

The Euro Crisis and the denial of the other. Rebuilding mutual recognition [*La crise de la zone euro et le déni de l'autre. Pour une reconstruction de la reconnaissance mutuelle*] In: Eric Monnet and Claudia Schrag Sternberg, eds.: *Euro, les années critiques*, Presses Universitaires de France, 2015

The Eurozone crisis has not only affected Europe's finances and economics. It has also reshuffled our understandings of who we are: as the constituent peoples of the Union, of what kind of a Union we should share and why, and of the rules of our living together. This crisis has brought to light a fundamental tension built into the European project. On the one hand, the European Union (EU) was built around the aspiration to bring into being an entirely new kind of political animal, opposed to both a federal state writ large and a loose association of states. At the very core of this endeavour, we propose, lies the principle of mutual recognition. Yet on the other hand, the propensity to *deny* each other recognition remains imprinted into the Europeans' DNA. On the level of how the European *demoi* (peoples) related to each other, the current crisis has incited bitter battles over demands and denials of recognition.

Mutual recognition means many things to many scholars, from a philosophical concept on how individuals or groups relate to each other, to a diplomatic norm in international relations, to a form of governance and technical norm in European integration. More fundamentally, mutual recognition is also a state of mind. It involves accepting to live and interact with each other's differences, without either trying to make the other side be like oneself, or simply stopping at the fact of difference and withdrawing into separated spaces (Nicolaïdis 2007, 2010, Pélabay et al. 2012).

The Eurozone crisis radically has tested any progress towards mutual recognition that we had witnessed in the preceding decades. Longstanding but dormant clashes of interests and identities that define our living together have festered back to the surface, touching some raw collective nerves and reviving old tropes of prejudice. One of the most highly charged relationships of the crisis between two EU countries is that between Greece and Germany. This couple exemplifies all the oppositions that shaped the course of the crisis, including North vs South, rich vs poor, disciplinarians vs disciplined, paymasters vs spendthrifts etc. It also epitomises how the crisis has affected the dynamics at play between the European peoples more broadly.

Here the crisis has marked a critical juncture, a moment of renegotiation of who we are and how we relate to each other. It has forced us to ask why and up to what point would we want to stick together in Europe, and which ties bind us together. Once more, we as Europeans, Greeks, Germans, and all the rest, are re-calibrating how far and under what conditions we recognise each other. This process forms the deeper socio-cultural foundation of managing the political economy of monetary union and we propose to probe below some of its critical components.

The Players: Greeks vs Germans

The Greek and German newspaper coverage of the Greek debt crisis and of Europe's crisis response illustrates how collective Selves and Others are defined in relation to one another. Our mutual representations intertwine and feed back into each other. Moreover, in order to

recognise an Other, we need some knowledge of them (in addition to feeling reasonably at peace with with who we think we are ourselves). We produce and re-produce such knowledge through stereotypes, but also by contesting these. In this process, even tropes of prejudice and othering can paradoxically work to project a vision of a common core.

For example, the German press featured a wide variety of images and storylines depicting Greek private wealth, laziness, *savoir vivre*, and public overspending. This made the Germans look like uptight, miserly Scrooges. It also betrayed an underlying German fear of helping someone ultimately better off than oneself, or of missing out on the good life oneself. At the same time, a competing discourse, in both Germany and Greece, called for solidarity and sympathy with the majority of Greeks—decent and hard working “like us”, and therefore deserving of empathy and help. This discourse often centred on the suffering of the ordinary Greeks under the austerity measures, and particularly the impoverishment of growing sections of Greek society. A lot of Greeks would have agreed that their government had engaged in unsustainable spending using borrowed money: ‘our homeland looks like a nightclub after a party of nice guys spent an unforgettable night there, and it is time to tidy up the mess’ (Kathimerini 28/02/10). Nevertheless, they would protest vocally against projections of the affluence of the Greeks at large, pointing to the much higher unemployment rates and lower per capita income in Greece than in than Germany.

Greek discourses around Greek poverty often played on what Nikiforos Diamandouros (1993) has called the ‘culture of the underdog’. This strand of Greek political culture is characterised by an animosity towards capitalism and a division of the world into friends and enemies of Greece. During the crisis, many commentators used this discourse against Germany, replacing the United States as the main object of Greek anti-Westernism. Germany was one preferred target for criticisms of foreign powers scheming to impose extreme neoliberalism on Greece.

In addition, Germany was accused in Greece of having gained an unfair advantage through its “social dumping” policies of the preceding decade. Ironically, in Germany this experience of social cutbacks at home gave rise to a certain sense of entitlement now to demand the same discipline from the recipients of European aid.

Another important narrative in the German (but again also the Greek) coverage turned on a supposed Greek disregard for the rule of law, and lack of public spirit. Practices of corruption, nepotism, tax dodging, account-cooking, as well as capital flight and public overspending were frequently adduced as manifestations of this mentality. Yet Germany, and Europe at large, however, was often included in such critiques. More importantly, the moral-decadence narrative was countervailed by a competing trope of the “two Greeces”: one of immoral elites, and one of decent, upright ordinary citizens deserving of sympathy and solidarity. This counter-discourse was thriving in Greece. It often combined with indignation about the “good” Greeks having to pay the price for the wrongdoings of the “bad” ones. And still, at the same time a concurrent Greek discourse did frame corrupt and self-seeking behaviour as a problem permeating Greek society more deeply. Mastering the current crisis, in this storyline, demanded a deep-reaching change of mentality. This featured the crisis as an opportunity thus to “reset” Greece.

Throwing back the blame in German moralising registers to the Germans themselves, some Greek sources juxtaposed those (conceded) Greek shortcomings to an even more serious German evil: the vice of heartlessness. Of course even, and especially, the most offensive and condescending stereotypes betrayed a deep emotional involvement, as illustrated by the phrase “Bankruptcy Greeks” (*Pleitegriechen*). It became the *Bildzeitung’s* pervasive

shorthand title for any article on Greece under the debt crisis. This label encapsulated how representations of the national Other served not least as a projection screen for one's own innermost fears, essentially of a loss of control. The spectres evoked included financial disaster at the personal, national, and European- or even worldwide levels, as well as political unravelling, including social unrest, escalating protests and relentless state clampdowns, as well as political extremism, especially on the far right. All this appealed to deep-seated German national traumas and taboos. That is, it appealed to parts of the national psyche that were fiercely denied recognition by the collective forces of repression. A subtext in sensationalist German sources that conjured up such uncontrollable calamity, thus, was that whoever engaging with these unspeakable taboos, was forfeiting their right to recognition.

Two especially notorious visual images anchored the memory politics of the two countries' crisis coverage in particularly emblematic manner: *Focus's* disgraced Venus, and the Greek Nazi imagery that linked German history to present-day Germany, and specifically Chancellor Merkel. *Focus* evoked Greece's glorious past so as to denigrate Greece's present decline (with an intriguing undertone by which the rest of Europe—and especially Germany—were more rightful heirs to ancient Greek civilisation than modern Greece). Greek Nazi references, by contrast, evoked Germany's inglorious past so as to denigrate Germany's present role of power. They found loud resonance in the German media.

References to Germany's own shameful history in WWII-Greece abounded in the German crisis coverage, too. As one might expect, the emphasis here lay mainly on German guilt and Greek victimhood. Lost in translation, however, was hence a key dimension of what occupation stood for in Greek collective memory: not simply oppression, but much rather heroic resistance. In both Greece and Germany, Nazi references supported the understanding that Germany "owed" Greece. They added the urgency of guilt to calls for helping Greece. At the same time, *Bild* for instance read them as a sign of Greek "ungratefulness" and a denial to recognise the magnitude of German help—which effectively absolved Germany of further obligations to help. In both countries, the Venus and Swastika imageries led to an engagement with how one's own country was perceived by the respective Other, and with the conditions for granting and accepting recognition.

Moreover, collective memories of the two countries' intertwined history were deeply intermeshed with reflections of their current power status. Greek media often made a connection between German coercion or Troika "blackmailing", and the tradition of Greek resistance in the face of seemingly incontestable superiority. Greece's power was a "power of the weak", arising from the escalation potential of a "Grexit" and equipping Greece with some blackmailing potential of its own, much noted in Germany.

Germany, in turn, engaged in serious navel-gazing around its new role as Europe's 'reluctant hegemon' (Zeit 27/10/2011, see Bulmer/Paterson 2013) or 'accidental empire' (Zeit 27/10/2011, 21/02/2014, see Beck 2013). As this pervasive German narrative had it, Germany's new power resulted purely from the country's economic strength rather than a purposive quest. Regardless of where it came from though, this power had now become irrefutable, and could no longer be shushed over in the hitherto customary way. In Greece, in turn, concerns were voiced about a "Germanisation of Europe". Many observed with apprehension how the previously self-censoring Germany—the "most European of the Europeans"—was now pursuing its interests with much less inhibition. Still, the German national *super ego* and its mistrust of German power demeanour continued to mitigate this new self-assertion.

Partly in response to the qualms of Germany's European partners, the German debate on the new European power constellation turned centrally on ideas of 'benign hegemony'. This projected an exchange between Germany's disproportionate financial burden sharing and an obligation by its beneficiaries to comply with Germany's lead. In addition, the theme and language of "responsibility", as opposed to domination, was predominant in the German debate on Germany's power. This covered not only warnings that Germany, and Merkel in particular, would have to assume responsibility if the crisis measures were to fail. Germany's responsibility was also discussed in terms of the positive responsibility of the hegemon to wield its power gently and with a view to recognizing the sensitivities of those subject to it.

The Name of the Game: Shaping Europe

All these definitions of Greek and German Selves and Others had direct implications for how Greeks and Germans viewed Europe, and its *raison d'être*. Specifically, they undercut a number of the central narratives that had traditionally been invoked to claim legitimacy for the EU (see Sternberg 2013, Lacroix and Nicolaïdis 2010).

Perhaps the most important blow dealt by the Euro crisis was the fact that it deeply affected extant representations of European integration as enabling and safeguarding prosperity on the continent. Instead, the common currency and European integration more broadly were now turning into a *threat* to people's individual and collective wealth, and to the standard of living to which they had become accustomed.

This narrative had obvious power in Greece. Not only German actors such as Merkel and Finance Minister Schäuble, but also the "Troika" of European Commission, European Central Bank, and International Monetary Fund, became synonymous with "austerity" and "social despair". Interestingly, this challenge to the European prosperity narrative went hand in hand with a profound de-legitimization of Greece's political class—whose own claim to legitimacy appeared as dependent on the EU's output performance.

But even in Germany, fears of a financial and economic crash were going strong. A case in point was the discourse extolling the "creeping dispossession" of German savers as a result of the ECB's low interest rates, launched by a *Spiegel* front-page title (08/10/2012). Such angst clashed with competing acknowledgements that Germany as a whole was emerging as the "great winner" from the crisis, and the beneficiary of an economic boom on the back of the debtor countries: 'Low Euro Exchange Rate makes it Possible: Bankruptcy Greeks Bring Us Economic Boom' (Bild headline 03/07/2011). Whatever the angle, however, the European story was now couched as a zero sum game.

Thus, the crisis undermined the traditional legitimating narrative of the EU as an agent of progress, who furthered a European "common good" through enlightened social engineering and the overcoming of national divisions. How could the EU stand for social progress, policy-making competence, and post-nationalist utopia when thousands were protesting against austerity and its implications in the streets of Southern Europe?

There was much talk of the "re-nationalisation" of politics in Europe owing to the crisis. Greek discussions of it often focused especially on Germany. The idea was that *Germany* was undergoing a period of "national remoulding". Its longstanding concern for a common European interest was being replaced by heightened concern for its national interests, or the interests of the (rich) European core, at the expense of the periphery. In the German debate, this development at home was acknowledged, but it was usually seen as part of a broader phenomenon across Europe at large, not limited to Germany.

According to a competing story line, the crisis, quite on the contrary, had turned Europe more than ever into a “community of fate”. The currency union, in this narrative, had indissolubly tied the member-states together, for better or for worse. Angela Merkel actively promoted the motif of “European domestic politics” a label meant to capture a new quality of interdependence between the Euro member states combining in one sweep re-nationalisation and heightened interdependence. In doing so, the German chancellor offered a counterweight to critiques of top-down bureaucratic and technocratic policy-making at the EU level, by putting “politics” back into the world of EU decision making, now increasingly contested and re-grounded in the ever more interconnected demoi.

Why play the Game?

If the debt crisis has complicated relations between Greeks and Germans in all these ways, why would they still want to stick together in this European Union? National Interest was still most frequently invoked. Whether in Greece or Germany, the understanding did remain strong that upholding the common currency, despite all its costs and all the conditions that came with it, would indeed pay off, at least in the long term. Or stated negatively, giving up the currency, whether unilaterally or collectively, entailed economic uncertainties no member state government was ready to contemplate. Older generations continued to remind their offspring of the peace motive as the key reason behind European integration. Younger Europeans, however, have come to wonder about what may seem to them as a very cold peace indeed.

Perhaps what we can note is that old fault lines between winners and losers from European integration were shifting in these narratives. Cleavages *within* the member-states as opposed to between them moved centre-stage as the old assumption that the losers of integration can always be compensated through national bargains came undone. In a way, a new “class consciousness” manifested itself, of a transnational class of decent ordinary citizens, who were paying the price for the wrongdoings of their incompetent or immoral elites as well as the international financial system. And “Europe” seemed to be on the wrong side of the story.

Unsurprisingly then, a new emphasis started to emerge from these battered sections of society as well as from well meaning pro-integrationist, centred on a revived language of solidarity and sympathy. Solidarity is of course an old theme of the European integration project. But the crisis gave it a more urgent flavour while highlighting the EU’s failing in this regard. In both Greece and Germany, calls to solidarity included the usual references to history, and especially Germany’s responsibility to stand by those struggling for peace and democracy. In addition, however, calls for solidarity took on another form, namely calls for fairness on grounds of reciprocity over time. The archetypical example here was economic historian Albrecht Ritschl’s reminder that Germany, too, had a history of default; in fact it was ‘the 20th Century’s biggest debt sinner’ (Spiegel online 21/06/2011). On these grounds, it was only fair to be generous on this occasion, and to give others what one had received in the past. But fairness is in the eyes of the beholder and can mean all things to all people. On the other side of the fence, it was invoked to demand strict disciplines towards Greece on the grounds that it had to be treated on a par with the likes of Spain, Portugal, and Ireland, or that a slightly laxer approach would put the rest of the Eurozone at risk. Fairness of some kind also played into German questions of “why we should pay for the rich Greeks”, as well as Greek questions of why Greeks should suffer such hardships when monetary union, and the rescue measures, had disproportionately favoured the German economy. Beyond these

bilateral considerations, demands for solidarity with Greece often started from the discursive premise that Greeks and Germans, as well as all Europeans, did share in some common core or essence, be it as Greeks and Germans, Europeans, or human beings, Europeans. This of course was effectively much more than a premise, it was a projective construction. Solidarity was held up by vocal proponents in both Greece and Germany, as something that should *flow* from our sense of who we are, and concurrently as a value that should *define* our “Europeanness.” But of course, if solidarity is to be understood as falling between pure altruism and the kind of political obligation that follows from belonging to the same state, there are many variants as to what exactly it ought to entail (Viehoff and Nicolaidis, 2014).

More generally, Greeks and Germans were arguing at two levels: Which core values or principles should be considered to define, and be conditions for, belonging to the Union—respect for the rule of law, transparent functioning of democratic institutions, etc.? And what did these values actually entail—in particular, what level of intrusion in each other’s affairs could they justify?

The Rules: War of Stereotypes, Promises of Recognition

The Greco-German war of images, we have seen, relied on a wealth of hurtful stereotypes and involved denials of recognition on many levels. Much of the negative discourse deployed on either side could be interpreted as attempts to deny the reality of the other side in all its complexity and ambiguity. The harmful potential of such denials of recognition was demonstrated to the full by the ways in which hurtful representations of the respective Other sometimes snowballed out of control and were magnified in translation when reported back in the represented country. This was the case for both what we may call the *Venus affair* and the Greek Nazi references. Each side’s failure to disaggregate and problematize the other side ended up reinforcing the other side’s own prejudices in its regard.

Still, the denials of recognition we observed also seemed to carry within them seeds for recovering the promise of recognition. Indignation about being treated unfairly did nurture, an engagement with external perspectives if only to find arguments to counter them. It also fostered some readiness to look beyond prejudices and simplifications, to one’s own complexity and even contradiction which one wished the other side to engage with. By some categorical imperative, demanding recognition *for* oneself may encourage oneself to *grant* recognition to our counterparts. Recognition is always, in the end, a two way street, even among very unequal agents.

Unlike its image in the international media, the Greco-German coverage of the Greek debt and Euro crises was not just a binge of Othering excesses. We found that even the most slanderous and offensive images and headlines were accompanied by more nuanced reporting. Moreover, if stereotypes did clash spectacularly, this clash effectively also involved the comparison, counterpoising, shading, and contestation of stereotypes. As for the visual trick played by an infinity mirror cabinet, national stereotypes superimposed one another. In this way, national dividing lines were crosscut and shrouded by different ones relating to class, morality, or human decency. Germans and Greeks started looking alike in their complex particularities. *Both* Greeks and Germans (or at least some of them) emerged as decent, hardworking peoples suffering, like the rest of Europe, from a lack of public-spiritedness, public overspending, and under a world in which politics had come to be at the mercy of greedy elites and financial institutions. In looking at their own distorted reflection

in the Other's eyes, each side had to recognise to some extent that both itself and its counterpart were not exclusively black or white, but full of colours and nuances. Moreover, each side was confronted with how it was seen by the other, an awareness, which beyond the first reactions of anger, opens up spaces for the most powerful weapon against ascriptions of all sorts: irony. By reflecting and enabling our capacity to recognise the contingency of our own self-perceptions and world-views (see Rorty 1989), irony ultimately can kill stereotypes. And it is on this basis—of self-reflectiveness, reciprocal reciprocity and an ironic mindset—that a reinvigorated capacity for mutual recognition among individuals and peoples can thrive again.

In all these ways, visions of different layers of commonalities emerged, which Greeks and Germans shared as human beings, Europeans, or indeed as Greeks and Germans, in all their particularities as well as differences. Greeks and Germans remained Europeans not by virtue of being less Greek or German, but because their contours emerged in greater focus, depth, and nuance—echoing the contours of the overlaid Other's image. We found numerous references to the Europeans forming a "community of fate" in the sense that the European *demos* had wilfully tied their destinies together, for better or for worse. The community in question may have been a community of project rather than a community of identity, bound together by the doing rather than the being. But the doing together itself had to rely on the quality of relationships existing between groups and peoples and the extent to which these could open up to each others' reality.

Mutual recognition occurs on a spectrum of varying intensities, from deep engagement, to mere respect or mutual tolerance, to just doing no harm to one another. Depending on how particularly grounded versus universal the basis of our trust is, our trust will range from blind or automated universal trust to deep, negotiated trust based on a particular relationship. Its nature is a matter of negotiation, and constant renegotiation (see Nicolaïdis 2007:683-4). The Euro crisis can thus be seen as a critical juncture also in our re-negotiating the basis for our mutual trust and possibly finding new grounds for such trust.

Our own take on this existential moment in the EU's existence has been to uncover the multifaceted ways in which *the implicit norms and practices of mutual recognition* among the peoples of Europe have been redefined and managed at different stages of the crisis. If recognition involves the acceptable balance between interference in each other's affairs and deference to each other's ways of doing things, it seems possible to say that the interference side won in the first round but that deference has slowly been reasserted.

The metaphors of a game we have used throughout this chapter underline a certain playful character of the images and stories we discussed. They were also meant to express our appraisal of agonistic conflict and contestation as underlying politics (see Pélabay et al. 2012, Mouffe 2010, Sternberg 2013:210-24). Unexpectedly perhaps, the conflictual quality of the debates, and all the vexations, offences, reactions, and denials of recognition that they involved, may have contributed to legitimating the EU order, the Euro, and even the crisis response. After all, the stakes in this crisis and in how it would be addressed were enormous. Any glossing over this fundamental fact would have been unacceptable, and a legitimacy meltdown. Conflict in political life is not a flaw, but a constitutive part of this life, as well as a chance of re-negotiating patterns of mutual recognition. In a way, Merkel furthered this idea when she praised a debate in the European Parliament where she was heavily criticised; 'the fact that we are able to argue so nicely here,' she exclaimed, 'shows that Europe has already almost become domestic politics!' (Die Zeit 27/12/2012). While the peoples of Europe are not close to merging into one country, they may have learned more

about each other in the last few years of interplay than in the prior half century of reconciliation.

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