a great deal of backlash within that society and across Europe. Put simply, the citizens and groups involved in European social fields would likely react strongly to such a regime. Businesses, in particular, who depend on European markets, and citizens whose jobs depend on European trade will be aghast at the idea that their country would be shut out. The largest economic corporations most involved in trade would be skeptical of the wisdom of such moves. Labor unions, faced with massive lay-offs because of the closing off of European trade, would be in rebellion. A 'nationalist solution' to go it alone, close off borders, and rearm would have to oppose strongly entrenched forces in government bureaucracies and in the economy.

Such a government would also have to face the leaders of the other member-state governments who would remind the recalcitrant government of the agreements that were made by previous regimes. A strong government might be able to push such a project as an ideology, but to move it forward practically would be

quite an undertaking. If one of the main societies within the Euro-zone (i.e. Britain, Italy, France, Germany, or Spain) was the site of this contest, it would likely throw all Europe into an economic crisis. Because of the high level of interconnection between European social, economic, and political fields, it is likely that any democratically elected government that began seriously to threaten its neighbors would soon be very unpopular at home. Even in the face of economic crisis, the integration of the European social, political, and economic fields has probably transformed the policy options of most political parties in such a way as to prevent the dismantling of Europe.

Of the other three scenarios, one would have to argue that the transfer of more competencies to Brussels, particularly welfare state functions, seems less likely as well. It is here that the limits of Europe are the easiest to observe. The question is, which is the political constituency within European societies for whom this option makes sense? I think that it is hard to argue that the mass of European voters will find this option very palatable. Those who are the most European may view such solutions as plausible. But, citizens with mainly a national identity fear what would happen to national welfare systems if they are transferred to Brussels. They would strongly oppose such efforts at coordination. Moreover, it is not clear how people who are already the winners of the economic project obviously benefit by increasing this form of cooperation. It is here where national differences in welfare systems will predominate. The British political parties are both committed to more market-friendly labor-market regimes. They have already made it clear that they do not want a European-level expansion of welfare rights. On the more social democratic side, French and German political parties are afraid that an EU-level welfare regime will end up looking more like the British system. The voting publics of these two societies would be in open protest over such a move.

This leaves the middle two solutions. Governments working more or less alone trying to solve their fiscal problems in a piecemeal fashion is probably one of the strongest scenarios. This is particularly true in dealing with an aging population and continuously strained pension and health care systems. No one will be interested in pursuing a European solution because they will be afraid that their benefits will be cut or that their tax dollars might end up in the pockets of citizens of other countries.

There are already existing Europe-wide constituencies in the business and policy community which have more coordinated forms of industrial policy, particularly around issues of finding finance for small and medium-size businesses, promoting entrepreneurship, research and development, technology transfer from universities to business, and job training. Here, a scenario of more cooperation at the European level is possible. This kind of cooperation would mainly be about coordinating policies such as voluntary agreements between member-state governments over targets for policies or further agreements about a set of directives for a particular market opening project. The Lisbon Agenda agreed to by the member-state governments in 2000 is a good model for both these this forms of coordination. Governments committed

themselves to creating the 'most dynamic and competitive knowledge based economy in the world by 2010.'

These are the real choices that lie ahead. But before considering the future, it is useful to document what kind of political, economic, and social Europe has been created. What has happened is quite remarkable. It is important to understand how the EU has created opportunities for people to interact with one, and how this has affected who they are, and what kinds of worlds they have made.