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## Perspectives on the Eurozone Crisis: Assessing the Effects on the Political Systems of Germany, France, and the United Kingdom

Caitlyn J. Myerson  
*University of Central Florida*

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PERSPECTIVES ON THE EUROZONE CRISIS: ASSESSING THE EFFECTS  
ON THE POLITICAL SYSTEMS OF GERMANY, FRANCE, AND THE  
UNITED KINGDOM

by

CAITLYN J. MYERSON

A thesis submitted in partial fulfillment of the requirements  
for the Honors in the Major Program in International and Global studies  
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## ABSTRACT

In 2010, the reverberations of the 2008 Global Financial Crisis had created a whole new crisis in Europe. Five Eurozone countries, Greece, Spain, Portugal, Ireland, and Cyprus all had requested financial aid packages, unable to repay their national debt. The crisis is ongoing in Europe ever since, becoming the greatest challenge presented to the Eurozone since the monetary union was formed. The intent of this thesis is to explore the effects of the Eurozone crisis on the political systems of Germany, France, and the United Kingdom. This thesis will study the effects utilizing the most prominent perspectives in political economy: neoliberalism, neomercantilism, and structuralism. This thesis also attempts to explain the recent rise in Euroscepticism in each country, whilst seeking an explanation in the rise in three Eurosceptic parties: Alternative für Deutschland from Germany, National Front from France, and the United Kingdom Independence Party. Lastly, this thesis conducts a comparative analysis to find the common elements in each case study, as well as the areas in which the studies diverge.

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## LIST OF ABBREVIATIONS

AfD	Alternative für Deutschland (Germany)
CDU	Christian Democratic Union (Germany)
CSDP	Common Security and Defense Policy
ECB	European Central Bank
EEC	European Economic Community
EFTA	European Free Trade Area
EMU	Economic and Monetary Union
ESM	European Stability Mechanism
EU	European Union
FN	National Front (France)
IMF	International Monetary Fund
PS	Socialist Party (France)
SGP	Stability and Growth Pact
UMP	Union for Popular Movement (France)
SEA	Single European Act
UKIP	United Kingdom Independence Party

## CHAPTER ONE: INTRODUCTION

### CONTEXT

Since the signing of the Treaty of Rome in 1957 establishing the European Economic Community, Europe has been progressively integrating both politically and economically. In 2002, the Euro launched as the official currency of the European Union, becoming one of the strongest, and most traded currencies in the global financial markets. In October of 2008, in reaction to the defaulting of several major financial firms in the United States, several European banks and financial institutions from Germany, France, Belgium, the United Kingdom, and Iceland all had to be bailed out with public funds.<sup>1</sup> By 2010, the global financial crisis reached a new phase, with several weaker economies of the Eurozone reaching high levels of sovereign debt; in April of 2010 Greece officially requested loans from both the European Union (EU) and the International Monetary Fund (IMF); by 2010, Ireland, Portugal, Spain, and Cyprus all had requested financial aid packages from the EU.<sup>2</sup> The current financial crisis is the biggest challenge presented to the euro since its introduction.

### PURPOSE

The purpose of my thesis is to examine effects of the Eurozone crisis on the political systems of Germany, France and the United Kingdom through the three main perspectives in international political economy: neoliberalism, neomercantilism, and structuralism. I will be

using each perspective to examine the effects on both leadership and society in all three case studies. These perspectives were chosen based on their historical prominence in political economy. Neoliberalism refers to the movement in the resurgence of classical economic liberalism in the 1970s and 1980s. Neoliberal ideology promotes policies such as privatization, deregulation, free trade, and fiscal austerity.<sup>3</sup> Neomercantilism stems from classical mercantilism, the dominant economic philosophy from the sixteenth to eighteenth centuries; this economic philosophy emphasizes protectionist trade measures and maintaining a positive trade balance, all to strengthen the state's power.<sup>4</sup> Lastly, structuralism has its roots in Marxism, and stresses the inherent contradictions and inequalities in the international system.<sup>5</sup> By analyzing the political systems in the three case studies through all three major economic perspectives, this paper attempts to gain a more in-depth, objective understanding of the crisis' effects in all three countries. This thesis also seeks to detect common elements between each case study to identify the areas in which the three countries are interrelated, as well as to discover the extent to which the case studies diverge.

## SIGNIFICANCE

The importance of my topic is both theoretical and policy related. To date, the European Union is the most successful economic and monetary union, as well as the most successful model of international political and economic integration. The crisis has produced several unique challenges in the EU, and most particularly for Germany, France, and the United Kingdom. To start, Europe has seen a major change between Franco-German bilateralism. Since the 1950s, French and German cooperation has played a prominent role in agenda setting, coalition

building, and facilitating European economic and political integration.<sup>6</sup> Recently, tensions have risen between the two countries, due to differing approaches to solutions to the crisis.<sup>7</sup> The United Kingdom, which has historically been Eurosceptic in both leadership and society, has called for the EU to reevaluate its relationship with countries outside the Eurozone, with British media encouraging leadership's increasingly distance and independent relations from Europe.<sup>8</sup> Lastly, the outbreak of the Eurozone crisis has seen the rise in Eurosceptic parties in all three countries. The prominence of Eurosceptic parties is expected in the United Kingdom, and to varying degrees in France, but Germany has historically been largely pro-European, and the upsurges of Euroscepticism is particularly of significance.

This thesis is also significant policy wise: Germany, France, and the United Kingdom (despite remaining outside the Eurozone) are three of the most prominent members in the EU, with each country wielding substantial amounts of influence in terms of policymaking in Brussels. All three countries have the capabilities to greatly affect the future of the EU's economic and political integration in various ways. Notably, since the euro has also become one of the most prominent currencies on the market, the policies promoted and enacted by these three countries will also greatly affect international financial markets as a whole.

## HYPOTHESIS

This thesis focuses on the current Eurozone crisis and its impact in Germany, France, and the United Kingdom. The three economic perspectives, neoliberalism, neomercantilism, and structuralism will serve as the independent variables, while leadership and society will serve as the dependent variables. I hypothesize that neoliberals view the crisis as a booster for further

economic and political integration, with leadership of all three countries increasing bilateral as well as multilateral cooperation with each of their member states. Any resistance from society will largely not affect leaderships' European policies. Next, I predict neomercantilists view the crisis, as stagnation for further integration, emphasizing discontent in society will ultimately hinder cooperation amongst leadership in all three countries. Lastly, structuralism will largely serve as the critical perspective. I expect structuralist will find that leadership in each country will continue to only promote business and financial interests above those of their constituents. Furthermore, I predict that neoliberals and structuralists will not find Eurosceptic parties to be particularly significant in each country's European policies, whereas neomercantilists will view the opposite. I predict neoliberals view Eurosceptic parties as in the minority in each country, and both leadership and society in each country will find furthering economic and political integration more prevalent than Eurosceptic rhetoric. I expect structuralists to see Eurosceptic parties as being ignored by the leadership, as each country will seek to promote only financial institutions and business interests. Conversely, I predict neomercantilists to view Eurosceptic parties to be significant, as they have the potential to threaten government stability and cohesion.

It is important to note that I do not expect any perspective to fully explain the effects of the crisis in these countries. I hypothesize that each perspective will offer a unique insight into situations of each case study. With each perspective, I will be able to come to a broader understanding of how the crisis has impacted each country.

## LITERATURE REVIEW

Since the signing of the ECSC Treaty in 1951 in Paris establishing the European Coal and Steel Community, numerous scholars have written about economic and political integration in Europe. This literature review is first divided into pre-crisis literature (starting from 1995 onward), general literature on the crisis, and country-specific literature, and then divided chronologically within each section.

To start, “The Maastricht Treaty as High Politics: Germany, France, and European Integration” by Michael J. Baun published in 1995 provides excellent background information on the debates and arguments between Germany, France, and (briefly discussed) the United Kingdom. Baun argues that German reunification would come to dominate the European agenda, and foresaw that integration in Europe would become “increasingly problematic and more highly politicized” in the coming years.<sup>9</sup> Another useful source as an insight on the pre-crisis EU, Christian Schweiger’s 2007 book, *Britain, Germany and the Future of the European Union*, in which he provides historical background on both countries, then describes areas in which Britain and Germany could cooperate. Schweiger argues that despite the famed Franco-German bilateralism in the EU, Britain is a “prime choice” for Germany as a partner as the U.K., unlike France, “has largely abandoned its post-war reservations” against the country.<sup>10</sup>

Many authors have written works that encompass each case study within their text, or simply discuss the effects of the Eurozone crisis across Europe. In 2011, Frank Bohn and Eelke de Jong published “The 2010 euro crisis standoff between France and Germany: leadership styles and political culture” and argued that the crisis exposes the inherent cultural differences in leadership styles and attitude towards European integration.<sup>11</sup> Arturo Guillén’s “Europe: The

Crisis Within a Crisis” published in 2012, argues that the Eurozone crisis is an extension of the 2007 Global Financial Crisis. Guillén reasons that a common fiscal policy is not enough to address the consequences that the crisis has produced, but rather, the EU is in need of a “rethinking of the entire project of integration.”<sup>12</sup> In the same year, Ulrike Guérot and Thomas Klau’s “After Sarkozy: How France and Germany Can Make Europe Work” describes what the authors views as potential areas in which Germany chancellor Angela Merkel and then-newly elected president François Hollande could work together to strength the EU as a whole, particularly, in including smaller states in major negotiations and proposals.<sup>13</sup> Similarly, Francesca Vassallo’s 2013 article “Sarkozy and Merkel: The Undeniable Relevance of the Franco-German Bilateralism” details the cooperation efforts made by former French president, Nicolas Sarkozy and Angela Merkel in the beginning stages of the crisis. Published in the same year, “Leadership in Hard Times: Germany, France, and the Management of the Eurozone Crisis” by Joachim Schild also outlines the bilateral efforts made by Sarkozy and Merkel during the initial years of the Eurozone Crisis. Schild notes that although Franco-German bilateralism has been drastically different in recent years, leadership of both countries ultimately realizes the strategic importance of their cooperation efforts.<sup>14</sup> Finally, Oliver Treib’s 2014 article “The voter says no, but nobody listens; causes and consequences of the Eurosceptic vote in the 2014 European elections” is an excellent source for categorizing Eurosceptic parties that have appeared in local parliaments as well as the European Parliament in 2014. Treib views that the 2014 election reflects citizens across Europe’s concern about the implications EU membership have on their countries’ domestic economies.<sup>15</sup>

The rest of this literature review will focus on country-specific articles, starting with literature focusing on Germany, France, and then the United Kingdom.

In 2010, Simon Bulmer and William E. Patterson published “Germany and the European Union: from ‘tamed power’ to normalized power?” which analyzes Germany’s legacy and current leadership role in the EU. The authors argue that the country has moved from a ‘tamed power’ that largely conceded its national interests to a ‘normalized power’ that uses its influence to promote its national interests.<sup>16</sup> In his 2010-2011 article “A “United States of Europe” or Full Exit From the Euro” Marshall Auerback discusses the significance of Eurosceptic parties rising across Europe, and raises the question of a possible German exit from the euro. From the same years, Sergio Cesaratto and Antonella Stirati’s article “Germany and the European Global Crises” studies the economic imbalances across the Eurozone, as well an analysis of the German reaction to the crisis in its first few years. This article is particularly useful for understanding German economic policy since the country’s reunification in 1990. In 2011, Brigitte Young and Willi Semmler’s raise the concerns of the repercussions of Germany’s strong export economy on the rest of the Eurozone in “The European Sovereign Debt Crisis: Is Germany to Blame?” Ultimately, the authors argue that Germany wields tremendous influence in shaping the future of the EU, contending that the country’s surge in Euroscepticism will either see a decline and disillusionment with European ideals, or if German leadership can continue its trend for bilateral and multilateral cooperation, the country can promote greater economic coordination and political integration.<sup>17</sup> During the same year, Bill Lucarelli published “German neomercantilism and the European sovereign debt crisis”. This article is particularly useful in its explanation for what the author argues is Germany’s neomercantilist-based economy that with its emphasis on

under consumption and high exports.<sup>18</sup> Joachim Schild's 2013 article "Leadership in Hard Times: Germany, France, and the Management of the Eurozone Crisis" finds that ultimately, analyzes the state of the current Franco-German bilateral relationship and its significance in the Eurozone crisis. Schild reasons that although during the initial years of the crisis the two countries were able to push through strategic reforms, ultimately, the bilateral relationship has failed to provide a "coherent and convincing governance framework for the future of the Eurozone."<sup>19</sup>

Published in 2012, "The Relativity of Decline: a Reappraisal of French leadership and influence in a time of global crisis" by Reuben Wong and Albrecht Sonntag analyzes modern French leadership in both the EU and on the global stage. Wong and Sonntag argue that "France has skillfully adapted to Germany's growing power" and that French leaders will continue to work with their German counterparts as a "motor of initiative."<sup>20</sup> In the same year, Jean-Pierre Darnis' article "François Hollande's Presidency: A New Era in French Foreign Policy?" raises questions as to the future of France's European policy upon Hollande's victory in the 2012 presidential elections. Similarly, "The EU Discourse in the 2012 French Presidential Elections" by Francesca Vassallo concludes that French leadership and society are "more distant from the European idea" than ever before; however, the negative discourse circulating in the election debates does not necessarily equate to anti-EU policies and agendas.<sup>21</sup> The 2013 article from Sarah Waters entitled "The 2008 Economic Crisis and the French Narrative of National Decline: Une causalité diabolique" studies the rise in Euroscepticism and nationalism in French. The author contends the movement of national decline is not a new phenomenon spurred by the economic crisis, but rather a movement that has its roots in the nineteenth century, which has a

tendency to revive itself during times of economic hardships.<sup>22</sup> From 2014, Christakis Georgiou's article "'Whatever it takes': The Eurozone Crisis as a Catalyst of European Integration" explores France's role throughout the European integration process, namely their hostility towards economic and political unity, and argues that French leaders need to support "a more centralized fiscal policy framework for the Eurozone."<sup>23</sup>

Oliver Daddow's 2012 article, "The UK Media and 'Europe': from Permissive Consensus to Destructive Dissent" explores the change in UK media's support from European institutions in recent decades. Daddow observes that negative coverage on the EU has forced British politicians to become more anti-European to avoid backlash from the UK media.<sup>24</sup> Andrew Gamble's "Better Off Out? Britain and Europe" briefly discusses the history of British reluctance towards European integration, and then analyzes both arguments for the British remaining in the EU or exiting the economic union. In his 2013 article, "David Cameron's European Policy," Juha Jokela observes that David Cameron has been using Britain's EU membership in an attempt to shape Eurozone policies yet while constantly still trying to resist motions that Cameron feels would infringe on British economic sovereignty. Jokela concludes that it remains to be seen whether Cameron has enough political clout to instill the treaty reforms he's demanding, and warns that Cameron's insistence on these reforms is likely to slow down reforms needed resolve the crisis.<sup>25</sup> From the same year, "David Cameron's Dangerous Game" by Matthias Matthijs argues that Cameron is leading his country down a road of "isolation and irrelevance," citing there is a real danger of a British withdrawal from the EU due to hard-lined Euroskeptic in Cameron's Conservative Party as well as British voters that favor an exit of membership.<sup>26</sup> From the same author in 2014, "Britain and Europe: The End of the Affair?"

analyzes the history between Britain and Europe and how it has shaped their current relationship. The author maintains that even if Britain exits the EU, Europe will still maintain a constant presence in Britain in politics and daily life.<sup>27</sup> From the same year, “Farewell Britain? ‘Issue Capture’ and the Politics of David Cameron’s 2013 EU Referendum Pledge” by Nathaniel Copsy and Tim Haughton seeks to understand the political motivations behind Cameron’s referendum guarantee. Copsy and Haughton argue the pledge was matter of ‘issue capture’ or a “situation where a minority group takes near-total control of the terms of domestic political debate, to the near-exclusion of other voices.”<sup>28</sup> Meaning, the rise in Eurosceptic politicians (particularly the rise of the party UKIP) has forced Cameron to pursue hard-lined, isolating European policies.<sup>29</sup> Lastly, Paula M. Baranowska’s 2014 article “The Coverage of the Eurozone Economic Crisis in the British Press” studies the “inaccuracies in the coverage of the Eurozone crisis” in the British media that has led to “a very unfavorable portrayal of the EU” in British society.<sup>30</sup> Baranowska observes Euroscepticism in British media is largely used as a scapegoat for politicians so they may avoid taking blame for major domestic (largely economic) issues.<sup>31</sup>

## RESEARCH DESIGN

### *Parties*

My thesis will examine major Eurosceptic parties in each country. I will be examining Germany’s Alternative for Deutschland (AfD), France’s National Front (FN), and the United Kingdom’s UK Independence Party (UKIP). These parties are categorized as Eurosceptic, as in addition to their specific domestic policies, each party also holds anti-EU sentiments. FN and UKIP are described as hard Eurosceptic parties, which either oppose the

European integration project as a whole, or their countries' membership in the organization.<sup>32</sup> While soft Eurosceptic parties, such as AfD, oppose only "specific policies or institutional aspects of the EU."<sup>33</sup> The distinction is important, as each party's agendas have different connotations and implications for each country. It is important to note that Eurosceptic parties are oftentimes categorized as populist parties as well. Populist parties are usually defined as parties seeking to represent the interests of the common public, emphasizing a clash between the focuses of the general population and the elites.<sup>34</sup>

Each party was chosen based upon their scholarly recognition as major Eurosceptic forces in each country. FN has particular historical prominence in France (founded in 1972), while UKIP and AfD are newer in comparison, having been founded in 1993 and 2013 respectively. Although the UK contains many parties that oppose British membership in the European integration project, UKIP was founded with the primary goal of ending British membership in the EU.<sup>35</sup> Additionally, since the outbreak of the crisis, both scholars and journalists have recognized the rise in popularity of UKIP. Unlike France and the UK, historically Eurosceptic/Populist parties have not garnered as much support in Germany (a phenomenon expanded on later in this thesis). AfD was founded as a direct reaction to the crisis, aiming to abolish the Eurozone and revert back to national currencies; they have been the most successful German Eurosceptic party to date.<sup>36</sup> Thus, the party has become exceptionally significant to scholars studying modern Germany.

### *Methodology*

This thesis will utilize research from articles, books, and newspaper periodicals. For this thesis, I sought to utilize the economic perspective as a theoretical framework for my research.

Based upon the definitions provided in the Purpose section, I seek to understand how each perspective interprets the gathered research, based upon my own understanding of each perspective.

Newspaper periodicals will be collected from major newspapers in each country: Die Zeit and Deutsche Welle from Germany, Le Monde Diplomatique and The Connexion from France, and The Independent from the United Kingdom. Each of these papers was chosen on account of journalistic esteem, Internet accessibility, and in certain cases, availability of English translation.<sup>1</sup>

My thesis will be comprised of five chapters: first, this introductory chapter, and next, chapters two, three, and four will cover each of the three case studies (Germany, France, and the United Kingdom). Each of the three case studies will be divided into five subsections: an introduction, then analyses of the neoliberal, neomercantilist, and structuralist perspectives, and a conclusion. Within each subsection of the casual variables, there will be subsections devoted to brief introductions to each theoretical perspectives' viewpoints on the case studies, then the dependent variables: leadership and society.

The fifth chapter will be the conclusion chapter. The conclusion will contain an analysis of the research presented in this paper. This chapter will summarize chapters two, three, and four, along with analysis of the hypothesis and predictions mentioned above based on the

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<sup>1</sup> When choosing news sources, I was met by certain practical constraints. I attempted to gather periodicals that were neutral in reporting, but still held journalistic credibility. I had a certain amount of issues locating sources that were neutral, contained a substantial, freely accessible archive, and, in the cases of German and French news sources, were readily available in English. For this reason, I have chosen two news sources from both France and Germany as a means to widen the pool of quality periodicals for my thesis.

research found throughout this thesis. Lastly, the concluding chapter will contain observations of the common elements, as well as diverging areas found in each case study.

## CONCLUSION

To conclude, my objective for this thesis is to examine the effects of the Eurozone crisis on Germany, France, and the United Kingdom through the use of the three main perspectives in political economy: neoliberalism, neomercantilism, and structuralism. I seek to gain a more in-depth understanding of how the crisis impacts the political systems in each country, particularly, its overall effects on both domestic and European policies in all three countries. I also seek to examine the role of Eurosceptic parties in each case study and explain their implications, as viewed through the three perspectives. With this paper, I attempt to fill the literature gap of connecting both general research conducted on the EU along with country-specific research conducted on the political systems of each case study to have a greater understanding of socio-political and economic effects of the Eurozone crisis.

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<sup>1</sup> Guillén, Arturo. "Europe: The Crisis Within a Crisis." *International Journal of Political Economy* 41, no. 3 (Fall 2012): 50. doi: 10.2753/IPJ0891-1916410303.

<sup>2</sup> European Central Bank (2014). *Key dates of the financial crisis: Since 2005*. Retrieved October 28, 2014, from European Central Bank | Eurosystem: [ecb.europa.eu](http://ecb.europa.eu)

<sup>3</sup> Boas, Taylor, and Jordan Gans-Morse. "Neoliberalism: From New Liberal Philosophy to Anti-Liberal Slogan." *Studies In Comparative International Development* 44, no. 2 (June 2009): 143. doi: 10.1007/s12116-009-9040-5.

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- <sup>12</sup> Guillén, "Europe: The Crisis Within a Crisis," 64.
- <sup>13</sup> Guérot Ulrike, and Thomas Klau. "After Merkozy: How France and Germany Can Make it Work." *European Council on Foreign Relations* 56 (May 2012): p. 7. (Accessed March 29, 2015) [http://www.ecfr.eu/page/-/ECFR56\\_FRANCE\\_GERMANY\\_BRIEF\\_AW.pdf](http://www.ecfr.eu/page/-/ECFR56_FRANCE_GERMANY_BRIEF_AW.pdf).
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- <sup>15</sup> Trieb, "The Voter Says No," 1551.
- <sup>16</sup> Bulmer, Simon and William E. Paterson. "Germany and the European Union: from 'tamed power' to normalized power?." *International Affairs* 86, no. 5 (September 2010): 1052. doi:10.1111/j.1468-2346.2010.00928.
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<sup>21</sup> Vassallo, Francesca. "The EU Discourse in the 2012 French Presidential Election." *French Politics, Culture & Society* 30, no. 3 (Winter 2012): 92. (accessed March 29, 2015) doi: 10.3167/fpcs.2012.300305.

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<sup>24</sup> Daddow, Oliver. "The UK media and 'Europe': from permissive consensus to destructive dissent." *International Affairs* 88, no. 6 (November 2012): 1236. (accessed March 29, 2015) doi: 10.1111/j.1468-2346.2012.01129.x.

<sup>25</sup> Jokela, "David Cameron's European Policy," 9.

<sup>26</sup> Matthijs, Matthias. "David Cameron's Dangerous Game." *Foreign Affairs* 92, no. 5 (Sept/Oct 2013): p. 6. (Accessed March 29, 2015.) <http://www.foreignaffairs.com/articles/139641/matthijs-matthijs/david-camerons-dangerous-game>.

<sup>27</sup> Matthijs, Matthias. "Britain and Europe: The End of the Affair?." *Current History* 113, no. 761 (March 2014): 97. (Accessed March 29) Accession number: 94751955.

<sup>28</sup> Copsy, Nathaniel, and Tim Haughton. "Farewell Britannia? 'Issue Capture' and the Politics of David Cameron's 2013 EU Referendum Pledge." *Journal Of Common Market Studies* no. S1 (2014): 86. (accessed March 29, 2015) doi: 10.1111/jcms.12177.

<sup>29</sup> Ibid.

<sup>30</sup> Baranowska, Paula M. "The Coverage of the Eurozone Economic Crisis in the British Press." *Perspectives On European Politics & Society* 15, no. 4 (October 2014): 500. (accessed March 29, 2015) doi: 10.1080/15705854.2014.922352.

<sup>31</sup> Ibid, 514.

<sup>32</sup> Treib, Oliver. "The voter says no, but nobody listens: causes and consequences of the Eurosceptic vote in the 2014 European elections." *Journal Of European Public Policy* 21, no. 10 (November 2014): 1543. (accessed March 29, 2015) doi: 10.1080/13501763.2014.941534.

<sup>33</sup> Ibid.

<sup>34</sup> Van Kessel, Stijn. *Populist parties in Europe : agents of discontent?* (Houndmills, Basingstoke, Hampshire; New York, NY: Palgrave Macmillan, 2015), P. 10.

<sup>35</sup> Ibid., 150.

<sup>36</sup> Ibid., 47.

## CHAPTER TWO: GERMANY

### INTRODUCTION

As a founding member of the European Coal and Steel Community (ECSC), Germany has played a central role in European institutions. Soon after World War II, Germany began a historical bilateral relationship with France in order to initiate European integration. As Christian Schweiger, addresses in his book *Britain, Germany, and the Future of the European Union*, the Federal Republic of Germany (GDR or West Germany) utilized this bilateral relationship first as a means to show to the world that the country was set on a new path towards reconciliation with its former enemy as well as dedication towards the prevention of further conflict.<sup>1</sup> Secondly, he argues the Bonn republic was able to exert a stronger influence over European affairs without arising any suspicion from the United States and other European countries.<sup>2</sup> These advantages of the Franco-German partnership became particularly relevant as Europe divided during the Cold War. As the tensions between the United States and the Soviet Union mounted, the international system had become polarized between the East and West. Germany itself was split internally along these polarized lines, with half of the country established as a democracy while the other half operated under communist control. Most prevalently, as EEC member states grew weary with US Cold War policies, Germany utilized its bilateral relationship with France to start the Ostpolitik, a foreign policy focus towards Eastern Europe. Ostpolitik sought to normalize relations between Western and Eastern Europe as a whole, but it primarily served as a means for Germany to improve relations for Germans residing in both states within the Cold War context.<sup>3</sup>

The Franco-German engine served as a major catalyst for bringing closer economic and political integration in Europe. Shortly after reunification of Germany, working alongside their French counterparts, German leaders were able to rally support for both German reunification and establishing the European Monetary Union (EMU) with the signing of the Maastricht Treaty in 1992.<sup>4</sup> For the most part, West Germany had garnered a reputation in European institutions for its multilateral cooperation. However, since reunification, scholars have noted that the country has become more assertive of its national interests, largely due to economic pressures from an increased population and the political strains of diverging domestic views.<sup>5</sup> Currently, Germany has come under increased scrutiny because of its leadership role in the European Union (EU), and its policy proposals for the resolution of the Eurozone crisis. Many in both German government and society believe that these crises are the result of the economic profligacy of Greece, Portugal, Spain and Ireland, whose lack of fiscal discipline threatens the stability of the Eurozone.<sup>6</sup> Furthermore, the financial crisis has also highlighted the disparities between Germany's economy and those from the rest of Europe. Since the outbreak of the crisis, it became clear to many residing in the EU that Germany had become the biggest beneficiary of the monetary union in Europe, and many scholars began arguing that the poorer periphery countries' deficit was the direct result of the German economic surplus.<sup>7</sup>

The Eurozone crisis has also produced another change in Germany: the rise of Euroscepticism. This phenomenon is especially surprising, given Germany's historically pro-European attitude. Unlike in France and the UK, the legacy of the devastation caused by hyper-nationalism from the Nazi regime has suppressed the rise of nationalist and populist parties for majority of Germany's post-WWII years.<sup>8</sup> Although certain parties across the political spectrum

have in one way or another voiced concerns over certain areas of integration, Alternative für Deutschland or AfD has been the most vocal party to date. Economists and professors displeased by the monetary union founded the party in 2013; its leaders seek to dissolve the Eurozone and revert to national currencies.<sup>9</sup> AfD's leaders have refuted its label as a populist party with a nationalistic approach, but its conservatism on issues such as immigration have convinced scholars and journalists alike otherwise.<sup>10</sup>

This chapter seeks to focus on the observations noted in Germany's political system since the outbreak of the crisis. The first inquiry being has Germany become more assertive of its national (namely economic) interests? Next, is the rise of AfD the result of the German public becoming more Eurosceptic? And to what extent is AfD influencing Merkel's European policy?

## NEOLIBERALISM

Neoliberals emphasize Germany's consistent commitment to strengthening and furthering European integration. During the initial post-war years, West Germany moved away from its Nazi past by suppressing any public display of national sentiments, with the Bonn government supporting a foreign policy of strictly peaceful, multilateral negotiation and cooperation.<sup>11</sup> Neoliberals view that this strategy not only helped to strengthen Germany's reputation as a leader of Europe during the Cold War, but also launched Germany's reputation as an enforcer of peace between Eastern and Western Europe. Oftentimes, German politicians have opted to continue European integration at the expense of ignoring both business and public interests. For instance, during German reunification, the EC began debating the framework for the treaty to create a potential single currency for Europe. During this time, both the Bundesbank and the

Finance Ministry opposed the creation of a single currency, fearing the loss of economic sovereignty.<sup>12</sup> Nevertheless, then-Chancellor Helmut Kohl strategically negotiated with both French and EC leadership to ring in support of a reunified German state abroad, and support for the Economic and Monetary Union (EMU) at home.<sup>13</sup>

Post-reunification, Germany still played a vital role in EU politics. As Simon Bulmer and William E. Paterson observe, through the Franco-German alliance, Germany has been a prominent member in agenda setting and policy making, due to the largely “pro-European consensus among the main political parties.”<sup>14</sup> This unusual support across the political spectrum has allowed Germany to also become one of the key architects in framing European institutions. Not only are the institutional structure and the regulatory policies of the European Central Bank (ECB) modelled after the German Bundesbank, but also the ECB itself is located in Frankfurt.<sup>15</sup>

Neoliberals view that Germany has not become more assertive of its national interests from the Eurozone Crisis, but rather has continued its tradition of both multilateral cooperation with its fellow member states as well as its influential bilateral partnership with France. Furthermore, neoliberals view that the rise of AfD is a short-term reaction to the crisis and will have no lasting or substantial effect on Germany’s European policy.

### *Leadership*

When analyzing German leadership, neoliberals view that Chancellor Angela Merkel is continuing the German legacy of strategic leadership in the EU, particularly with continuing its historical bilateral relationship with France. Neoliberals acknowledge that the initial negotiations during the beginning of the crisis came off to a rocky start. Chancellor Merkel and then-French President Nicolas Sarkozy had differing opinions on how best to aid the afflicted countries.

Sarkozy preferred to instill immediate bail out funds rather than following existing rules, while Merkel staunchly advocated the strengthening of existing laws while simultaneously consolidating fiscal spending cohesion across the Eurozone.<sup>16</sup> In the beginning of the crisis, Chancellor Merkel hesitated to voice her plans to the German public due to an important election in the region of North-Rhine Westphalia.<sup>17</sup> Many EU leaders and national leaders were concerned with Merkel's approach to the crisis, fearing that the Chancellor was leading Germany into isolation in order best to promote its national interests. However, in May of 2010 Merkel quelled these fears by famously saying, "If the euro fails...then Europe fails..." then proceeded to call for a "more strongly [linked] economic and financial policy."<sup>18</sup> In this speech, Merkel sent a clear message to the EU and her fellow member states she was willing not only to cooperate but also maintain her country's historic role as a leader in the institution.

Ultimately, just as their predecessors had done before them, Merkel and Sarkozy were able to reach compromises and lead the rest of the EU in building consensus around the resolution efforts. First, considering the immediacy of Greece's request for financial assistance, Merkel was able to receive her preference and involve the International Monetary Fund (IMF) as a way to ensure fiscal surveillance from both within and outside the EU.<sup>19</sup> The two leaders then proceeded to both further integration and promote economic cohesion through several institutional changes. German leadership throughout the crisis had been a staunch advocate of strengthening the Stability and Growth Pact (SGP) as well as creating stronger rules for fiscal coordination.<sup>20</sup> In the fall of 2010, with the help of France, Germany was able to successfully reinforce the "preventative arm" of the SGP, which among other stricter guidelines established enhanced monitoring over fiscal positions and government budgets; and created the European

Stability Mechanism (ESM), a “permanent lending facility;” and lastly, established new guidelines to further intensify fiscal coordination in the EU.<sup>21</sup>

Overall, neoliberals view that Germany’s commitment to its bilateral relationship with France in achieving greater political and economic integration is a testimony that the country is not pursuing an isolationist policy.

### *Society*

Neoliberals acknowledge that during the outbreak of the crisis, the German constituency had begun to drift away from its traditional pro-European worldview.

From the beginning German citizens have voiced their concerns to bailouts for the indebted countries. As Brigitte Young and Willi Semmler identify in their 2011 article, “The European Sovereign Debt Crisis: Is Germany to Blame,” the German public has supported its government’s efforts in keeping a balanced fiscal budget over the past decade, taxpayers feel that instead of reaping these benefits, they are being forced to bailout fiscally irresponsible countries.<sup>22</sup>

Neoliberals recognize that from this discontent, AfD was able to emerge and attract a certain amount of attention from German voters.

Despite these sentiments, neoliberals view that this dissatisfaction is inevitable in times of economic duress, and are only a temporary phenomenon in German society. Moreover, AfD’s anti-euro message has only resonated with a small minority in Germany. A 2013 poll found that 69% of Germans still wanted to keep the euro as their currency.<sup>23</sup> The poll also found that support for the euro increased based on income, with only the lowest income households supporting leaving the Eurozone.<sup>24</sup>

To neoliberals, the German people are satisfied with Merkel's administration and her conduct through the crisis. This was affirmed in the most recent 2013 election, when Merkel's party, the Christian Democratic Union (CDU) had their best election in over a decade. As Deutsche Welle reported on Merkel's victory, "...Germans were unsettled by the crisis, the Chancellor satisfied their demand for stability and orientation."<sup>25</sup>

Neoliberals view that Merkel's high approval rating demonstrates the German public's solidarity with its government through the Eurozone crisis, discrediting any assertions that the small fraction of Eurosceptics will gain any major traction.

## NEOMERCANTILISM

Neomercantilists view Germany's legacy in the EU much differently than neoliberals. Neomercantilists emphasize Germany's commitment to cooperation and integration in Europe as a means for Germany to assert its national interests and regain power in Europe without raising suspicions. This was particularly evident through its bilateral relationship with France. The goal of the Franco-German partnership was to rebuild Germany's international image and to demonstrate to Europe (and the United States) that West Germany had destroyed all senses of German hyper-nationalism from the Nazi regime that had destroyed its global reputation.<sup>26</sup> Neomercantilists view that this denial of national sentiments was merely "artificial," and led to "an exaggeration of European idealism" amongst the West German public and elite.<sup>27</sup> Furthermore, neomercantilists view that the Bonn Republic's notoriety as the compromiser during integration issues was also merely for the promotion of national interests. For example, during the Maastricht negotiations, Germany took the middle ground between deepening

political and economic cohesion in the EEC (French preference) and widening membership (U.K. preference), but only because West Germany wanted to simultaneously expand membership into East Germany for reunification, but as well as reap further benefits from closer economic integration.<sup>28</sup>

Scholars noted that post-reunified Germany was not as pro-European, due to the fundamental differences in attitudes towards European institutions between East and West Germans.<sup>29</sup> Former Chancellor Helmut Kohl had an increasingly difficult time rallying public support for the Maastricht Treaty, with much of the German public resisting the idea of giving up the deutschmark, feeling that Kohl “had sold the backbone of German economic growth”.<sup>30</sup> With an increased population full of differing opinions, regional governments began to grow in prominence when it came to European issues. In 1993, as established by Germany’s Constitutional Court, the Federal government has the right to handover authority to supranational entities on the basis that the Bundestag (the legislative body of Germany) and the Länder (referring to the Bundesland, or the federal states of Germany) would also be consulted in any negotiations or treaties.<sup>31</sup> This shared power in European policy has considerably decreased any Chancellor’s hopes of signing onto any European agreement without considering public opinion.

Currently, as Simon Bulmer and William E. Paterson have observed, Germany has moved from a ‘tamed power,’ a state characterized by their constant multilateral institution-building and agenda-setting, to a ‘normalized power,’ a state that is more and more increasingly willing to assert its national interests and use its influence to “keep certain items off the agenda.”<sup>32</sup>

## *Leadership*

Neomercantilists argue that increased economic strains from reunification, coupled with a larger populations' diverging political views towards European institutions has had a significant effect on German leadership's European policy.<sup>33</sup> Likewise, neomercantilists argue that Germany has always presented more conservative, protectionist economic policies. From the end of WWII, the German government has exercised mercantilist-style economic policies, focusing on wage moderation, under consumption, export surpluses and low imports.<sup>34</sup> Although Germany had been cooperating within European institutions, the German government has always been sure to keep a strong, competitive economy, giving the country an extreme advantage over fellow member states. Consequently, neomercantilists assert that Chancellor Merkel is much like her predecessors, and is dedicated to keeping the German economy stable throughout the crisis. Therefore, it is natural the German government's main priority is not to defend the interests of a common European ideal, but rather to protect its national economic priorities.

This change in mentality came to light from the very beginning of the crisis. Whereas French ministers seemed more sympathetic to the troubled countries, German Finance Minister Wolfgang Schäuble embodied the German indifference by "[urging] these states to become more like Germany."<sup>35</sup> Moreover, neomercantilists view that Merkel's insistence on the involvement of the IMF was a way to ensure that Germany would not be forced to bear the brunt of the bailout plan, while simultaneously sending a clear message to other states in the Eurozone that there would be consequences to pay for fiscal frivolity.<sup>36</sup> Despite EU leaders and member states opposed Germany's demands, Germany was still able to secure its national interests in the newly created EU treaties. In example, although President Sarkozy was against a punishment clause in

the European Stability Mechanism, Merkel still managed to push the policy through in the final negotiations; she was also able to ensure that all countries requesting financial assistance would undergo “tough fiscal discipline with limited emergency funding at high interest rates.”<sup>37</sup>

Neomercantilists see Germany’s conduct in the Eurozone crisis is a clear indication that the country is moving in a more assertive, independent direction. Neomercantilists view that Germany’s upper hand in the negotiations efforts and the ability to override French suggestions is due to the country’s economic might. As long as Germany remains the strongest economy in the Eurozone, fellow member states must take Merkel’s lead.

### *Society*

Neomercantilists disagree with neoliberals that the German public has historically supported European integration. Neomercantilists note that the German public has often been hesitant when relinquishing sovereignty (particularly economic sovereignty) to supranational institutions. As stated above, German federal institutions do have considerable say in the direction of European policy. Noted by Simon Bulmer and William E. Paterson, during the conferences between German federal and regional governments regarding the proposed Constitution of Europe, the Länd governments were notably vocal in demanding additional rights for the Committee of Regions (the assembly for regional governments across Europe), increased judicial and police cooperation throughout Europe, and greater endowment for qualified majority voting (QMV) in the European Council.<sup>38</sup> Later when the Constitution failed and the Lisbon Treaty of 2007 came to pass, most of the Länd government’s demands had been retained.<sup>39</sup> This surprising observation is an indication of the influence German society holds in its country’s European policy.

Neomercantilists view that this trend is continuing during the Eurozone crisis. In 2009 when French President Sarkozy advocated for the creation of a supranational Eurozone authority to preside over the ECB, Germans across the country protested, fearing the loss of independence and sovereignty over its internal economic affairs.<sup>40</sup> Before Sarkozy's theoretical institution even became a reality, the German Constitutional Court "ruled any hypothetical European federal economic governance as unconstitutional."<sup>41</sup> Moreover, as the crisis began to intensify, the German banking sector also played a significant role in influencing Merkel's European approach. In the debate regarding the issue of euro bonds, German banking officials called the bonds "Giftpille" or poison pills.<sup>42</sup> The main concern of the officials was that the euro bonds would not only increase German interest rates, but without a revision of the current treaties, it would simply reward the indebted countries without any incentive to change their fiscal policies.<sup>43</sup> This strong opposition towards euro bonds proved to be effective, with Merkel successfully standing ground against Sarkozy, taking the issue entirely off the negotiating table.

In regards to the Eurosceptic party, AfD, neomercantilists agree with neoliberals that the party will have no significant effect in shaping European policy. Due to the German societies' successes in influencing not only its leadership's European policies, but also EU policies as a whole, the anti-euro message of AfD does not resonate with the German public. As long as the Germany maintains the upper hand in resolution negotiations, the German public will refrain from dissenting against the EU.

## STRUCTURALISM

Structuralists provide a more critical viewpoint to German leadership's role in the EU. Structuralists criticize Germany's assertion that the Eurozone crisis was caused simply by the profligate spending of the poorer countries. Indeed, structuralists view the crisis as more complex, stemming from the fundamental flaws in the structure of the entire economic and monetary union itself. As many scholars have noted, Greece, Spain, Ireland, and Portugal have all historically been a part of the European periphery, even before the implementation of the euro.<sup>44</sup> Due to the nature of the Single Market, these countries were unable to implement protective measures over their industries, and thus, were pushed further into the periphery, incapable of competing with more economically competitive countries in the EU.<sup>45</sup>

Furthermore, structuralists emphasize the hypocrisy in Germany's approach to the crisis, and the notable bias of EU officials. In 2003, soon after the euro was introduced into circulation, Germany, France, as well as other states, were unable to meet the standards set by the Stability and Growth Pact, and were to face punishment for noncompliance.<sup>46</sup> Instead, Germany and France used their power in the EU to ignore the regulations to avoid penalty on their states, the same influence they are now using to punish the indebted states for their similar lapses.<sup>47</sup> Even more bothersome, statistics also specify that even Germany was unable to keep within the Maastricht's limits during the eruption of the crisis; though not as severe as the indebted countries, Germany contained a fiscal debt of 83.2% of its GDP in the year 2010.<sup>48</sup>

Structuralists agree with neomercantilists that Germany has historically used its economic influence as a means to promote its national interests through European institutions, and that the current Eurozone crisis is a continuation of this trend. Additionally, structuralists also agree with

neoliberals and neomercantilists that AfD will not make a significant impact on Germany's European policies.

### *Leadership*

Structuralists critically observe the vast influence Germany has in terms of agenda setting and policy making within the EU, specifically these policies' effects on the peripheral countries. As stated previously, Germany contains the largest economy in the Eurozone, and therefore wields much greater influence on the final say in policy negotiations. In example, although President Sarkozy was initially against Chancellor Merkel's insistence on an automatic punishment mechanism, this clause ultimately made its way into the newly revised SGP. Merkel framed this clause as a necessity towards promoting economic cohesion, as these new guidelines now calls for the EU to "put pressure on member states that are showing major macroeconomic imbalances," and allows procedures to initiate "sanctioning of non-compliant states."<sup>49</sup> Policies such as these prove to be paradoxical; they are aimed specifically at the troubled countries, whose economies are pushed into the periphery from the inherent flaws of the union, and still remain without substantial provisions to level the economic playing field across the Eurozone to avoid imbalances in the first place.

Structuralists are also largely skeptical of Merkel's commitment to keeping the Eurozone intact. As Sergio Cesaratto and Antonella Stirati note in "Germany and the European Global Crises," the devaluation of the euro following the outbreak of the crisis led to a surge in German exports to countries such as China.<sup>50</sup> Nevertheless, this export boom barely affected the peripheral countries, and may have even hindered their chances to quicken the pace towards recovery.<sup>51</sup> Moreover, structuralists recognize the close relationship between major financial

institutions and industrial conglomerates.<sup>52</sup> This partnership “reinforce[s]...neomercantilist logic” as German banks are more prone to invest in German corporations, which in turn pour money back into German banks through their extremely profitable exports.<sup>53</sup>

In the end, structuralists assert that officials both in German government as well as financial and industrial institutions must realize that the German export surplus is a direct result in the periphery’s deficit.<sup>54</sup> If Chancellor Merkel and her government do not begin to promote fair distribution of national wealth across the Eurozone, all member states will ultimately suffer in the long run.

### *Society*

Structuralists notably disagree with the German public’s harsh perception of the indebted countries. Structuralists view that the German citizens must focus more on their own government’s conduct in the EU. Structuralists agree with the neoliberal observation that oftentimes, German leadership will ignore public interest in favor of European integration. Structuralists view that German leadership ultimately seeks to promote the interests of the industrial and financial sectors. For instance, despite the general public’s hesitancy towards the Maastricht Treaty, former Chancellor Helmut Kohl was able to push the major institutional changes as outlined by the treaty by gaining the support of the industrial corporations.<sup>55</sup>

Like neoliberals and neomercantilists, structuralists view that the rise in AfD will not have any significant effects on Germany’s European policies. Despite the growing dissatisfaction with the EU, structuralists realize that the country is still largely supportive of its government. Therefore, AfD’s message only attracts a small, radical portion of the population. As stated earlier, despite the party’s attempt to move away from its populist label, AfD seems to be

attracting voters that are primarily fixated on a nationalistic message. In an article from Die Zeit, author Nils Heisterhagen criticizes members and supporters for AfD for rousing nationalist sentiments and promoting anti-Europeanism in Germany.<sup>56</sup> Moreover, conversely to neoliberals, structuralists see the anti-euro party as catering to the wealthier German taxpayers, as the real burden is not only being placed on the working class of Germany, but the working class of Europe as a whole.<sup>57</sup> In an article from Deutsche Welle written by Ben Knight and Nicole Goebel, the authors note that AfD's leadership is primarily made up from academic elites, with its support base "generally white, male, middle-class [and] aged" and highly educated with a substantial majority of its initial membership holding doctorate degrees.<sup>58</sup> Structuralists conclude that AfD's support is highly unrepresentative of the German population as a whole.

An exit from the euro may seem appealing in some aspects to German society. Many predict that if Germany did revert to its former national currency, Germany would likely flourish due to Germany's reputation for promoting healthy finances, but at the cost of its prominent export base and the risk of increasing government deficits.<sup>59</sup> Structuralists argue that though anti-euro parties may seem compelling, most Germans understand that the country would suffer greatly outside the Eurozone.

## CONCLUSION

The Eurozone financial crisis has produced two major effects on the political system of Germany: the German leadership has taken a prominent role in conducting resolution negotiations, while a considerable rise in Euroscepticism has been noted in the German constituency.

Neoliberals view the German reaction to the financial crisis as largely positive. Though leadership was facing a certain degree of domestic discontent towards negotiations, Merkel was able to use long-time bilateral cooperation with France to further Eurozone integration. First, Merkel and Sarkozy pushed new agreements to increase fiscal coordination, and then worked to strengthen branches of the ECB to create a stronger economic support system for the whole of the Eurozone. Neoliberals' view that AfD, will not have a significant effect on the German government's policy, as the German public is still highly supportive of its government.

Conversely, neomercantilists emphasize German leaderships' prominent role in European institutions as a means for the country to promote its national interests. Though Germany has continued to work closely with France to resolve the issues of the crisis, neomercantilists notice a change of conduct between the two countries. Germany has dominated the Franco-German alliance in order to assure certain issues considering harmful to the German economy would come off the negotiating table. Neomercantilists agree with neoliberals that AfD will be ineffective in shaping the course of future European policies. Neomercantilists believe that the German public trusts its government to support its national interests in the EU, and therefore find no need to dissent.

Structuralists emphasize the hypocrisy displayed by Chancellor Merkel and her government in her approach towards the indebted countries. Structuralists' view that the German government is using its influence in the EU to dismiss any suggestion that its own neomercantilists policies may have played a significant role in causing the crisis, namely its strong export base is directly correlated with the lower-economies' deficit. Structuralists also highlight the power of German financial institutions and corporations, and their role in shaping

their leadership's European approach. As for the rise in Euroscepticism, structuralists believe that AfD is only appealing to a radical minority of the German public.

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<sup>1</sup> Christian, Schweiger. *Britain, Germany and the future of the European Union*. (n.p.: Basingstoke [England]; New York: Palgrave Macmillan, 2007), 46.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid., 49.

<sup>4</sup> Michael J. Baun. "The Maastricht Treaty as High Politics: Germany, France, and European Integration." *Political Science Quarterly*, 1995, 620-23. (Accessed March 20, 2015). <http://www.jstor.org/stable/2151886>.

<sup>5</sup> Schweiger, 2007, 65.

<sup>6</sup> Arturo Guillén. "Europe: The Crisis Within a Crisis." *International Journal Of Political Economy* 41, no. 3 (Fall 2012): 56. (Accessed March 20, 2015) doi:10.2753/IJP0891-1916410303.

<sup>7</sup> Ibid., 60.

<sup>8</sup> Van Kessel, Stijn. *Populist parties in Europe : agents of discontent?* (Houndmills, Basingstoke, Hampshire; New York, NY: Palgrave Macmillan, 2015), P. 47.

<sup>9</sup> "Alternative for Germany Party calls for abolition of the euro." *Deutsche Welle*, April 14 2013. Accessed November 3 2015, <http://www.dw.com/en/alternative-for-germany-party-calls-for-abolition-of-euro/a-16742836>.

<sup>10</sup> Knight, Ben and Nicole Goebel. "German AfD Tries to Shake off 'Tea Party.'" *Deutsche Welle*, May 21 2014. Accessed November 2 2015, <http://www.dw.com/en/german-afd-tries-to-shake-off-tea-party-tag/a-17506323>.

<sup>11</sup> Schweiger, 2007, 47.

<sup>12</sup> Baun, 1995, 612.

<sup>13</sup> Ibid., 613.

<sup>14</sup> Bulmer, Simon and William E. Paterson. "Germany and the European Union: from 'tamed power' to normalized power?." *International Affairs* 86, no. 5 (September 2010): 1055. doi:10.1111/j.1468-2346.2010.00928.

<sup>15</sup> Schweiger, 2007, 65.

<sup>16</sup> Ibid., 29-30.

<sup>17</sup> Schild, Joachim. "Leadership in Hard Times: Germany, France, and the Management of the Eurozone Crisis." *German Politics and Society* 31, no. 1 (Spring 2013): 28. (Accessed March 20, 2015) doi:10.3167/gps.2013.310103

<sup>18</sup> Die Zeit. "Merkel: Scheitert der Euro, scheitert Europa." May 13 2010. Accessed September 18 2015. <http://www.zeit.de/politik/deutschland/2010-05/merkel-euro>.

<sup>19</sup> Bulmer & Paterson, 2010, 1070.

<sup>20</sup> Brigitte Young, and Willi Semmler. "The European Sovereign Debt Crisis: Is Germany to Blame?." *German Politics & Society* 29, no. 1 (April 2011): 15. (Accessed March 20, 2015) doi: 10.3167/gps.2011.290101.

<sup>21</sup> Schild, 2013, 31.

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- <sup>22</sup> Brigitte Young, and Willi Semmler. "The European Sovereign Debt Crisis: Is Germany to Blame?." *German Politics & Society* 29, no. 1 (April 2011): 8. (Accessed March 20, 2015) doi: 10.3167/gps.2011.290101.
- <sup>23</sup> Die Zeit. "Deutsche wollen euro behalten." April 9 2013. Accessed September 19 201, <http://www.zeit.de/wirtschaft/2013-04/euro-d-mark-waehrung-umfrage>.
- <sup>24</sup> Ibid.
- <sup>25</sup> Scholz, Alexander-Kay. "Merkel wins a third term as chancellor." *Deutsche Welle*, September 22 2013. Accessed September 19 2015, <http://www.dw.com/en/merkel-wins-a-third-term-as-chancellor/a-17103347>.
- <sup>26</sup> Schweiger, 2007, 46.
- <sup>27</sup> Ibid.
- <sup>28</sup> Baun, 1995, 610-611.
- <sup>29</sup> Schweiger 2007, 62.
- <sup>30</sup> Ibid.
- <sup>31</sup> Ibid.
- <sup>32</sup> Bulmer & Paterson, "Germany," 1059.
- <sup>33</sup> Schweiger, "Britain," 58.
- <sup>34</sup> Sergio Cesaratto, and Antonella Stirati. "Germany and the European and Global Crises." *International Journal Of Political Economy* 39, no. 4 (Winter2010-2011 2010): 69-75. (Accessed March 20, 2015). doi: 10.2753/IJP0891-1916390403.
- <sup>35</sup> Bulmer & Paterson, 2010, 1070.
- <sup>36</sup> Ibid.
- <sup>37</sup> Young and Semmler, 2011, 16.
- <sup>38</sup> Bulmer & Paterson, 2010, 1067.
- <sup>39</sup> Ibid.
- <sup>40</sup> Cesaratto and Stirati, 2010-11, 68.
- <sup>41</sup> Ibid.
- <sup>42</sup> "Schuldenkrise: Deutsche Bank nennt Euro-Bonds Giftpille." *Die Zeit*, August 16 2011. Accessed September 20 2015, <http://www.zeit.de/politik/ausland/2011-08/merkel-sarkozy-euro-krise>.
- <sup>43</sup> Ibid.
- <sup>44</sup> Gullién, 2012, 60.
- <sup>45</sup> Ibid.
- <sup>46</sup> Bulmer and Paterson, 2010, 1059.
- <sup>47</sup> Ibid.
- <sup>48</sup> Gullién, 2012, 51.
- <sup>49</sup> Schild, 2013, 31.
- <sup>50</sup> Cesaratto & Stirati, 69.
- <sup>51</sup> Ibid.
- <sup>52</sup> Lucarelli, Bill. "German neomercantilism and the European sovereign debt crisis." *Journal Of Post Keynesian Economics* 34, no. 2 (Winter 2011): 219. (Accessed March 20, 2015). doi: 10.2753/PKE0160-3477340202.
- <sup>53</sup> Ibid.

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<sup>54</sup>Auerback, Marshall. “A “United States of Europe” or Full Exit from the Euro?” *International Journal of Political Economy* 39, no. 4 (Winter 2010-11): 95. Accessed November 16, 2014. doi:10.2753/IJP0891-1916390404.

<sup>55</sup> Ibid., 93.

<sup>56</sup> Heisterhagen, Nils. “Globale Politik: Keine Renationalisierung, bitte!” July 6 2014. Accessed September 21 2015, <http://www.zeit.de/politik/ausland/2014-07/renationalisierung-europa>.

<sup>57</sup> Lucarelli, 2011, 219.

<sup>58</sup> Knight and Goebel, 2014.

<sup>59</sup> Auerback, 2010-11, 96.

## CHAPTER THREE: FRANCE

### INTRODUCTION

Together with Germany, France has played a prominent role in European integration. For France, its primary post-WWII foreign policy was to prevent the rise of a self-sufficient, unified German state. The ECSC itself was able to come to fruition through the collaborative efforts of Frenchman Jean Monnet (who later became the first president of the High Authority on Coal and Steel) and French Foreign Minister Robert Schuman.<sup>1</sup> Monnet's vision also began the foundations for the Franco-German engine; the ECSC was a means to bind the two countries' post-War recovery to one another to "render the two countries interdependent" and prevent any further conflict.<sup>2</sup> The Franco-German bilateral relationship also served another purpose. Similar to Germany, French leadership also found itself caught in an increasingly bipolar world as the tensions between east and west mounted. As the German government sought to use European institutions as a way to reestablish its reputation, French leaders supported European institutions as a means to assert French leadership in Europe.<sup>3</sup> In this way, French leaders could establish their country's standing in the polarized Cold War atmosphere.

The Franco-German engine continued to facilitate integration, with French leaders having the upper hand at the negotiating table. In 1985, another Frenchman, Jacques Delors, became President of the European Commission (EC). Jacques Delors is now widely considered as one of the most influential EC presidents. During his tenure, Delors strategically negotiated for the

creation of a true single market in Europe with the passing of the Single European Act (SEA) in 1986.<sup>4</sup>

Nevertheless, the French have had more of a complicated relationship with European institutions than the Germans. Namely, French leaders have been able to be more assertive of their national interests than their German counterparts. As mentioned previously, French leaders' primary aim in integration was to use European institutions as a means to strength French image in the international system. From the legacy staunch nationalism displayed during Charles de Gualle's reign as president to the more recent Non vote from the French public over the European Constitutional Treaty in 2005, the French have proved to be more skeptical of European political and economic integration.<sup>5</sup> Moreover, many scholars have noted that Franco-German relations have loosened in recent years, largely to the imbalances between the French and German economies. While Germany's export-driven economy has become the strongest in the Eurozone, France has begun to suffer from a shrinking industrial sector and stagnant growth.<sup>6</sup> This has produced a significant change in Franco-German bilateral relations from its original Cold War context: with the rise of the German economy, the French have been relegated to second-power status in European institutions.

Since the Eurozone crisis first erupted in 2010, France has seen two different leadership styles: Nicolas Sarkozy from the center-right Union for a Popular Movement (UMP) from 2007-2012, then François Hollande from the Socialist Party (PS) elected in 2012. France has been no exception to the rise in Euroscepticism across Europe. The National Front or Front nationale (FN) currently headed by Marine Le Pen has been a populist force in France since the 1970s. Regarding the EU, FN "systematically opposes the construction of the European Union" and

historically has held nationalistic and xenophobic ideology.<sup>7</sup> FN's sudden popularity has taken both French and EU leadership by surprise. Generally, the party appealed to a narrow spectrum of voters, namely young males ages 18-30; however by the 2012 elections, it seemed that FN was attracting voters not only from the far-right, but those independents dissatisfied with the main two political parties.<sup>8</sup> Following President Hollande's historic low-approval rating in the poles, in the May 2014 European parliamentary elections, the party won 25 seats, becoming the largest French political party in the EP.<sup>9</sup> With the rise in popularity of FN comes the downfall in approval ratings for President Hollande. As of May of 2014, Hollande had an approval rating of just 18% amongst the French electorate.<sup>10</sup>

This chapter seeks to explain the recent behavior of French leadership and society. Arguably, FN has become comparatively more popular than Eurosceptic parties in Germany, and even the United Kingdom. Therefore, the first inquiry for this chapter is to what extent has Euroscepticism in France affected the recent volatility in French domestic politics? Next, how has this Euroscepticism been affecting French leadership's European policies?

## NEOLIBERALISM

Neoliberals emphasize the prevalent role French leaders have played in shaping European institutions. As mentioned previously, Frenchmen Robert Schuman and Jean Monnet began the European integration process with the birth of the ECSC. During Jacques Delors Commission Presidency, he not only made strides with economic integration, but brought the EEC closer politically as well. He sought to make the European institutions more politically accountable and democratic by increasing the powers of the European Parliament (EP) and cooperation between

the EP and the Council of Ministers.<sup>11</sup> After the success of the SEA, Delors set in motion the three-staged Delors Plan to start a monetary and currency union in Europe.<sup>12</sup>

Referring to the previous chapter, neoliberals also highlight the importance of Franco-German bilateralism. Although French and German leaders were beginning their partnership at the end of WWII and throughout the 1950s, it was in 1963 with the signing of the Élysée Treaty that the relationship was truly solidified. Despite French President Charles de Gaulle's reputation as a staunch French nationalist, even he understood the importance of a bilateral partnership with Germany as a means to maintain "peace on the European continent," while tying the two countries' "national interests to European interests" to progress the EU's development as a whole.<sup>13</sup> This partnership was vital during the early years of the Cold War; both French and German leaders feared becoming marginalized between the US and USSR. The Élysée Treaty proved to be a step towards both safeguarding European interests during the Cold War, as well as providing a platform for French leaders to lead Europe independent of the two poles.

Neoliberals acknowledge the times when French leadership has been hesitant towards European integration, but overall maintain that both former President Nicolas Sarkozy and current President François Hollande understand the importance of continued cooperation during the crisis rather than promotion of self-interests. Neoliberals also recognize the rise in discontent in the French public regarding the EU, but view that this dissatisfaction will not have a great effect on overall French European policy.

### *Leadership*

*Sarkozy.* As stated in the previous chapter, neoliberals recognize the tensions surrounding

the direction of resolution efforts between Chancellor Merkel and President Sarkozy. However, neoliberals' view that these tensions were ultimately positive, as both leaders brought strengths to the negotiation table. Neoliberals commend former President Nicolas Sarkozy for his commitment during his presidency to facilitating cooperation on EU policies and building consensus amongst member states about EU resolutions. Even before the crisis began, Sarkozy had been instrumental in encouraging cooperation amongst member states to tackle issues such as climate change and immigration.<sup>14</sup>

Referring to the previous chapter, Franco-German bilateralism was instrumental in the initial years of the Eurozone crisis. Sarkozy's main task during this time was primarily building coalitions and striking compromises –not just with Chancellor Merkel, but also with member states across the EU. Merkel's comments regarding the indebted countries created enormous controversy, creating two opposing economic ideological camps, with France and Germany at the lead on each side.<sup>15</sup> Once the two leaders began to work more closely together to find a common ground, no opposing coalition was created against them, making conditions more favorable to both institutional and legislative reform.<sup>16</sup>

Hollande. Throughout his campaign, François Hollande criticized Sarkozy for working too closely with Merkel, citing the Franco-German relationship had become far too much in favor of the latter.<sup>17</sup> Many leaders worried Hollande's election would bring a halt to the integration engine between his predecessor and Merkel. However, neoliberals observe that Hollande understood the importance of the bilateral relationship. Neoliberals specifically point to Hollande's history as a supporter of the EU; Jacques Delors himself was Hollande's mentor during his early years in the Socialist Party.<sup>18</sup>

From the beginning, Hollande has made clear to German leadership that despite his campaign rhetoric, he was dedicated towards continuing the strategic compromises with his German counterpart. On the day of his inauguration in May of 2012, he flew to Berlin to see Chancellor Merkel.<sup>19</sup> Furthermore, Hollande has emphasized the vital role of France's leadership position in the EU, calling it "a 'linchpin,' holding together the EU's northern and southern parts, building bridges between them."<sup>20</sup>

### *Society*

Neoliberals acknowledge that the French public has seen a considerable rise in Eurosceptic sentiments, but this disgruntlement with EU institutions will ultimately not shape their leadership's European policy. Furthermore, neoliberals view that foreign media and scholars have over exaggerated Euroscepticism in France. As Reuben Wong and Albrecht Sonntag note in their 2012 article, the French are often depicted as "a country in decline and denial, out of touch with today's globalized world," when in actuality, the idea of national decline is of little importance the public.<sup>21</sup>

Neoliberals do not believe that Euroscepticism will have a significant hindrance in French leadership and cooperation with the EU. Polls conducted on French opinion regarding the EU have found that the French voters are overall satisfied with the positive outcomes of European institutions, such as peace and stability across Europe, even when their opinions of European monetary and financial institutions are low.<sup>22</sup> Moreover, scholars note that when French leaders have a positive view of the EU and commit to strengthening institutions, the French public corresponds with a more favorable view of the impact European institutions have on the country.<sup>23</sup>

Overall, neoliberals assert that just as French leadership recognizes the importance of economic and political interdependence with Europe, French society too understands the importance of cooperation with Europe, and feels the EU is still a vital stage for French voices and interests to be heard globally.<sup>24</sup>

### NEOMERCANTILISM

Neomercantilists underscore the inherent historical and cultural differences between French and German European political goals. The primary political goal of European integration was to promote peace and stability throughout Europe, which according to French leaders during the post-WWII years, was possible only by binding Germany through supranational institutions.<sup>25</sup> In this arrangement, Germany could regain its reputation on the international stage, and the French could have the upper hand in the creation and coordination of European institutions. This political clout at the European level only lasted until the 1960s, when it became clear Frenchmen at the European level differed greatly from the French politicians at the national level. During Charles de Gualle's time as president, French leadership's primary goal in European institutions was to ensure Germany would not resurface as a prevailing political power in Europe, not to bring Europe closer together through supranational establishments.<sup>26</sup> This was most clearly evident during the Empty Chair Crisis of 1965-6, caused by de Gualle's refusal to allow the commission president to move the EEC towards a more supranational entity.<sup>27</sup> Neomercantilists maintain that anytime French leaders favored further integration, the primary motive once again was to tame German leadership. After the collapse of the Soviet Union, German reunification was the primary concern for states across Europe. Former President Mitterrand initially was vehemently against reunification; his mind shifted towards support only

on the realization to further fix the newly unified Germany in European institutions with the Maastricht Treaty.<sup>28</sup>

Furthermore, neomercantilists turn to the inherent cultural differences between French and German economic schools of thought. Frank Bohn and Eelke de Jong, found that the French attitudes towards the national economy aligned more closely to Southern European countries (such as Spain and Italy), while the German economy combines Latin and Anglo-Saxon style economies.<sup>29</sup> These differences in leadership styles illustrate the tensions in direction of resolutions towards the crisis. As German economic power grows, the French citizens and elite grow wearier of the diverging economic styles in the EU.

Neomercantilists argue that the Eurozone crisis has increased Euroscepticism amongst French voters. Neomercantilists argue that crisis has become highly politicized in France, in turn, causing political fragmentation amongst French elites. Moreover, neomercantilists assess the rise in FN as French society's dissatisfaction with their position in the EU.

### *Leadership*

*Sarkozy.* Neomercantilists argue that President Sarkozy was too subservient to German interests. During the beginning of his presidency, Sarkozy had taken a seeming nationalistic approach in his European policy. Whereas neoliberals view Sarkozy's commitment to multilateral collaboration as a means of creating greater cohesion and cooperation amongst member states, neomercantilists argue that Sarkozy was in fact attempting to invite other EU members "to pull their weight" on EU issues.<sup>30</sup> During this time it seemed that Sarkozy was not interested in establishing a substantial bilateral partnership with Chancellor Merkel, but rather encouraging countries of similar economic attitudes (such as Spain and Italy) as a means to

counter German influence.<sup>31</sup> For German officials at this time, the feeling was mutual. In an interview, a German official admitted preference to a more elusive alliance with the Netherlands, whom, as he felt, the Germans shared more similar ideals with.<sup>32</sup>

Neomercantilists view the collaboration between Sarkozy and Merkel during the initial years of the crisis as a result of the decline in French leadership in Europe. Although the French economy is one of the largest in the EU and managed to avoid the Greek and Spanish levels of severity of the crisis, the country still lags far behind Germany. The imbalances between the French and German economies are most apparent in the industrial sectors, with businesses unable to produce as competitively on a global scale compared to German enterprises.<sup>33</sup>

Neomercantilists view that Sarkozy simply did not have the economic clout to defy Merkel's leadership. Neomercantilists also observed that Sarkozy's economic beliefs did not align with those traditional of France; Sarkozy's party supported neoliberal economic policies such as privatization, labor market reform, and the overall decline of government presence in the economy.<sup>34</sup>

During the 2012 presidential elections, the French public's dissatisfaction with his domestic and European policies became apparent. In an attempt to turn around his approval ratings, Sarkozy's rhetoric turned more Eurosceptic, advocating a new direction on certain issues, such as reducing the French financial contribution to the EU.<sup>35</sup> In the end, French voters proved to be unsatisfied with Sarkozy's subjection to German demands. In particular, voters were not impressed by his sudden contradictory EU policies, and his implementation of austerity measures.<sup>36</sup>

Hollande. As mentioned previously, François Hollande was critical of Sarkozy's conduct throughout his 2012 campaign. Hollande's national economic plans were entwined with his policies at the EU level. Hollande ran on a platform which advocated the "reconsideration" of EU austerity measures, and called for a "policy of growth" to be entwined in the SGP.<sup>37</sup> Despite his rhetoric, as a mentee of Delors, Hollande had a more pro-European past. In 2005 he supported the unpopular European Constitution, and numerous times throughout his political career has promoted European political and economic integration.<sup>38</sup> Consequently, Hollande's EU position was largely to attract Eurosceptic voters, rather than based on actual belief.

Currently, Hollande is facing extremely low popularity rating amongst voters. In the Senate elections of 2014, the polls were in favor of Sarkozy's UMP with even more support for FN; France's right gained 187 seats in the Senate.<sup>39</sup> These elections were followed by Hollande's decision to form a new cabinet one-month earlier after "two senior ministers publicly condemned [his] economic policies."<sup>40</sup> Neomercantilists view that Hollande has fallen into the trap of his predecessor and has failed in asserting French interests in the EU.

## Society

Although the French public has shown signs of support for European institutions in the past, neomercantilists argue that historically they have been more reluctant of European integration than supportive. As Sarah Waters argued, French society has become disillusioned with neoliberal economics, finding the ideology insufficiently protected the French economic from the 2008 Global Economic crisis and the current Eurozone crisis.<sup>41</sup> Furthermore, the French public has tended to negatively link European integration with globalization, immigration, even Americanization, all of which in the past French citizens have voiced concerns over.<sup>42</sup>

Neomercantilists view these disillusionments with the EU as one of the main reasons FN has risen to popularity. In the 2012 presidential elections FN attracted voters that favored protectionist measures, were apprehensive of the single currency, and greater economic sovereignty.<sup>43</sup> Since the election, these sentiments have risen considerably. In 2013, only 41% of the population had favorable views of the EU, comparatively lower than the 43% standing in the UK.<sup>44</sup> The political pendulum swinging to the Left in the 2012 elections and now back to the right by the 2014 legislative elections illustrates society's dissatisfaction with the main two parties. Although FN and the rise in Euroscepticism does not seem to be heavily affecting Hollande's EU policy, it is causing considerable volatility in French domestic politics.

### STRUCTURALISM

To a certain extent, structuralists do not view France as critically as they view Germany. French leaders have often called for solidarity amongst member states, with the monetary union to be more symmetric, with stronger countries offering help to weaker states.<sup>45</sup> Structuralists agree with the neomercantilist observation that the French economy is more closely aligned with those of the peripheral countries. France itself has also been experiencing trade deficits as Germany continues to hold a surplus.<sup>46</sup>

French leadership has also been a seemingly more munificent leader in European institutions when concerning policy-making. Since the French economy does not have the economic magnitude of that of the Germans, French leadership has often appeared less intimidating and more palatable to smaller states.<sup>47</sup> Structuralists, like neomercantilists, note the rise in tensions between the Franco-German collaboration, with the scales tipping more in favor of Germany.

Structuralists also recognize the French leadership often sought a more nationalistic, often paradoxical approach regarding European institutions. In addition to containing German power and wanting to assert French power on the international stage, Charles de Gualle's European policy was primarily to keep the EEC an intergovernmentalist organization with each state containing a veto to keep the organization from becoming a supranational institution.<sup>48</sup> Ironically, de Gualle and many French leaders following after him also sought to make European institutions a platform to project French power at the international level.<sup>49</sup> Similarly, the French public has not always been sympathetic towards their fellow Europeans. Like their leaders, structuralists view the French public as often very nationalistic, and at times of economic hardship, obsessing over its perceived cultural decline.<sup>50</sup>

Like neomercantilists, structuralists argue that Sarkozy was too subservient to German interests, whereas Hollande did have the potential to become an effective counterweight to German interests, but has been ineffective in doing so. Structuralists view the rise of FN negatively, as the far-right, nationalistic viewpoints have contributed to hindering Hollande from the ability to effectively lead in the EU.

### *Leadership*

*Sarkozy.* Structuralists agree with the neomercantilist observation that Sarkozy was too compliant regarding resolutions to the Eurozone crisis. Structuralists view this was in part due to Sarkozy's personal politics; UMP is a center-right party, no matter the disagreements between leadership styles of Merkel and Sarkozy, fundamentally UMP's capitalist ideology coincides with those of Merkel's CDU.<sup>51</sup>

Structuralists view that Sarkozy did have the opportunity to provide a more equal leadership during the preliminary years of the crisis. Even though Germany is the largest economy in the Eurozone and thus wields a certain amount of political influence, German politicians are still hesitant to lead without their French counterpart without espousing fears throughout the globe of another reincarnation of a hegemonic Germany.<sup>52</sup> Structuralists assert that Sarkozy could have used this political clout to more effectively campaign for the interests of the indebted states (such as the implementation of Eurobonds), and could have avoided the harsh austerity implemented on his own economy.<sup>53</sup> Furthermore, Sarkozy appeared to have political leverage in another arena: the French public. Sarkozy himself at the beginning of the crisis in 2010, that the bailout issue was not as hotly debated in France as it was in Germany.<sup>54</sup> Instead, Sarkozy's fundamental support for capitalism took hold, and he took a more subservient role in negotiations, ultimately costing him reelection.

*Hollande.* Hollande did not share the same fondness of neoliberal economic policies as his predecessor, and therefore had much greater potential to insight a change in the direction of EU politics. Hollande proved to be the best of both worlds: although he campaigned against the implementation of austerity measures and the domination of Germany in EU politics, Hollande's political past under Delors gave him a greater understanding of the EU framework.<sup>55</sup> Additionally, throughout the 2012 campaign, Hollande's viewpoints on EU policies did seem to garner support from other member states. Despite the fact that Europe is dominated by right-leaning parties, political elites in Spain, Italy, UK, and Poland all had expressed skepticism towards austerity measures and the Franco-German dynamic established by Merkel and Sarkozy.<sup>56</sup> Hollande also had potential political influence across the border in Germany. Upon

Hollande's election, his Prime Minister Jean-Marc Ayrault established direct contact with the German socialist party (SPD) "in order to put external and internal" pressure on Chancellor Merkel.<sup>57</sup>

Unfortunately, Hollande did not stray away from Sarkozy's legacy as much as the French public hoped. This was largely due to Hollande's inability to live up to many of his campaign promises. For instance, Hollande had promised to renegotiate the SGP to end austerity, however, he found his German counterparts only willing to establish a small growth fund; he then vehemently ignored criticism from across the political spectrum in France and advocated for the fund's passing.<sup>58</sup> As a result the French public has become dissatisfied with his leadership, and as neomercantilists observe, caused the pendulum to swing back in favor of the right wing.

### *Society*

Structuralists view the Euroscepticism in French society as being the biggest hindrance to the country's ability to being an effective counterweight to German interests. Structuralists are empathetic of the French public's frustration towards EU institutions. They agree with the neomercantilist observation that French society has become disillusioned with the neoliberal policies of the EU. In a survey conducted in 2013, 77% of the public viewed that the economic system favored the wealthy, while 85% feel that inequality has grown substantially in recent years.<sup>59</sup>

However, structuralists view the recent Euroscepticism as correlated with the *déclinisme* (declinism) movement, originating in the ninetieth century, which believes that France is declining economically, politically, and culturally.<sup>60</sup> The rhetoric of the *déclinisme* movement often takes on a very xenophobic tone often "shift[ing] blame for socioeconomic problems away

from objective economic and political determinants towards the specific action of a culture group” in attempts to rally support for nationalistic policies.<sup>61</sup> It is within this context that FN has been able to advance in popularity amongst French voters.

FN’s popularity in France has contributed to the president’s inability to build solidarity in the EU. FN’s leaders and supporters’ extremism coupled with those from the *déclinisme* movement have placed political pressure on Hollande to shift more right leaning in his domestic policies. Overall, FN and Euroscepticism in France have damaged Hollande’s ability to become a proper political force at the EU level.

## CONCLUSION

Neoliberals view French reaction to the financial crisis as largely positive. Both Nicolas Sarkozy and François Hollande have understood the importance of continued Franco-German collaboration. Neoliberals commend Sarkozy in particular for encouraging coalition building and cooperation amongst EU member states, as well as working together with Merkel to further integrate the EU economically and politically. Hollande has proven to continue his predecessor’s European policy, closely working with the German chancellor as the crisis continues to unfold. Neoliberals see the rise in FN and Eurosceptic sentiments across France as simply the result of dissatisfaction with the French economy, and not having any significant effect on French European policies. Furthermore, neoliberals do not believe Euroscepticism has caused any significant fragmentation in French domestic politics.

Neomercantilists emphasize the growing economic disparities between the French and German economies as creating a rift in Franco-German bilateralism. Neomercantilists view

Sarkozy's European policies as being too submissive to German national interests.

Neomercantilists view that Sarkozy was not a resistant to EU policies as his constituency. During his campaign, his contradictory attempt to attract Eurosceptic voters cost him reelection.

Moreover, although Hollande had campaigned on a platform largely criticizing Sarkozy's EU policies, Hollande himself is far more pro-European than the French public. As a result, the French public is extremely dissatisfied with his presidency. Neomercantilists see Eurosceptic sentiments and FN as having a significant effect on French domestic politics, causing political volatility, as French voters grow more disillusioned with the main political parties.

Lastly, structuralists agree with neomercantilist observation that both French presidents have ultimately been too subservient to German interests. Structuralists' underscore that both Sarkozy and Hollande had the potential to create solidarity amongst the Southern European states, as their economies more closely aligns with French's. Both presidents have failed to make the French position an effective counterweight to German domination in the EU. In regards to French society, structuralists highlight the correlation in ideas of the *déclinisme* movement and FN's political objectives. Structuralists view that FN is distracting voters from the real issues of the EU with nationalistic and xenophobic rhetoric. Furthermore, structuralists observe that this Euroscepticism has resulted in political fragmentation in French domestic politics.

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<sup>4</sup> Ibid.

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## CHAPTER FOUR: THE UNITED KINGDOM

### INTRODUCTION

The United Kingdom (UK) differs from the two previous case studies, Germany and France, in several ways. Most prominently, the UK is a member of the European Union but remains outside of the Eurozone. Another being that the UK joined European institutions purely for the economic benefits, not sharing Germany and France's European idealism. At the end of WWII, the United Kingdom emerged as a dominant power in the international system as an ally victor. The UK was supportive of Post-WWII European cooperation from a distance, relying on its relationship with the Commonwealth countries and the United States to keep itself from becoming too dependent on Europe.<sup>1</sup>

By the early 1960s, it was clear that the UK was declining as an economic and political power. Once again, this was due to the polarization of the international system between the US and the USSR. The US had taken the reigns as the newest Western hegemon, with the British legacy from its colonization days waning to second power status. Their attempt at their own European economic institution, the European Free Trade Area (EFTA) had been unsuccessful, and British government officials began to turn to the EEC for membership.<sup>2</sup> Since its accession to the EEC in 1973, the UK has acted as a distant member, constantly fighting to opt out of any laws or pacts that the British government feels may diminish their economic or political sovereignty. The relationship between the UK and Europe has been more of "a marriage of convenience," with the UK satisfied only when it feels it is benefitting economically; however,

since the outbreak of the Eurozone crisis, many in the UK feel that EU membership is no longer in British interests.<sup>3</sup>

Many scholars argue that the Eurozone crisis has exacerbated British reluctance to European integration. With an increasingly Eurosceptic media fueling public cynicism towards the EU, the British government, particularly Prime Minister David Cameron, has sought to renegotiate the terms of British membership, even promising an In/Out referendum on EU membership in 2017 if his party wins reelection in 2015.<sup>4</sup>

Additionally, the UK has also seen a surge in popularity of the hard Eurosceptic party, UKIP. As stated previously, the UKIP was founded in 1993, with its primary goal aiming to remove the United Kingdom from EU membership. Like FN, UKIP has been noted to hold nationalistic bordering on xenophobic messages, particularly its policies on immigration.<sup>5</sup> Despite its history of Eurosceptic sentiments, Eurosceptic parties such as UKIP have historically never fared well in the polls, with major parties' views on EU institutions having been more attractive to the general public.<sup>6</sup> However, with the outbreak of the crisis, UKIP's popularity had reached an all-time high, with more and more of the British public seemingly dissatisfied with membership in the EU. On December 31<sup>st</sup>, 2013, the British newspaper *The Independent* published an article entitled "The three main parties suffered in the polls this year. Only UKIP truly did well," in which the author calls the party's record level of support "the most serious independent fourth party incursion in British political history."<sup>7</sup>

This chapter explores and seeks to explain through each perspective these observations that have been noted in British government and society since the outbreak of the crisis. The primary inquiry being the causes for David Cameron's self-inflicted isolation from the EU, and

to what extent has his behavior been influenced by the rise of UKIP. Next, to what extent has the British media played in fueling Euroscepticism in both British government and society?

## NEOLIBERALISM

Neoliberals acknowledge that the UK has historically been a reluctant participant in the European integration project. However, neoliberals also emphasize moments in British history when both British government and society were supportive of membership. By the early 1960s it had become clear to both British politicians and economists that the previous governments had overestimated the UK's ability to bounce back from the economic rut of the post-World War II years. In both 1950 and 1960 the UK had amongst the lowest global GDP ratings, consistently performing far behind markets in Europe.<sup>8</sup> By this time, British politicians were humbled to idea of EEC membership, now realizing that the economic community could potentially “provide their country with a new base for future ambitions as an independent power.”<sup>9</sup>

Later, in the 1980s, even hard-lined Conservative former Prime Minister Margaret Thatcher understood the economic benefits of EEC membership. Although Thatcher spent the early years of her premiership fighting to renegotiate the UK's budgetary contribution, she enthusiastically supported and signed the Single European Act of 1986, recognizing the advantages of its “overall sound economic rationale.”<sup>10</sup> More recently, during Tony Blair's time as Prime Minister, Blair actively sought to keep Britain as involved in EU affairs as much as possible. He even took the UK's involvement beyond just the economic sectors, helping to coordinate the Common Security and Defense Policy (CSDP) as well as becoming highly involved throughout the Eastern enlargements during the 2000s.<sup>11</sup>

May neoliberals' view that Britain's current membership allows the country to the best of both worlds: the UK is able to participate in the economic benefits that arise from membership whilst opting out of the Eurozone. Neoliberals see Prime Minister Cameron becoming too assertive of Britain's national interests, mostly due to pressures from Eurosceptics within his own party, as well as from the rise in UKIP. Neoliberals also acknowledge the influence of the British media in shaping Eurosceptic opinions amongst the British public.

### *Leadership*

As stated above, neoliberals view that Cameron's current isolating European policies are the result from pressure from the rise UKIP as well as from hard Eurosceptics within his own party. Though Cameron has not been the strongest supporter of the EU throughout his political career, neoliberals view that Cameron still understands the importance of British membership in the EU. When Cameron became the Conservative Party leader in 2006, he famously urged his party to "stop banging on about Europe," knowing that his own party's Eurosceptic rhetoric was costing them reelection.<sup>12</sup> Furthermore, even after Cameron announced his 2017 In/Out referendum promise, he still waivered in support for withdrawal of membership. Reported in The Independent on January 24, 2013, Cameron "insisted 'We should think very carefully before giving that position up... We will have to ask ourselves is this...the very best future for our country'."<sup>13</sup>

Cameron in some sense is simply continuing the British leadership legacy of European policy, in that he is attempting to be involved with European affairs, while still retaining more economic and political sovereignty than most member states. However, neoliberals find that this may be an outdated strategy if the UK wants to continue to have a substantial impact in Europe.

During the policy negotiations for the fiscal compact treaty, Cameron supported making the EU a fiscal union, knowing that if the Eurozone were to disintegrate the ramifications would be disastrous for the British economy.<sup>14</sup> However, when Cameron pushed that he also did not want the fiscal union to be integrated within the EU as a whole, as a way to exclude non-Eurozone members from having to implement any of its policies, it became clear to other EU member states that Cameron wishes to “shape the rules of this inner union, but without joining it.”<sup>15</sup> Cameron’s desire is not only unrealistic, but is actually counterproductive, simply isolating the UK from the negotiating table.

Neoliberals argue that if Cameron wishes to remain politically relevant in the EU, the UK needs to start conceding much of its hard-lined, protectionist demands. As Matthew Matthijs argues, if the UK wishes to wield significant power in the “EU’s institutional infrastructure” the country will ultimately “have to join the euro itself.”<sup>16</sup> Otherwise the UK will continue its dangerous path to political and economic isolation, and in turn will damage its role as an overall global player.

### *Society*

Neoliberals recognize that although the British public traditionally has not been extremely pro-European, the majority of the British electorate “is not the radical euroscepticism which seeks complete withdrawal”.<sup>17</sup> The increasingly eurosceptic British media has inflated the numbers of British citizens that favor withdrawal. During the 1970s, when British citizens were to vote on EEC membership, the electorate saw a wave of support for the “Yes” campaign from the media, backed by pro-EEC politicians.<sup>18</sup> While the British media still remained critical of European integration, the coverage was fairly even and unbiased. By the 1980s, during the

budgetary renegotiations led by Thatcher, the British media suddenly turned sensational, spouting fears over loss of national sovereignty and British identity.<sup>19</sup> Despite the embellishing of British media the British public overall remains positive towards the EU. In a survey conducted in 2012 by YouGov@Cambridge, the data concluded that a majority of the British public favored Britain staying in the EU rather than leaving.<sup>20</sup>

Furthermore, neoliberals argue that Cameron and Eurosceptic politicians are not taking British business interests into consideration. In a report conducted for the Center of European Reform, John Springfield and Simon Tilford analyzed the UK's economic climate and prospects and argued that the UK would actually greatly benefit from additional liberalization in the service sector in Europe.<sup>21</sup> Many British executives are worried about the consequences of Cameron's referendum promise. In an interview with The Independent chief executive of the WPP advertising group, Sir Martin Sorrell, expressed concerns that his clients "are worried about the uncertainty and would suspend investment decisions or move elsewhere."<sup>22</sup> Upon making his referendum announcement, Prime Minister Cameron did not consider how investors and businesses would respond to the economic ambiguity in the interim before the vote.

## NEOMERCANTILISM

Neomercantilists emphasize the inherent cultural and historical differences between the United Kingdom and Europe. They view that the growing tensions between the UK and Europe from British isolation is a natural and expected distancing. As Christian Schweiger identifies in his book, *Britain, Germany, and the Future of the European Union*, the Kingdom's geographic isolation from Europe coupled with its independent status as a historical world power has

produced fundamental distinctions between the British peoples' perception of the European integration project, and European citizens' views.<sup>23</sup> Britain's status as an island nation proved to have many strategic advantages, as Britain was able to evade the constant destruction and invasions that continental European countries were subject to throughout history; and consequently, Britain's political system evaded the continuous political instability that plagued countries such as Germany and France.<sup>24</sup>

These fundamental differences have been a foremost characteristic in British participation in the European integration project. As stated previously, British politicians had no interest in joining European institutions until the economic benefits of membership became too obvious to ignore. After a rejection of their first membership application from French President Charles de Gaulle, Britain was finally able to obtain membership a decade later in 1973.<sup>25</sup> It was only a year later when the UK became the first country in the EEC to hold a referendum on membership, only narrowly scoring an 'In' vote in 1975.<sup>26</sup> Since obtaining membership, UK Prime Ministers and politicians have consistently asserted Britain's national interests in the EU. Even pro-EU Prime Minister Tony Blair exhibited moments of independence from Europe. During the start of the Iraq war, Blair "prioriz[ed] Britain's special relationship with the US" rather than consult with the EU to debate the issue.<sup>27</sup>

Neomercantilists believe that Cameron is simply continuing the legacy of British reluctance of European integration. Additionally, neomercantilists view that UKIP, along with Eurosceptics within his own party, have been pressuring Cameron to be more assertive of Britain's national interests.

## *Leadership*

Unlike neoliberals, neomercantilists highlight David Cameron's personal reluctance towards EU institutions and policies. Since the 1990s, the Conservative Party has been the most Eurosceptic of the UK's main political parties.<sup>28</sup> Since gaining leadership of the party in 2005, Cameron has been no exception. Before gaining the premiership, in 2007 Cameron campaigned against the ratification of the Lisbon Treaty, calling for a referendum to renegotiate the terms of the agreement.<sup>29</sup> Furthermore, upon entering office, he passed a series of amendments, which made any EU policy transferring power to Brussels to be subject to national referendum.<sup>30</sup>

Despite this, Cameron's Eurosceptic peers view him to be too moderate in his approach to European policies. As Andrew Gamble identifies in his 2012 article "Better Off Out? Britain and Europe," the Eurozone Crisis has split the Conservative Party between harder Eurosceptics that more closely identify with UKIP politicians that want the UK out of the EU completely, and softer Eurosceptics that favor staying in the institution with a renegotiation of membership.<sup>31</sup> In 2011, when Cameron infamously used the first British veto on an EU treaty for not securing economic safeguards for London in the European Fiscal Compact Treaty, right politicians were notably divided. Some conservative politicians, such as Tory MP Bill Cash, praised Cameron for setting the "path [to]...fundamental renegotiations," while other Eurosceptics from both UKIP and the Conservative Party criticized Cameron for not pushing hard enough.<sup>32</sup>

As noted previously, British leadership's support for European integration has appeared only during times of economic or political duress. In other words, when it was in British interests to be pro-European. As Cameron commented in a speech in 2011, "...We will remain in the European Union as long as it is in our interests to do so".<sup>33</sup> With Germany and France pushing

both EU and Eurozone member states to become more closely integrated economically and politically than ever, UK leadership feels the looming threat of loss of national sovereignty. Neomercantilists believe that Cameron will continue on his path of distancing the UK from the EU as pressure from UKIP and within the Conservative Party builds.

### *Society*

Neomercantilists assert that overall, British opposition to EU membership outweighs support. Once again, neomercantilists stress underlying historical and cultural differences between Britons and Europeans. Just as their leadership as possessed a legacy of reluctance towards Europe, so has the British people. Whereas centuries of warfare has shaped citizens in Europe to view European integration “as an integral part of national identity,” British citizens “tend to see Europe as a threat” to British national identity.<sup>34</sup> Neomercantilists view that the Eurozone Crisis has made the British electorate more Eurosceptic. Despite all the criticism Cameron received from fellow UK politicians as well as from peers in Europe when he vetoed the European Fiscal Compact Treaty, Cameron’s public approval spiked, with media outlets praising him for keeping the ‘bulldog spirit’.<sup>35</sup> Euroscepticism amongst the British public can also be noted in the rise of UKIP. In 2013, the party steadily advanced in the polls amongst conservatives at the expense of the Conservative Party; later in 2014 European Parliamentary elections; UKIP came on top beating out both the Conservative and Labour Party.<sup>36</sup>

Neomercantilists acknowledge the role that British media has played in fueling Euroscepticism since the eruption of the Eurozone Crisis. Yet, note that historically the British media has been critical of British participation in European integration. As Christian Schweiger noted in his 2007 book, even during the cooperative years during Tony Blair’s administration,

Euroscepticism in the British media still posed a great challenge in gaining public support on involvement in the EU.<sup>37</sup>

Neomercantilists disagree with the neoliberal assumption that the UK will need to further integrate with Europe in order to survive economically. Economists have argued that the UK economy is ultimately still globally oriented, particularly with its close ties to the United States.<sup>38</sup> Furthermore, the EU is hindered the UK from effectively growing its business and financial sectors across the globe, and an exit would free the UK from the EU's 'burdensome' regulations.<sup>39</sup>

## STRUCTURALISM

Structuralists argue that the UK's membership in European institutions has historically stood for promotion of national economic interests. Politicians in the UK never shared the cooperative idealism of their European counterparts. Britain's primary motivation for encouraging Germany and France to cooperate through economic institutions was to ensure that no future European conflicts could impose additional damage onto the UK's territory and economy.<sup>40</sup> Furthermore, many of the same incentives of the UK to stay out of European integration directly after WWII exist today: Britain's relationship with the Commonwealth countries and its relationship with the United States.<sup>41</sup> Structuralists view that the UK only started to take the EEC seriously once it realized it had reached 'imperial overstretch' in its former colonies and "second-power status" on the global front during the Cold War.<sup>42</sup>

Structuralists emphasize the UK's paradoxical nature as a member state. These paradoxical policies are usually the result of anti-European minority dominating party politics.

Contradictory European strategies were particularly apparent during the Thatcher administration. During this time, the Labour Party (now known for its pro-European stance during the Blair administration) was staunchly the most anti-European party, strangely enough; agreeing with their (Conservative) Prime Minister on her hard-lined, nationalistic rhetoric, while those in her own party disagreed with her negotiation tactics.<sup>43</sup> These Eurosceptic Labour politicians believed that the EEC was too economically liberal, while pro-European Conservative politicians saw the EEC as a means to tame socialist policies at home.<sup>44</sup>

Structuralists believe that Cameron is falling under the same trap that the Labour Party did during the 1980s. Just as Labour had, Cameron is allowing a Eurosceptic minority on the right to influence his European policies. Moreover, structuralists also view that Cameron is using the Eurozone crisis as a scapegoat for economic problems at home. Regarding media influence, structuralists also view that the British media has directly resulted in the rise of UKIP, from sensationalizing EU politics and issues in the press.

### *Leadership*

Like neoliberals, structuralists argue that Cameron is caving in to the demands of the Eurosceptic politicians from UKIP and from those in his own party. As Matthias Matthijs notes in his 2013 article, “David Cameron’s Dangerous Game,” Cameron is continuing the tradition of two of his Conservative predecessors, Margaret Thatcher and John Major, by letting his party splinter itself apart over the subject of European integration.<sup>45</sup> However, similar to neomercantilists, structuralists also recognize Cameron’s personal reluctance to European institutions.<sup>46</sup> Nevertheless, unlike neoliberals and neomercantilists, structuralists contend that Cameron secretly welcomes the pressure from Eurosceptic politicians. Similar to other

governments across the West after the Global Financial Crisis in 2008, and as a member state in the EU during the Eurozone Crisis, the UK has implemented harsh austerity policies insisting they will increase economic growth.<sup>47</sup> Cameron, as well as other on the UK right, are using EU membership as an excuse for the implementation of these austerity measures as a scapegoat for Britain's lackluster economic performance in recent years.<sup>48</sup>

Structuralists view that Cameron's European policies since the outbreak of the Eurozone Crisis have become increasingly contradictory, though not unlike UK politicians before him. Despite Churchill's infamous speech encouraging a formation of a "United States of Europe", UK leaders historically have been incredibly reluctant of political integration efforts, often promoting enlarging the EU in efforts to hinder deepening of political and economic integration.<sup>49</sup> Yet, Cameron and his minister support closer integration for Eurozone countries, knowing that fragmentation would have devastating consequences on the British economy.<sup>50</sup> Structuralists agree with the neoliberal observation that the British wish to wield power in shaping EU policies without having to actually follow them. As Nathaniel Copsy and Time Haughton have noted in their 2014 article, "Farewell Britannia?," Cameron and other Conservatives advocating for a renegotiation of membership fail to realize that Cameron must convince all 27 member states to approve of their demands at any cost, under the impression that each state fear more of losing the UK as a member than the stresses it will cost them in the renegotiation package.<sup>51</sup> Structuralists view that this sense of arrogance will worsen the UK's chances for securing their requests at the negotiation table.

## *Society*

Like neoliberals, structuralists also note the importance of the media and UKIP in fueling anti-EU sentiments in the British public. Structuralists disagree with the neomercantilists that the British media has always been critical of the EU. During the first In/Out referendum held in 1975, much of the British press backed the ‘Yes’ campaign, leading to the success of the pro-EEC campaigners.<sup>52</sup> The major difference between the former pro-European press and the current Eurosceptic media are the backers. During the 1975 referendum, the ‘Yes’ campaign was better funded than the oppositional campaign, with politicians and civil servants targeting influential sectors of the media to rally public support.<sup>53</sup> As stated previously, many British politicians now use Europe as an excuse for the UK’s recession, to turn the blame from being put upon them.

A detail that neomercantilists and neoliberals often ignore; structuralists note the how oftentimes the language used in the British media when covering EU affairs has taken a nationalistic and xenophobic tone. In a study conducted in her 2014 article, Paula Baranowska observes that when covering European affairs since the Eurozone Crisis, British media has taken an ‘Us versus Them’ approach. Many journalists make such claims on a number of issues that the Crisis is a European problem that not only has massive repercussions for the UK, but global implications due to the institutions’ inefficiencies.<sup>54</sup> Similarly, this sensationalization by the media has directly resulted in the rise of UKIP in popularity. As an anti-EU party, UKIP embodies this attitude of xenophobia. When confronted by a Conservative minister about his racist remarks, Nigel Farage (UKIP’s leadership) dismissed his comments saying that the British people “are genuinely concerned about opening up the door to Bulgaria and Romania’ following

with that he believed that Romanians in the country were already causing a ‘crime wave in London.’<sup>55</sup>

This sensationalization by the media has continued to espouse irrational fears about the EU in the public, and distracting them from important domestic issues. A 2012 poll surveying the British public discovering that “only six percent of respondents” view “Europe as the most salient issue facing the country,” while the rest of the electorate prioritized the economy and unemployment.<sup>56</sup> Studies as these reveal that most of the country is not as Eurosceptic as media and politicians choose to believe.

## CONCLUSION

To conclude, the UK is different from this thesis’ two previous case studies for several reasons. Primarily, the UK, while being a EU member, remains outside of the Eurozone. Historically, the UK has always been described as an ‘awkward partner,’ very reluctant to cede any control to the EU’s supranational entities. Lastly, since the outbreak of the Crisis, the British media has turned increasingly Eurosceptic, resulting in the rise of UKIP and seemingly anti-EU sentiments amongst the British public.

Neoliberals choose to emphasize instances in British history where both the politicians and public have supported membership in European institutions; even instances where UK leaders have helped to further integrate European institutions. Neoliberals view that Cameron’s current European policies are the result of pressure from Eurosceptics within his party and from those in UKIP. At the same time, neoliberals view that Cameron is continuing a British leadership legacy of wanting to be the forerunner in shaping EU policies without having to adopt

them. Neoliberal view that ultimately if the UK wants to continue to remain relevant not just in Europe but on the global front as a whole, they must not only cooperate with the Eurozone, but join the single currency itself.

Conversely, neomercantilists view that the increased distance between the UK and Europe was inevitable. Neomercantilists emphasize British reluctance towards European integration, feeling that Cameron's actions are no different than any other UK prime minister. Neomercantilists do believe that the rise of UKIP has put pressure onto Cameron to be more aggressive in compromises with Brussels; however, Cameron himself has historically not been the biggest support of EU policies. Cameron's promises for renegotiation of membership as well as an in/out referendum in 2017 are a continuation of British hesitancy towards Europe. Likewise, neomercantilists view that the British public on average has become more eurosceptic since accession. Although the media has contributed to anti-EU sentiments amongst the British electorate, cultural differences between Europe and the UK prevent the British public from ever fully being pro-European.

Finally, the structuralists highlight the UK's paradoxical European policy. Historically, the UK has been strong advocates for neoliberal economics and expansion of free trade and markets. The UK's anti-EU sentiments do not stem from economic policies infringing on national sovereignty, but rather British leadership's attempt to continue the British Empire's legacy. Cameron and his fellow right politicians are encouraging eurosceptic rhetoric in the British media as a way to distract the electorate from the harsh austerity policies. Structuralists agree with the neoliberal observation that Cameron is isolating the UK from other member

states, and without Germany's support, will have extreme difficulties trying to push renegotiations.

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<sup>1</sup> Schweiger, Christian. *Britain, Germany, and the Future of the European Union*. (n.p.: Basingstoke [England]; New York: Palgrave Macmillan, 2007), 14-15.

<sup>2</sup> *Ibid.*, 19-21.

<sup>3</sup> Matthijs, Matthias. "David Cameron's Dangerous Game." *Foreign Affairs* 92, no. 5 (September 2013): 10-12. (Accessed July 8 2015) Accession number: 89749125.

<sup>4</sup> *Ibid.*, 10.

<sup>5</sup> Van Kessel, Stijn. *Populist parties in Europe : agents of discontent?* (Houndmills, Basingstoke, Hampshire; New York, NY: Palgrave Macmillan, 2015), P. 153.

<sup>6</sup> *Ibid.*, 154.

<sup>7</sup> Curtice, John. "The Three Main Parties Suffered in the Polls This Year. Only UKIP Truly Did Well." *The Independent*, December 31 2013, accessed July 7 2015, <http://www.independent.co.uk/voices/comment/the-three-main-parties-suffered-in-the-polls-this-year-only-ukip-truly-did-well-9032030.html>.

<sup>8</sup> Schweiger, 2007, 20.

<sup>9</sup> *Ibid.*

<sup>10</sup> Matthijs, Matthew. "Britain and Europe: The End of the Affair?" *Current History* 113, no. 761 (March 2014): 94. (Accessed July 9 2015) Accession number: 94751955.

<sup>11</sup> Jokela, Juha. "David Cameron's European Policy: Britain Sidelined by Euroscepticism and the Economic Crisis." *FIIA Briefing Paper*, 124 (February 2013): 4. (Accessed July 9 2015) [www.fiaa.fi/assets/publications/bp124.pdf](http://www.fiaa.fi/assets/publications/bp124.pdf).

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<sup>13</sup> Grice, Andrew. "Handbagged! David Cameron's promise of EU referendum by 2017 provokes storm of controversy." *The Independent*, January 24 2013, accessed July 9 2015. <http://www.independent.co.uk/news/uk/politics/handbagged-david-camerons-promise-of-eu-referendum-by-2017-provokes-storm-of-controversy-8463417.html?origin=internalSearch>.

<sup>14</sup> Gamble, 2012, 471.

<sup>15</sup> *Ibid.*

<sup>16</sup> Matthijs, 2014, 96.

<sup>17</sup> Gamble, 2012, 472.

<sup>18</sup> Daddow, Oliver. "The UK Media and 'Europe': From Permissive Consensus to Destructive Dissent." *International Affairs* 88, no. 6 (2012): 1223. (Accessed July 10 2015) Doi: 10.1111/j.1468-2346.2012.01129.x

<sup>19</sup> Daddow, 2012, 1232.

<sup>20</sup> Gamble, 2012, 472.

<sup>21</sup> Matthijs 2014, 96.

<sup>22</sup> Grice, 2013, "Handbagged."

<sup>23</sup> Schweiger, 2007, 15.

<sup>24</sup> *Ibid.*, 29.

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- <sup>25</sup> Matthijs, 2014, 93.
- <sup>26</sup> Ibid.
- <sup>27</sup> Joekla, 2013, 4.
- <sup>28</sup> Matthijs 2014, 94.
- <sup>29</sup> Joekla, 2013, 5.
- <sup>30</sup> Ibid.
- <sup>31</sup> Gamble, 2012, 475.
- <sup>32</sup> Grice, Andrew. "The EU Leaves Britain." *The Independent*, December 10 2011, accessed August 30 2015. <http://www.independent.co.uk/news/world/europe/the-eu-leaves-britain-6275034.html?origin=internalSearch>.
- <sup>33</sup> Copsey, Nathaniel, and Tim Haughton. "Farewell Britannia? 'Issue Capture' and the Politics of David Cameron's 2013 EU Referendum Pledge." *Journal Of Common Market Studies* no. S1 (2014): 81. (Accessed March 29, 2015) doi: 10.1111/jcms.12177.
- <sup>34</sup> Copsey, 2014, 81.
- <sup>35</sup> Gamble, 2012, 469.
- <sup>36</sup> Curtice, 2013.
- <sup>37</sup> Schweiger, 2007, 42.
- <sup>38</sup> Gamble, 2012, 476.
- <sup>39</sup> Ibid.
- <sup>40</sup> Schweiger, 2007, 18.
- <sup>41</sup> Ibid.
- <sup>42</sup> Matthijs, 2014, 92.
- <sup>43</sup> Schweiger, 2007, 24.
- <sup>44</sup> Ibid., 25.
- <sup>45</sup> Matthijs, Matthias. "David Cameron's Dangerous Game." *Foreign Affairs* 92, no. 5 (Sept/Oct 2013): p. 10. (Accessed March 29, 2015.) <http://www.foreignaffairs.com/articles/139641/matthias-matthijs/david-camerons-dangerous-game>.
- <sup>46</sup> See notes 27-28.
- <sup>47</sup> Matthijs, 2013, 11.
- <sup>48</sup> Ibid.
- <sup>49</sup> Jokela, 2013, 4.
- <sup>50</sup> Copsey and Haughton, 2014, 84.
- <sup>51</sup> Ibid., 86.
- <sup>52</sup> Daddow, 2012, 1223.
- <sup>53</sup> Ibid.
- <sup>54</sup> Baranowska, Paula M. "The Coverage of the Eurozone Economic Crisis in the British Press." *Perspectives On European Politics & Society* 15, no. 4 (October 2014): 507-8. (Accessed March 29, 2015) doi: 10.1080/15705854.2014.922352.
- <sup>55</sup> Hall, John. "'Rather than going for the ball, they are going to attack the player': Nigel Farage hits back at claims by Ken Clarke that UK Independence Party is supported by rascists and is against foreigners and immigrants." *The Independent* Accessed September 7 2015, <http://www.independent.co.uk/news/uk/politics/rather-than-going-for-the-ball-they-are-going-to>

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<sup>56</sup> Matthijs, 2013, 11.

## CHAPTER FIVE: CONCLUSION

### INTRODUCTION

It is important to note that throughout this paper I have discovered that no one perspective can fully explain the Eurozone crisis' effects as a whole nor can explain the reaction of one political system individually. Although certain countries may indicate an inclination to certain policies advocated by one perspective, each perspective's philosophies are present in each case study. One weakness I have observed in each economic perspective is the lack of consideration of the importance of cultural differences. I have attempted to explain these factors in within each chapter through historical context and analysis, however, as economic perspectives; these ideologies do not give a complete understanding. Cultural-based perspectives such as constructivism, which studies cultural norms, values, and belief systems, can explain these issues more fully.

### SUMMARY

As neoliberals observe, Germany is still seeking cooperation with French leaders to further economic cohesion throughout the Eurozone. This was evident through the solidification of the SGP, the creation of the ESM, and the overall strengthening of fiscal coordination across the Eurozone. However, as neomercantilists note, German leadership has abandoned its historically overly cooperative approach, and has become more hesitant to concede on more sensitive issues. This is partly due to the German public, who have become more critical – not

necessarily of EU institutions, but rather their fellow member states. This censure has pushed Chancellor Merkel to pursue policies that will least impact the German economy, such as the involvement of the IMF as a means to shift the weight of the bailout onto an international rather than regional institution. In regards to the Eurosceptic party, AfD, it appears the political party did experience a surge of support in 2013 during the year of the party's creation. However, it does not appear the party has had significant influence on German leadership's European policy. As each perspective has noted in varying degrees, the German public largely supports and trusts its government's direction through the crisis.

Arguably, French leadership has seen the most surprising changes since the outbreak of the Eurozone crisis. As with Germany, neoliberals emphasize the continued cooperation between France and Germany. However, the crisis has produced noticeable tensions between French and German leadership. Though Sarkozy and Merkel were ultimately able to agree on stronger economic cohesion for the Eurozone as a whole, Sarkozy was noticeably critical of Merkel's conduct towards the beginning. In the domestic setting, voters were displeased with his sudden change of position during the 2012 presidential campaign. Most prominently, Euroscepticism has surged amongst French citizens. Current President François Hollande was elected based on his sharp critique of Sarkozy's bargains with Merkel and the EU. However, as neomercantilists have noted, even Hollande is too conciliatory towards German leadership for his French constituents. As neomercantilists and structuralists observe, Eurosceptic sentiments producing the sudden rise in FN coupled with public dissatisfaction with French policies are creating substantial fragmentation within the French government. As each perspective has noted, France's political

pendulum was in favor of the right before the crisis, and swung to the left in 2012, and as of 2014, now seems to be swinging back in favor of the right.

Lastly, the United Kingdom has also seen a change in attitude toward leadership's EU policy, albeit giving the country's historical context in European institutions, not as startling. Scholars from all three economic perspectives have noted the prominence of the British media in shaping public attitudes regarding EU affairs. As neoliberals identify, although Prime Minister Cameron has not had the fondest regards towards the EU, prior to the crisis he generally did not hold the staunch anti-EU sentiments presented by many in his own Conservative party. Due to media sensalization of the crisis coupled with growing Euroscepticism amongst the public and contribution to the rise in the Eurosceptic party UKIP, Cameron was forced to pursue a more isolationist policy. Scholars have identified the 2017 referendum pledge across perspectives as a means to appease the British electorate, even if Cameron himself appears to be half-hearted in support for withdrawal.

The following table summarizes each perspective's viewpoint on the crisis' effects on each case study. I have added an additional perspective, constructivism to highlight how a stronger emphasis on cultural factors may have played in this thesis.

Perspective Country	Neoliberalism	Neomercantilism	Structuralism	Alternative Perspective: Constructivism
Germany	Continuity in its legacy as a major player in the EU	Using EU to promote national interests at the regional level	Promotion of business and financial interests at the EU level	German guilt conscience and cultural value regarding economy
France	Instrumental in facilitating cooperation alongside Germany	Strong disapproval from society causes government fragmentation	French leadership failing as potential counterweight to German influence in EU	Protective of the preservation of culture means growing more hostile towards EU
The UK	Pursuing isolating and damaging European policies	Natural distancing between UK and EU	Paradoxical European policy; agree with neoliberals	Emphasis on UK's tumultuous history with Europe

Table 1: Comparison of Perspectives

## HYPOTHESIS TESTING

To review, I hypothesized that neoliberals would view the crisis as a catalyst for closer economic and political integration in Europe, with each member state increasing cooperation to remedy the crisis' effects in both their domestic economies as well as across the EU as a whole. I also predicted that neoliberals would view Eurosceptic parties as largely in the minority, and would not have significant effect over their respective country's European policies. Next, I predicted that neomercantilists would view the crisis as hindrance to integration, as an increase in public discontentment would cause leadership to pursue their national interests. I expected that neomercantilists would believe Eurosceptic parties would have a significant effect over their government's European policies, and could have the potential to create political fragmentation. Lastly, I argued structuralists would find leadership in all three countries pursuing policies that

would best suit business and financial interests, regardless of public opinion and any competition from Eurosceptic parties.

In actuality, I found that each perspective viewed the situations in each case study uniquely, rather than a broad viewpoint in every country. Both in France and the UK, neoliberals acknowledge the prevalence of Eurosceptic parties. Neoliberals found FN prominent amongst the French public, shaping more Eurosceptic opinions amongst voters, while in the UK, UKIP was important in not only influencing the British public opinion, but in influencing leadership's European policies as well. Particularly with the UK, neoliberals noted that Cameron was pursuing a more isolationist approach, rather than increasing cooperation with fellow member states. However, as predicted, both France and Germany did continue both bilateral and multilateral cooperation to further European integration. Next, as I predicted, neomercantilists did argue that leadership in all three countries would move towards pursuing their national interests (in varying manners). Neomercantilists found in both France and the UK Eurosceptic parties were causing dissension in domestic politics over the crisis. However, in Germany neomercantilists found that AfD was not as influential as FN or UKIP. Lastly, I found that only in studying Germany did structuralists argue that leadership was pursuing policies to benefit business and financial interests. Structuralists found that French leadership were more considerate of the peripheral countries, while in the case of the UK, structuralists agreed with both neoliberals and neomercantilists that the government was falling to pressure from Eurosceptics.

## COMPARISON

Although the effect of the crisis on each country's political system is diverse, there are a few commonalities. I have identified three areas that have been discussed in each case study: media, Eurosceptic parties, and the rise in Euroscepticism.

### *Media*

Although the media is a prominent force in every political system, its effect varied from country to country. In both France and the UK, the media espoused Eurosceptic rhetoric, often disagreeing with their leadership's approach. In the UK especially, media only praised Cameron's conduct in the EU when it was met with a hard-lined approach towards securing national interests. In France, the media often criticized both President Sarkozy and Hollande for being as assertive of French interests. This Euroscepticism in the media in the UK and France has encouraged to the rise of UKIP and FN respectively.

In contrast, Germany's media held a very different tone. Although in some newspapers to varying degrees Chancellor Merkel was criticized for her approach to the crisis, overall, the majority of the German press criticism was geared towards the indebted countries, not their own leadership. Therefore, in Germany's case, it was arguably much harder for AfD to garner support without the media's backing.

### *Role of Eurosceptics and Eurosceptic Parties*

It is important to note that the parties discussed in this thesis vary in domestic ideology and role in their respective countries' politics. As mentioned in the introduction of this thesis, FN and UKIP are categorized as hard Eurosceptic parties. Both parties advocate for their country's

complete withdrawal from the EU. Conversely, AfD is a soft Eurosceptic party, only supporting Germany's exit from the Eurozone, not the EU as a whole.

Given the observations made in UK and France, it can be assumed that from these case studies that hard Eurosceptic parties were more effective in gaining support than soft Eurosceptic parties. FN was (and continues to be successful) in obtaining support from the French public, gaining seats in both the European Parliament and the French National Assembly. However, FN was only successful in altering France's domestic political situation, not its leadership's European policy. By contrast, the influence of Eurosceptics in the UK was more unique, as external pressure from UKIP was matched with internal pressure from Eurosceptics in Cameron's own party. With these pressures combined, UKIP was successful in influencing Cameron's approach to the EU.

In Germany, AfD's role is noticeably weaker in support and far less successful in its attempt to influence European policy. As mentioned above, unlike FN and UKIP, AfD did not receive as much media attention nor media support as France and UK's Eurosceptic parties. It also can be assumed this was due to AfD's core message: the exit from the euro. Although Germany's previous national currency, the deutschmark, was strong, Germany has benefitted just as strongly being part of the Eurozone. Consequently, only a minority of German citizens are attracted to its message. Without media or substantial public support, AfD has not been as successful as FN or UKIP.

### *Rise in Euroscepticism*

The rise in Euroscepticism has been noted in countries across the EU, not just in Germany, France, and the UK. However, this Euroscepticism varies in intensity across each country. As mentioned previously, France and the UK had a noticeable increase in anti-EU sentiments in their societies. Analyzing the data found in both case studies, this could be attributed to both historical and economic factors. Both France and the UK have had rocky histories with European institutions. The UK has had the most turbulence, with leadership often creating tension with its fellow member states over its reluctance towards further integration and supposed loss of sovereignty. In France, the historical tension is less so, but there are notable moments when leadership was also unwilling to concede its sovereignty, particularly during the de Gaulle years and during the debates surrounding the European Constitution. Next, the UK and France are the second and third largest economies in the Eurozone, respectively. Although the UK remains outside the Eurozone, both economies were affected by the crisis more than substantially than Germany. With both these factors combined, it is therefore unsurprising that Euroscepticism would be more prevalent in these countries.

By contrast, Germany has not been as assertive of its national interests throughout European integration. This is largely due to the country's need to rebuild its international reputation during the post-WWII decades. As mentioned previously, German leadership opted to work bilaterally with France as a means to subtly promote its national interests. Arguably the main factor hindering Euroscepticism is the country's economic standing. Many scholars have identified that Germany has possibly benefitted the most from European integration. In the post-war decades the country historically held a strong currency, and currently is the strongest

economy not only in the Eurozone, but Europe as a whole. A political factor is also at hand: the bulk of German citizens have a positive view towards their leadership. Chancellor Merkel appears to understand her constituency well, ensuring that her taxpayer's dollars towards the peripheral countries are matched with fiscal coordination and reform. Therefore, it can be presumed that both political and economic factors have averted a strong Eurosceptic following in the German public.

## CONCLUSION

As the Eurozone crisis is an ongoing phenomenon several questions arise for further research. As highlighted previously, the primary weakness I found in the three economic perspectives was the lack of focus on cultural factors. Many scholars have noted the presence of differences cultural norms and values as source of conflict in the EU. Therefore, it would be an interesting study to research how constructivists would explain the effects of the Eurozone crisis on the political systems of states both in the economic core and peripheries of the Eurozone.

Next, with the age of globalization and the increase in economic interdependence across the globe, no phenomenon can remain a fully isolated event. The Eurozone crisis is no exception. The EU remains the most powerful trading bloc in the world. The EU conducts trade with countries spanning over each continent, with larger countries such as the United States, Russia, and China, but smaller, rising economies as well such as Kazakhstan and Azerbaijan. Thus begs the question, how has the Eurozone economy effected its trading partners? To provide a more comprehensive answer to this study, both qualitative and quantitative research could be utilized to explore this question. Quantitative research could be used to explore the figures of exports and

imports between these trading partners, while qualitative research could be implemented to study socio-political effects.

To conclude, my primary inquiry for this thesis was to assess the effects of the Eurozone crisis on the political systems of Germany, France, and the United Kingdom through the three leading perspectives in political economy: neoliberalism, neomercantilism, and structuralism. My main objective was to use these perspectives as a means to gain a more-depth understanding of the crisis's effects on each country's domestic politics and European policies. I also attempted to examine the role and influence of Eurosceptic parties in each case study. I attempted to fill the literature gap in this subject area by using economic perspectives to identify socio-political effects on each country's political system.

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