Brand Europe?
An Analysis of the Interactions between Brands, Media and National Cultures

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Abstract

This thesis examines the inter-connected relationships between global brands and Brand Europe and the relationship between the European Union and the complicated processes of globalization. By focusing on a case study of the operation of brands in the European Union, the thesis explores the relationship of brands to neoliberalism and how the global balance of global production, marketing and consumerism is shifting. These issues are examined through the creation of “Brand Europe”, which seeks to articulate the EU’s historical development, its gradual expansion, formalization and the cultural and political relationship of Europeans to the broader political entity of this union. The thesis argues that Europe’s brand is one that has developed over time and not imposed by the process of integration. Facets of the brand such as its strong social welfare focus are common and integral throughout all nations of the EU, forming part of the common cultural beliefs of these nations and now integrated into the socio-political framework of broader European government.

More broadly, the thesis examines how globalization affects the European Union’s identity and how this works with its own socio-economic and political duality. It argues that the process of market integration through reduction of internal trading
barriers, combined with its framework of worker protection and social welfare, creates a scenario that seems to contradict traditional market-driven, neoliberal theory. At the same time, the process has also generated a closed system of free trade that uses economic mechanisms to close out global free trade, commonly referred to as “Fortress Europe”. The thesis argues that these seemingly contradictory tendencies are to some extent reconciled through the mechanism of branding, which seeks to promote the most advantageous aspects of the system while obfuscating its less desirable attributes.
Declaration

This thesis contains no material which has been accepted for the award of any other degree or diploma, except where due reference is made in the text of the thesis. To the best of my knowledge, this thesis contains no material previously written or published or written by another person except where due reference is made in the text of the thesis.

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Signed

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## Contents

1 Introduction .......................................................................................................................... 1  
1.1 Notions of Cultural Imperialism .................................................................................. 10  
1.2 What it means to be European ...................................................................................... 11  
1.2.1 Europe as Globalization's Petri dish ........................................................................ 12  
1.3 Brands and their effect on cultures ............................................................................. 14  
1.4 Methodology .............................................................................................................. 15  
1.5 Scope ......................................................................................................................... 18  

2 An Overview of the Current Literature .......................................................................... 19  

3 Brands ................................................................................................................................. 46  
3.1 Global Brands (Origins, Neoliberalism and Economics) ............................................ 47  
3.2 The Economic Rationale for Brands ........................................................................... 67  
3.3 Brand Extension ......................................................................................................... 73  
3.4 The Ownership of Brands by Consumers ................................................................... 79  

4 Commercial Brands and their National Identities ........................................................ 84  
4.1 The Challenges of Global Branding ........................................................................... 85  
4.2 Brands as a Distribution Pipeline ............................................................................... 90  
4.3 How Two-Way Communication Channels Shape Global Brands ......................... 99  
4.4 The De-Culturing Effect of Global Brands ................................................................. 103  
4.5 Brand Authenticity and Cultural Resistance ............................................................... 107  
4.6 The Brand of Europe .................................................................................................. 111  

5 Globalization .................................................................................................................... 118  
5.1 The Background of Globalization ............................................................................... 119  
5.2 The Change of Social Experience .............................................................................. 123  
5.3 Neoliberalism ............................................................................................................ 128  
5.4 The Shift of Democracy ............................................................................................ 133  
5.5 The Relationship of Brands to Neoliberalism ............................................................ 144  
5.6 The Inevitability of Globalization and the Expansion of Free Trade ..................... 146  
5.7 Globalization and the Internet ................................................................................... 150  
5.8 The Distribution Pipeline .......................................................................................... 153  
5.9 National Identity and National Brands ...................................................................... 163  
5.10 Anti-Globalization, Anti-Americanism and the Anglo-American Singularity .......... 168  

6 The European Union ....................................................................................................... 174  
6.1 The History of the European Union .......................................................................... 175  
6.1.1 Economic and Monetary Union ............................................................................ 181  
6.2 Europe as Globalization’s Petri Dish .......................................................................... 184  
6.3 Social Effects of the Single Currency ........................................................................ 195  
6.4 Criticisms of the Superstate – Engaging with Europe’s Citizens .............................. 198
6.4.1 Rejection of the Constitution ................................................................. 202

7 Europe’s Brand Identity .................................................................................. 208
   7.1 The Struggle for Europe’s Sense of Brand Identity ................................. 212
   7.2 The Identity First, Then the Brand ......................................................... 217
   7.3 Four Borders ............................................................................................ 219
      7.3.1 Economic Borders ........................................................................... 221
      7.3.2 Social Borders .................................................................................. 223
      7.3.3 Geographic Borders ........................................................................ 225
      7.3.4 Political Borders ............................................................................... 227
   7.3.5 Not the United States .......................................................................... 229
   7.4 Two-speed Europe; Expanding the Brand Portfolio .............................. 230
   7.5 Brand Message ......................................................................................... 236
      7.5.1 The Trouble with Turkey ................................................................. 241
   7.6 How Globalization Affects Europe’s Identity .......................................... 247
   7.7 For and Against Brand Europe ............................................................... 250

8 Cultural Imperialism ....................................................................................... 254
   8.1 Networks and National Borders .............................................................. 264
   8.2 Protectionism and the Cultural Exception ............................................... 270
   8.3 The Lingua Franca ................................................................................... 279

9 Conclusion ...................................................................................................... 284

References ......................................................................................................... 300
Figures

Fig 1: Seven social wins of brands ................................................................. 55
Fig 2: Proportion of tangible to intangible assets ........................................... 71
Fig 3: European Parliament Elections: Percentage of Voter Turnout Across the EU (1979-1999) ................................................................. 116
Fig 4: EU key economic figures ................................................................. 179
Fig 5: Comparative GDP per capita at current market prices ....................... 193
Fig 6: Intra EU trade as percentage of total per country, 2004 ...................... 195
Fig 7: Four borders of Europe .................................................................... 221
Fig 8: Membership of a two-speed European Union at 2007 ......................... 231
Fig 9: Seven expansions of the European Union ........................................... 233
Fig 10: GDP at current market prices .......................................................... 263
1 Introduction
The central aims of this thesis are to examine the following two inter-connected relationships: the relationship between global brands and Brand Europe and the relationship between Globalization and the European Union.

The four key elements of this thesis are branding, globalization, media and European identity. It deals with the complex and often contradictory interaction of these four elements in the investigation of the changing nature of global economics, the impact of globalization on local cultural environments and the development of the complex and relatively new identity of the European Union. It is this complex interaction that acts as the driving force of the thesis.

It is important to note that in discussing media in this thesis, the term refers not only to conventional media such as cinema, television and print media, but also to communications in a broader context, including channels such as social networking and email.

By conceptualizing the EU as an internal, isolated example of globalization, the thesis seeks to examine global brands and their interactions with the cultural, sociological and demographic traits of national self-identity. In doing so, the thesis draws comparisons between the cultural branding that is occurring as part of the expansion
of the EU and mergers of corporations and brand portfolios, to problematize critical discourse on the perceived influence of Globalization or Americanization.

Dale describes the concern that the cultures of individual nations are being overwhelmed and homogenized by a greater global brand culture, a by-product of globalization (Dale, 2000), particularly in France as the article illustrates. This global uncertainty can be matched by similar concerns within the European Union. As the EU expands to include more diverse cultures and Europe’s trading environment becomes more global, the future sovereignty of individual member states comes into question, as discussed in the section “Communications and Branding”.

These concerns, whether unfounded or not, make the study of globalization, global brands and their interaction with cultures and national identities an important one. The study of this phenomenon within the environment of the European Union is timely due to the recent 27 member-state expansion, the rejection of the European Constitution by referenda in France and the Netherlands and the controversy over future inclusion of Turkey as a member state.

An examination of globalization and its impact on local cultures is lacking without a discussion about the role of brands in the phenomenon, found in the section “National Identity and National Brands”. This thesis aims to address some questions about the nature of brands, their impact on cultures and consumers within those cultures. Do brands really have so much power? Do strong, resilient and proud cultures such as France and Italy really succumb to the notion that anything American is good, or even that anything European is good? Considering that France
as a whole has a cultural, religious and political history that goes back to long before America was even discovered by Europeans, the notion seems illogical.

Do brands really wield much influence in terms of the broader cultural context, or are they simply over-rated for the purpose of political gain by those advocating economic protectionism? Marketing and business publications such as ‘Brandchannel.com’ and ‘BusinessWeek’ espouse the notion that brands form an essential, ever-increasing part of consumers’ lives and that these same brands create social benefits by enabling economic growth. Ironically, anti-globalization opponents imply a similar effect but argue that far from enriching our lives, these same brands somehow dilute cultural differences and make us culturally poorer as a result. Both groups rely on this notion of the cultural importance, even domination of brands; this thesis will look into the validity of these positions and investigate the influence of global brands on culture, particularly within the environment of the European Union.

This thesis will study both sides of the argument and draw conclusions about brands, globalization, cultural imperialism and the effect of these on local cultures, specifically those of the European Union. It will address the works of people such as Naomi Klein, a commentator with a strong belief that globalization leads to homogenization of culture and is having a real and dominating effect on other local cultures. It will also address work by writers such as Thomas Friedman, an author who extols the virtues of globalization on the world economy and how it benefits humanity overall in terms of trade and living conditions.
While previous work such as Klein’s ‘No Logo’ and Kroes’ ‘American Empire and Cultural Imperialism’ has looked at the impact of branding on culture, there has been little work on how this process operates inside the wider political and economic dynamics of globalisation. This study focuses on how the relationship between branding and globalization operates within the environment of the European Union, which for the purposes of this thesis will be presented as a microcosm of globalisation.

There is a relationship between the perceived homogenization of European cultures and the homogenization of cultures on a global scale. In this thesis we examine the issues of the European Union as a subset of broader globalization as a whole; the European experience cannot be isolated from the global experience just as individual nations cannot be excluded due to the intertwined cultural, economic and communication exchanges prevalent today. For this reason we will also investigate globalization.

One of the key issues involved in the process of investigating globalization is to expose the tensions between the anti-globalization movement and advocates of globalization. In the debate about globalization there is a divide in the perception of benefits and exploitations. Advocates of globalization argue the virtues of its liberation of developing economies, decentralization of social power and the elimination of adversarial political powers of East and West during the Cold War. Friedman explains:
“In the cold war we reached for the hotline, which was a symbol that we were all divided but at least two people were in charge - the leaders of the United States and the Soviet Union – and in the globalization system we reach for the Internet, which is a symbol that we are all connected and nobody is quite in charge.”

and

“The driving idea behind globalization is free-market capitalism — the more you let market forces rule and the more you open your economy up to free trade and competition, the more efficient and flourishing your economy will be. Globalization means the spread of free-market capitalism to virtually every country in the world. Therefore, globalization also has its own set of economic rules — rules that revolve around opening, deregulating and privatizing your economy, in order to make it more competitive and attractive to foreign investment.

In 1975, at the height of the Cold War, only 8 percent of countries worldwide had liberal, free-market capital regimes, and foreign direct investment at the time totaled only $23 billion, according to the World Bank. By 1997, the number of countries with liberal economic regimes constituted 28 percent, and foreign investment totaled $644 billion” (Friedman, 2000:8-9)

However, the anti-globalization movement seems to imply that a broader political or economic agenda exists in globalization that goes beyond the motive of profitability. Those of the anti-globalization movement fear that the power placed in the hands of globalized corporations can, if left unregulated, shape society to unhealthy ends due to the focus on profit rather than a socially-focused motive (such as that of
Introduction

government) of such corporate powers. Klein states:

“Financial self-interest in business is nothing new, nor is it in itself destructive. What is new is the reach and scope of these megacorporations' financial self-interest, and the potential global consequences, in both international and local terms” (Klein, 2000:174)

“Artists will always make art by reconfiguring our shared cultural languages and references, but as those shared experiences shift from firsthand to mediated, and the most powerful political forces in our society are as likely to be multinational corporations as politicians, a new set of issues emerges that once again raises serious questions about out-of-date definitions of freedom of expression in a branded culture. In this context, telling video artists that they can't use old car commercials, or musicians that they can't sample or distort lyrics, is like banning the guitar or telling a painter he can't use red. The underlying message is that culture is something that happens to you. You buy it at the Virgin Megastore or Toys 'R' Us and rent it at Blockbuster Video. It is not something in which you participate, or to which you have the right to respond.” (Klein, 2000:178)

and:

“[Corporate self censorship] is a long way from the rhetoric following the fall of the Berlin Wall, when the media moguls claimed that their cultural products would carry the torch of freedom to authoritarian regimes. Not only does that mission appear to have been swiftly abandoned in favour of economic self-interest, but it
seems that it may be the torch of authoritarianism that is being carried by those most determined to go global.” (Klein, 2000:174)

The term globalization carries social, political and economic meanings, differences in the views of its potential benefits and disparities lead to wide-ranging debate from a number of disciplines.

Wells cites the US Defense Science Board Task Force on Globalization and Security with the following definition;

“Globalization—the integration of the political, economic and cultural activities of geographically and/or nationally separated peoples—is not a discernible event or challenge, is not new, but is accelerating. More importantly, globalization is largely irresistible. Thus, globalization is not a policy option, but a fact to which policymakers must adapt.

Globalization has accelerated as a result of many positive factors, the most notable of which include: the collapse of communism and the end of the Cold War; the spread of capitalism and free trade; more rapid and global capital flows and more liberal financial markets; the liberalization of communications; international academic and scientific collaboration; and faster and more efficient forms of transportation. At the core of accelerated global integration—at once its principal cause and consequence—is the information revolution, which is knocking down once-formidable barriers of physical distance, blurring national boundaries and creating cross-border communities of all types.
Wells also offers a definition by Keohane and Nye who make a distinction between globalism, globalization, and de-globalization. They state that:

"[Globalism] is a state of the world involving networks of interdependence at multi-continental distances. These networks can be linked through flows and influences of capital and goods, information and ideas, people and force, as well as environmentally and biologically relevant substances (such as acid rain or pathogens).’ Globalization and de-globalization represent an increase and decrease in globalism, respectively.

He states that:

"Globalization results in deeper and/or geographically more complete globalism. A deeper globalism means more points of connection and the resulting fuller integration. Most common usages of globalization probably encompass Keohane and Nye’s globalism and globalization.” (Wells, 2001)

Chomsky recognizes that a number of definitions exist for globalization and describes both the literal and doctrinal senses of the term:

"The term ‘globalization’ like most terms of public discourse, has two meanings: its literal meaning, and a technical sense used for doctrinal purposes. In its literal sense, "globalization" means international integration. Its strongest proponents since its origins have been the workers movements and the left (which is why unions are called "internationals"), and the strongest proponents today are those who meet annually in the World Social Forum and its many regional offshoots. In
the technical sense defined by the powerful, they are described as ‘anti-
globalization’ which means that they favor globalization directed to the needs and concerns of people, not investors, financial institutions and other sectors of power, with the interests of people incidental. That’s ‘globalization’ in the technical doctrinal sense.” (Chomsky, 2006)

If globalization is defined as the expansion of trade, the outsourcing of labour and the marketing of goods and services to markets beyond the one the manufacturer is located in, then it can be argued that globalization has been in existence long before the Berlin Wall was demolished. Uniformly manufactured products and the brands to promote them have been in existence since the industrial revolution and the practice of international trade has been around longer still with the Silk Route and the Hanseatic League. This tests the notion of a sudden, modern global commercial phenomenon and illustrates that the practice of global exchange has been with us in various forms for centuries.

The reasons of cheaper transportation and cheaper, faster, more sophisticated communication are cited as key enablers for globalization’s occurrence (Friedman, 2000). It can be said that development of these has been occurring steadily for centuries. As an example, Trans-continental transportation was key in the development of trade among British colonies and transportation became cheaper and more efficient still with the development of canals, railways and roads during the 18th and 19th centuries. Communications also developed rapidly during the industrial revolution, but became even faster and cheaper in the early 20th century with telegraph, telephone and wireless (Chandler, 2003:80). While it is true that the
Internet has increased communication speed and efficiency exponentially, it would be inaccurate to claim that this was the beginning of cheap, instant communication.

What is different in recent times, however, has been the rapid development of information exchange via virtual networks from the initial ARPANET in the late 1960s to the development and release of the World Wide Web and the Mosaic web browser in the early 1990s (Leiner et al. 2003; Tagal, 2008). The Internet has allowed the possibility to not only access information quickly regardless of location or time, but also the instant exchange of trade through online stores, banking transactions, business-to-business procurement and communication through email.

“The Internet has revolutionized the computer and communications world like nothing before. The invention of the telegraph, telephone, radio, and computer set the stage for this unprecedented integration of capabilities. The Internet is at once a world-wide broadcasting capability, a mechanism for information dissemination, and a medium for collaboration and interaction between individuals and their computers without regard for geographic location.” (Leiner et al. 2003).

1.1 Notions of Cultural Imperialism.

When globalization is cited as a negative cultural influence, is it globalization or Americanization that critics fear? Through research of published articles the thesis will investigate the level of power that imported media has on a culture’s perception of itself; in other words, if globalization through media and brands is a potentially damaging phenomenon which can potentially homogenize the world’s cultures into
a dominant Anglo-American singularity, or if these concerns are over-dramatized. Is there actually a real threat of homogenization (or perhaps Americanization) of world cultures or is this a perceived threat simply a part of a method to legitimize cultural protectionism?

As discussed in the section “Cultural Imperialism“, anti-globalization fears are often focused on a perceived agenda of empire-building by the United States and such fears can be expressed both through protests such as the WTO conference in Seattle in 1999 and the G8 summit in Genoa in 2001 and through government economic policies such as tariffs and quotas for imported products. It is unlikely that it is British or German media that the French fear when they impose tariffs on imported media; indeed, there are many examples of European co-productions that the French actively participate in.

1.2 What it means to be European

In the section “Europe’s Brand Identity” we discuss the question of Europe’s issue of self-identity. Even before the political concept of the European Union was a consideration, European countries have had strong cultural brands. People around the world have a mental image of Paris or Rome even if they have never had a personal experience of visiting these cities. This image effectively acts as the brand of these places. The brand is not simply buildings and infrastructure; there is a perceived lifestyle that exists and expresses itself through all cultures.

Anholt describes the phenomenon of nation brands:
‘Just like manufacturers’ brands, nation brands evoke certain values, qualifications and emotional triggers in the consumer’s mind about the likely values of any product that comes from that county. A nation brand can behave just like a manufacturers brand, providing an umbrella of trust, a guarantee of quality and a set of ready-made lifestyle connotations which kick-start the entry of its new ‘sub-brands’ to the marketplace’ (Anholt, 2002)

The image of cafés in Montmartre or restaurants in Brussels do not fit comfortably with the image of Starbucks coffee stores in many people’s idea of Europe, and indeed this represents the involuntary ‘Americanization’ of European culture. However, is this really true? This thesis argues that Brands are not forced onto consumers, they need to have fertile ground to generate profits and growth. Brands and business concepts need to have cultural fit with local cultures to survive.

One simplistic conclusion could be that if Starbucks’ brand survives in Germany then it must fulfill a need in the lives of Germans and therefore is part of Germany’s day-to-day culture. This thesis will investigate if this simple idea is accurate or if there is more to discover.

1.2.1 Europe as Globalization’s Petri dish

The European Union is effectively a self-contained example of globalization and for the purposes of this study it can be envisioned as a gigantic corporate merger. Like many corporate mergers there is the notion of cultural fit to consider, the section “Europe as Globalization’s Petri Dish” examines this.
The European Union was developed in part to deter political aggression, xenophobia and the subsequent wars that have historically resulted (Pinder, 2001:1). Its founder Robert Schuman declared that with the development of a single union, “any war between France and Germany becomes not merely unthinkable, but materially impossible” (Europa.eu, (n.d.)(b))

On the issue of xenophobia, Article III-257 of the proposed European Constitution states “The Union shall endeavour to ensure a high level of security through measures to prevent and combat crime, racism and xenophobia, and through measures for coordination and cooperation between police and judicial authorities and other competent authorities, as well as through the mutual recognition of judgments in criminal matters and, if necessary, through the approximation of criminal laws” (European Union, 2005:120)

There is a distinction between Brand Europe and the brand of the European Union. Brand Europe is older and more geographically and culturally based, and the list of nations included in this brand is often, culturally at least, debated. Russia and Turkey are variously seen as included within the European brand, and while some may even consider Iceland a European nation, many Icelanders may disagree. The brand of the European Union on the other hand is a precise and clearly defined and legislated idea, it serves as a political, economic and legal brand that sits within Europe’s borders rather than a cultural distinction from Brand Europe.

In the first decade of the European Union, and shortly after the European Union’s expansion to 25 member states, there was some doubt on a political level as to the effectiveness of the EU super-state. Some of this doubt was made evident in the
rejection of the European Constitution in 2005 by some member states (Naughton, 2005(a)). The inclusion of Turkey, a state that straddles Europe and the Middle East, into a future expansion of the European Union has also caused debate. This thesis will examine the cultural relationship Europeans have with Turkey and discuss the long-running debate over its potential inclusion in the EU.

1.3 Brands and their effect on cultures

This thesis investigates the influence of brands on culture, and vice-versa. It will observe whether brands are really as powerful as is claimed by anti-globalization lobbyists and how the project of the European Union has marketed itself to a range of richly diverse cultures to bring them to a form of agreement and harmonization.

Brands, whether global or otherwise, need to form a relationship with local users. Methods of doing this range from the use of local languages at the most basic to more sophisticated methods such as promotion of local manufacturing facilities or use of a local personality as spokesperson.

This relationship with consumers can have direct economic consequences in terms of benefits if it is successful or disadvantages, and even complete failure, if it is not. For example, the global greeting card brand Hallmark encountered resistance in France, where selling the concept of greeting cards was unsuccessful to a culture unfamiliar with the concept and resistant to change. Hallmark’s brand strength meant nothing to the French because it was seen as a wholesale, culturally foreign import to a culture traditionally resistant to many US ideas (Haig, 2003:161).
1.4 Methodology

This thesis explores popular and academic discourses on globalization and attempts to apply them to Europe as a microcosm of changing trade relations, encapsulated by the concept of “brand Europe”. In doing so, it also explores the impact of cultural factors on the process of branding by examining several case studies in which branding either succeeded or failed to cross cultural boundaries. In this respect, it positions brands as commercial, cultural and national entities, and explores these different articulations through a combination of policy and structural analysis informed by political economy theory. In discussing the notion of a brand for Europe this thesis also briefly explores the development of national identity and nation branding, their definitions and origins and how they interact in national cultures with a brand of an overarching super-state.

The thesis also engages with historical analysis, particularly in terms of European and US economic development. Focusing on the development of the notion of globalization, the thesis examines how ideas of global trade had their origins in the industrial revolution, and were expanded and revised through the latter decades of the twentieth century with the end of the cold war. The aim here is to demonstrate that globalization is not, as it is sometimes considered, a recent development, but can in fact be traced back to the roots of modern industrial capitalism.

Material for this thesis has been drawn from a range of academic and popular sources. While the latter might not carry the same weight as peer-reviewed research, it has been included as it has value in providing the most current information available on the subject of this study. Source material also consists of journal articles,
news reports and historical political documents which provide information regarding current European attitudes to commerce and social policy. This is contrasted with similar source material pertaining to the United States with a view towards identifying which elements are key in constructing a particularly European stance on trade policy. Journal articles and news reports were chosen as they serve to provide a useful snapshot of public sentiment on national identity and issues of trade, distilling public discourse into tangible artifacts.

The use of such material has been well-established within the social sciences, with several recent studies employing a similar methodology. Kriesi (2007), for example, analyzed the content of a variety of European newspapers to determine the effect of European integration on national elections. Similarly, Downey and Koenig (2006) used newspaper and other print media as the basis for their analysis of the reaction to a 2003 address by Silvio Berlusconi to the European Parliament. Drawing on Anderson, Downey and Koenig note that,

> Modern media such as newspapers, radio and television have played an important role in the construction of national identities, in the composition of an imagined community of people who believe that they resemble one another and are different from others who are seen as not belonging to the nation (Anderson, 1983).

It is this imagined community that this thesis seeks to engage with, and as these scholars have identified, news media represents one of the most accessibly ways of doing this.
While this methodology represents a good way of engaging with issues of national identity and branding, a limitation has been the nebulous nature of some of the discourses on globalization, which made it difficult to identify clear points of comparison. While surveys were considered as an additional source of information it was decided that they were unlikely to provide enough additional information beyond what was already accessible to warrant dealing with the practical problems that would entail. Given the nature of the present study, it would have been necessary to design survey questions in multiple languages to adequately gain a sense of popular sentiment, and even then it would likely only be a relatively small number of participants.

Another, more general limitation concerns the changing nature of political events. Because of the ‘live’ nature of the subject, the political and economic circumstances of the European Union, and Europe as a whole, have evolved during the study. From the surprising initial rejection of the Lisbon Treaty in French and Dutch referenda, followed by its gradual redevelopment and acceptance through to the unforeseen global financial crisis, a number of events have shaped the development of this study during its life. The effect of this is that it was necessary to end the study at the point that I did, otherwise the thesis would never end, but it is important to note that the relationship between the European Union’s internal players is still undergoing a process of evolution as various political and economic events arise.
1.5 Scope

The scope of this thesis is limited to the effect of issues surrounding globalization in relationship to the European Union. The extent to which its findings apply to the cultural or economic environments of other nations lies beyond the scope of this study. A number of other aspects of this subject and recent events have not been covered in this thesis. For example, the global economic crisis of 2008/2009 has not been covered because although its global effect has no doubt been due to the globalized nature of the modern banking system and its recent, increasingly deregulated operating environment, particularly in derivatives, it was not considered completely applicable to the subject of brands and their application to the European Union.
2 An Overview of the Current Literature
This thesis studies the criticisms and perceived benefits of global brands and globalization and their impact on the development of Brand Europe, the building of the European Union and takes globalization as one of its central themes. While the brand of the European Union is more distinct because of its political, legal and economic definitions, in this thesis we examine the existence of the broader, more culturally-based, Brand Europe.

Globalization

Globalization is a concept that has polarised debate: there are those who see it as a threat to national identity, a negative and disruptive force to national economies and labour markets, and a race to the bottom in terms of human social welfare and protection of workers’ rights and labour conditions. On the other hand, there are those who believe the threat to national identity is a fallacy, that the liberalization of global economic markets, fewer internal government regulations and fewer restrictions to global trade such as import tariffs provides economic advantages to people all around the world.

In terms of recent economic events, the global economic crisis which came to a head in the last quarter of 2008, there has also been a conflict of opinion as to whether the
liberalization and interconnection of newly less-regulated global economic markets as discussed by Wolf and Friedman is a largely beneficial phenomenon or whether this in itself provides a complex hazard to participating nations of the global economy. This in itself has provoked a new round of protests, such as the G20 protests in London in early 2009.

Of prime importance here is the work of Klein, a commentator with a strong belief that globalization, and therefore homogenization, of culture exists with real effect. She argues that globalization is in fact the result of a shift in power from the nation state to the corporation, with companies such as Nike now wielding the kind of power previously wielded by national governments.

Klein writes about the damaging effects that global brands such as Nike have on youth and global cultural diversity. Her work implies that there is a conspiracy to homogenize global cultures in some sort of effort to exploit developing countries more effectively, that global brands exist with the motive of exploitation alone. The rapid expansion of product placement in popular entertainment, the erosion of public space in town and its replacement by commercial shopping malls, and advertising are key components of her argument.

‘No Logo’ is considered the companion book to the anti-globalization movement, the premise being that globalization has been a bad age in human culture. Klein suggests that globalization, free trade and traditional notions of democracy are not only essentially bad for societies around the world but are being allowed to run unfettered in an environment supported by complicit democratic governments.
Klein takes the view that it is global western brands that are responsible for conditions of working poverty found in developing nations, particularly in free trade zones such as Cavite in the Philippines (Klein, 2000:202-214). These zones, being basically commercial, regulation free partitions of nations around the world, bring little in terms of taxation, human rights or lasting revenue or infrastructure benefits to the host nation, but rather act as easy places for global corporations to access inexpensive labour and manufacturing facilities in the easiest, cost and regulation-free method possible.

Klein also focuses on subjects such as criminalization of protest in what are otherwise free democracies around the world and the problems with free trade agreements such as NAFTA.

Klein also discusses the notion of decentralized power as an alternative to traditional democracy. She favours the decentralized approach to organizing groups and creating consensus both in terms politics and political dissent. She discusses the virtues of modern protest movements, particularly those of Genoa and Seattle, where protesters were decentralized groups connected and organized by communications systems such as the Internet. However her model of decentralized democracy cannot be implemented or organized without tools such as the Internet, mobile phones and video cameras, resources that have only been made possible globalization itself.

Wellman (2002), as we examine later, discusses how the fabric of global communications (such as the Internet) is entwined irreversibly in the mechanics of global trade and finance themselves.
There are critics of Klein’s work who level criticism not only at the conclusions she draws but at the research methods undertaken to produce her claims. For example, The Economist’s article ‘Why Naomi Klein needs to grow up’ challenges some of the claims made by Klein in her book “Fences and Windows” the follow-up to “No Logo”, and exposes some of the more liberal interpretations of the impact of globalization made by the author as exaggerations and inaccuracies. The article compares Klein to an angry adolescent, keen to rebel and critical of the status quo, but lacking the ideas and analysis to suggest alternatives. The article illustrates some key problems in Klein’s arguments; one being her statement that multinational companies are more powerful than governments and consumers. It states that Governments are free to regulate business as they see fit, because they still retain power over the legislative framework that corporations, regardless of their size, must work within. Properly functioning Governments also have more say over citizens’ lives than any corporation could, again because of their control of legislative framework, but also through mechanisms such as taxation and social welfare programs (The Economist, 2002:1).

The Economist systematically disputes some of Naomi Klein’s claims about brands; such as that they represent a type of neo-liberal conspiracy, a type of ‘fascist state where we all salute the logo and have little opportunity for criticism because our newspapers, television stations, Internet servers, streets and retail spaces are all controlled by multinational corporate interests’ (Klein, 2000:187). It states that brands create accountability to maintain quality, expose corporate scandals or poor business practices, such as worker exploitation. Despite Klein’s perception that brands wield
immeasurable power over the lives and decisions of consumers, the author claims, “The fact remains that brands give them far more power over companies than they would otherwise have” (Economist, 2001). It reinforces the idea that consumers own the transactional relationship between individuals and corporations and the overall economic wellbeing of these same corporations; brands are the mechanism by which they do it.

Mercer too disputes many of Klein’s claims in “No Logo”. In “Klein’s vain search for the bullies of branding”, Mercer is critical of the conclusions Klein draws and the research methods undertaken to write the work. She highlights Klein’s habit of drawing “causal relationships where none exist” and finding “culpability in the absence of any proof” (Mercer, 2000). Mercer mentions how Klein at once credits the consumer rejection of big brand names that led to the famous “Marlboro Friday” and pities the consumer as a helpless pawn, transfixed by the subtle tactics used by brand leaders. Mercer also mentions Klein’s habit of producing “sinister confessions” out of “non-incriminating interviews” with advertisers. The conclusion of the article is that there is diatribe and sound-bites where there should be solid evidence and thorough research, and that negative, conspiratorial conclusions are reached far too easily (Mercer, 2000).

There are of course proponents of globalization who perceive a system of benefits through liberalized trade and communications. One of the key proponents of the benefits of globalization is Friedman. In ‘The Lexus and the Olive Tree’ he observes how the world has shifted radically in the space of a few short years, and how it has
done so in the face of a few key trigger moments. The fall of the Berlin Wall, the rise of the Internet as a consumer tool, the formation of the European Union, all have changed the rules of global society.

One of Friedman’s key points is that this new world ultimately has nobody in charge. Where we once had a Cold War, with distinct friends and enemies, institutionalized political biases that could be easily summarized by sound bites (e.g. capitalism is good, communism is bad) there is now no longer a common enemy or common alliances. In this respect, Friedman shares Klein’s views about decentralized networks, about how the breakdown of the cold war has led to a shift from adversarial global governmental sources to a global environment led more by economic forces. Unlike Klein, Friedman argues that globalization, far from being an all-consuming evil, allows greater productivity, gives individuals a greater voice, the power to influence markets and strength against oppressive governments, an example being when investors around the world brought down Indonesia’s Suharto government in 1998 (Friedman, 2000:13).

Friedman discusses how a major part of the infrastructure that facilitates globalization is the Internet and cheap communications. It allows bulk information to be exchanged in seconds, it allows consumers to purchase goods from anywhere on Earth, it allowed Jody Williams to organize human rights groups by email, which led to the international ban on landmines plus a Nobel peace prize for Williams in 1997 (Friedman, 2000:13).

Friedman’s work has been criticized not so much for its factual content as for some of
the metaphors and conclusions he draws from his observations; so much so that the book by Aronica and Ramdoo was written specifically to counter Friedman’s claims.

In “The World is Flat?: A Critical Analysis of Thomas L. Friedman’s New York Times Best Seller” Aronica and Ramdoo specifically challenge assertions made by Friedman in his book ‘The World is Flat’ and as such is useful in setting up a debate between both sides of the issues raised in the book. While at a high level many of Friedman’s claims are interesting, many assertions seem over-simplistic and based on hyperbolae. Aronica and Ramdoo illustrate this with claims such as “Friedman is so enamored with globalization and technology that he is unable to tackle the issue in all its complexity. He constantly touts the jobs that outsourcing is creating in the developing world, but he never once mentions that globalization is a package deal that comes with less attractive features.” (Aronica and Ramdoo. 2006:25)

Like Klein, Korten sees the globalization of financial systems as a destructive force, working against the interests of humanity. He also sees the main concentration of power as going to “some 200 megacorporations that operate beyond the reach of any state or other public authority” (Korten, 1998:390). However, he does not consider that corporations rule the world but rather the financial markets and capitalist superstructure that supports them and looks to them for increased capital return.

Korten discusses the possibilities of an alternative to global capitalism without resorting to ‘the failed models of socialism’. He discusses breaking the link between ‘wealth’ and money; where capital is now being made from the ‘depletion of natural,
human and social capital because return on capital is now increasing beyond the
capacity of the systems that produce it; this is referred to as ‘finance capitalism’. In
other words, capital financial markets profit by putting pressure on human resources
(searching for lower production costs), natural resources (exploitation of the natural
environment, such as mining) and social capital by breaking unions.

Kroes discusses the idea that America has been a central focal point in debates
around the world about cultural imperialism, modernization and economic change.
This was Britain’s role beforehand. The paper discusses how American cultural
product is seen as central to the world while Americans within their own national
borders are aware of little foreign cultural output. The reaction of European nations
such as France has been to attempt to ban American cultural product (Kroes, 1999:3).

He discusses the fact that economic imperialism in Europe came about through the
guaranteed market access in the Marshall Plan; how economic imperialism was
brought about by political imperialism. He does discuss however how American
cultural products such as “the Marlboro Man” and the McDonald’s arches exist in
fragments, scattered across the cultural landscape for individuals to pick up at their
will and assemble into their own context. Images of the American version of “the
good life” found their way across the world and influenced the ideals of Europeans
during the post-war period (Kroes, 1999:3).

He looks at the influence and meanings behind the images in American advertising
and discusses how they are received by European audiences, how advertising is the
carrier of American cultural influence, and how it makes up the ingredients of
Europeans’ idea of American life. In this respect, young people around the world, particularly in Europe, share in an “international youth culture,” some of whose many symbols are American. According to Kroes, these American images have in effect become a worldwide lingua franca.

Go and van Fenema (2003) describe the mechanics that facilitate of the spread of this international youth culture “Virtual communities challenge common notions of relationships, and patterns of inclusion and exclusion. They are connected to local experiences and simultaneously expand these. Through unlimited representational infrastructures, people can connect with other people and artifacts in realistic or (partly) fictitious manners, for work or fun.” He continues; “This gives rise towards distributed communities that develop encounters and join together around shared scripts and shared interests on the basis of a digital meeting infrastructure, whilst people actually may lead their lives in material geographic spaces that are located thousands of miles apart” (Go and van Fenema, 2003:95-96).

In ‘A Crisis of Capitalism’, high profile Fund Manager George Soros (1998) criticizes the phenomenon of market fundamentalism, the belief by market participants that markets are mechanisms that will correct themselves without the need for external controls, regulation or the assistance of government mechanisms such as manipulation of interest rates or bailouts.

He writes that excessive speculation in the economies of developing countries undermines their long-term development. In this respect, regulation of markets is fundamental to their wellbeing.
Soros’ most famous action as a fund manager was his short selling of Sterling on September 16, 1992 (a day dubbed ‘Black Wednesday’). His fund short sold £10 billion on the assumption that the Bank of England would not raise interest rates to match other countries of the Exchange Rate Mechanism. His assumption was correct, Britain pulled out of ERM, Sterling was devalued and Soros made a profit of around USD 1 billion.

To me his views on capital markets and the effects of investment funds in a globalized economy run contrary to his career as a fund manager, particularly in terms of his actions on Black Wednesday, but then again I think it is difficult to argue that Soros was the cause of Black Wednesday; the Pound was already at the low end of the trading range allowable under the ERM rules and for the Chancellor to correct this would have meant increasing interest rates, something he was reluctant to do.

Whether his views are objective or otherwise, whether or not he profited from the environment of globalization he helped to create, his views on market fundamentalism and deregulated markets have been pertinent to the recent global economic crisis.

Another proponent of globalization is Martin Wolf. He illustrates that globalization not only works but has a certain inevitability to it simply because to stop trade at borders is arbitrary. Wolf (2004) gives a number of economic arguments to support his case that neoliberalism is an unstoppable force, and his arguments are more academic than those of Friedman, who tends to be more anecdotal. This work is useful in this thesis for illustrating the work of neoliberal theorists and building the case for how this sort of globalization compares to the integration of the European
An ideological theory attached to globalization is neoliberalism. In “What is Neoliberalism?”, Thorsen and Lie (2007) discuss the origins, the political and economic repercussions and the credibility of the concept of neoliberalism. Interestingly, the authors remark on how little is written about neoliberalism from a sympathetic or neutral point of view, an indicator that discussion up till now may not have been totally objective.

The authors suggest that neoliberalism implies a straddling between American neo-conservatism, the idea that supports the use of American economic and military power to benefit other nations, and economic liberalism, the idea that laissez-faire capitalism should be promoted over government intervention. Because of this they suggest that the term is loaded in terms of both economic theory and political idealism (Thorsen et al. (n.d.):9). From the article it is reasonable to assume that neoliberalism is neither new nor, in its associations with neo-conservatism, particularly liberal.

There are socio political aspects, but also the drive of economic imperatives. In other words, with the right economic conditions, it is as cheap to service a global market as a local one. In this case it is not cultural imperialism that drives global expansion but the lure of increased markets and reduced manufacturing prices. This is illustrated in part by Levinson’s work on the shipping container. In the space of a few decades the container system has reduced the cost of transportation from the largest cost of an exporting manufacturer to one of the smallest, a ship containing 100,000 tons of
freight can be transported around the globe with a crew of only 20 people.

Whilst there are a number of components to the growth of globalization; cheap telecommunications, internet, Levinson primarily focuses on the development and proliferation of the shipping container as a standardized transportation unit and its impact on the global economy; however, beyond this focus the book helps to illustrate the real ways that the simple invention changed economies throughout the world, changed the movement of goods, the landscapes of cities (e.g. the changing from ports that handled hand-managed goods to those big enough to manage containerized goods) and the employment prospects of thousands of people responsible for loading and unloading goods.

One example of this is that blouses produced in Malaysia could be put into Macy’s department store in Manhattan cheaper than those produced a few blocks away in New York’s garment district. This illustrates the change in economic balance that globalization has caused and cheap transportation has helped facilitate this.

In this regard it is the shipping container and the infrastructure that supports it which allows for the possibility of globalized production; regardless of how cheaply a t-shirt can be made in The Philippines or India, if the costs of shipping the t-shirt to the United States are prohibitive, there is no incentive for this type of manufacturing to even start.

In ‘Americanization of Globalization’ Mendis (2005) looks at three contributing factors that converge to drive globalization: the ‘Information Revolution’ (the spread
of information via the Internet) that has been driven by government policy and competitive nature of business; the fall of the Soviet Union and the spread of democracy that followed (even in nations such as China and Cuba); and finally the WTO and the liberalization of economic trade policies. He discusses how these forces and the sense of ‘American Globalization’ have impacted nations such as Cuba, Brazil, Tanzania, Vietnam, India and China.

Mendis’ paper has a Friedman feel in its optimism of the ‘benefits’ in spreading American culture to new corners of the Earth and even quotes Friedman’s ‘Lexus and the Olive Tree’ to illustrate these benefits (‘Today, globalization often wears Mickey Mouse ears, eats Big Macs, drinks Coke or Pepsi and does its computing on an IBM PC, using Windows 98, with an Intel Pentium II processor and a network link from Cisco Systems’). In this sense his focus is less on the sense of American imperialism and more on the power of individuals to live freer, more opportunity-rich lives by virtue of their access to technology and information.

Mendis focuses on the unique and special qualities of the American experience of democracy, overlooking the fact that European nations and nations such as Australia and New Zealand are also strong democracies with protection of individual rights and freedoms.

This thesis also studies brands, their significance and relationship to globalization. Brands have become the most visual targets of the anti-globalization movement in circumstances such as public protests. In the context of this thesis the brand is discussed as a mechanism that ties together the various cultures of Europe to form a
common identity. In all cases, the brand acts as a form of identity, whether a logo, a flag or a name, which represents the values and identity of the organization it represents.

Clifton et al. (2003) focus on a number of key aspects of the brand; economically-focused assessments such as brand valuation through to more socially-focused aspects. It contradicts viewpoints Klein mentions in her book ‘No Logo’, and occasionally mentions her work directly. Blackett (in Clifton et al. 2003) examines the notion of brands as business assets – that their presence and popularity has a real asset value that often greatly exceeds the tangible asset value of a corporation. Using Coca Cola as an example, he illustrates how in mid 2002 the market capitalization of the company was USD 136 billion globally, yet its book value was only USD 10.5 billion. The difference in value is attributable to the recipe, its contracts with distributors and bottlers, and consumer loyalty, sales predictability and global recognition of its brands; these factors provide a real, if intangible, value in the eyes of investors. He continues, examining the same effects with Volkswagens acquisition of Rolls-Royce for a value far beyond its tangible assets, examining the growth of corporate branding and services branding.

Hilton (in Clifton et al. 2003) examines the accountability and demands for ethical behaviour that society can place on corporations through brands. While there are more obvious direct social benefits through economic activity, such as the wealth Hershey’s generates for its small home town in Pennsylvania when its chocolate is distributed throughout the US and the rest of the world, there are other less tangible,
longer term social benefits such as creating a mechanism for ensuring product quality, a mechanism for creating social responsibility and a market demand for product innovation amongst others.

In ‘Brand Royalty: How The Worlds Top 100 Brands Thrive And Survive’ and ‘Brand Failures: The Truth About the 100 Biggest Branding Mistakes of All Time’, a series of case studies is presented that examines the failures of global consumer brands. He looks at the phenomenon of brand failure from a variety of angles; classic failures, idea failures, brand extension failures, culture failures, re-branding failures and Internet failures. He also briefly examines failure and brand myths and why brands fail, then presents case studies on famous failed brands in terms of ideas, cultures, brand extension failures, Internet brands and brands that have lost their way.

Examples of these are failed brand extensions such as Harley Davidson Perfume, Smith & Wesson Mountain bikes and Cosmopolitan (as in the magazine) yoghurt. These have all been launched with much effort and marketing but despite this, all have all ceased production shortly after launch. The lesson is that brand extensions need to be logical and related to the original product. The whole book concludes that despite the sophistication or voracity of the marketing, a brand still needs to make sense to consumers and have a single strong statement to make. While this is a valid argument, I feel that it depends greatly on the brand and the message it portrays; for example, Virgin’s brand covers Airlines, financial services and telecommunications, amongst others, and does so successfully, whereas it would be more difficult for British Airways’ brand to cover a bank or a mobile phone service. I would argue that
this is because British Airways’ brand is inextricably linked to air travel, whereas Virgin’s has always been more broad and abstract.

Haig investigates the idea that brands are a type of religion, sharing qualities like faith (people have faith in what brands may have to offer), omnipresence (successful brands want to be everywhere at once), goodness (The Body Shop wants to do good, and share the idea with others) and places of worship (such as Nike Town, Apple Stores, Starbucks and Disneyland).

By looking at brands in this way, and how they relate to people (as in the case of Oprah Winfrey), Haig manages to expose the difference between brands and the products or companies that they represent. He shows that brands represent how we feel emotionally about these entities, the feelings that they instill in us as consumers, and not just the label on the package.

Pavitt (2001) approaches the subject of branding from a different perspective, focussing on the design, the consumer appeal and the historical origins of brands. She starts at the industrial revolution, when the changes in production of consumer goods such as chocolate, milk and flour led to changes in purchasing habits of these goods by consumers. It was then that branding became an important assurance for consumers that the product’s origins could be traced, the retailer and manufacturer could be held accountable for quality and that consistency in quality could be expected regardless of where the product was purchased.

From there she traces the development of brands to their more sophisticated, global
incarnations of today, following fashion, electronics, beverage and other global brands in the form of brand profiles and interviews.

Pawle and Cooper discuss the evolution of brands into Lovemarks (the definition of a Lovemark being a brand that inspires "loyalty beyond reason"). They tried to discover how human emotions influence rational processes such as purchasing decisions and how brands can transcend the regular role of product masthead to build stronger emotional connections with the public in order to get in touch with these emotions.

They developed their own scales for measurement of emotional, social, cultural, and functional relationships between consumers and brands, and measures of consumer emotion. By doing tests such as asking respondents to imagine “if a brand was a piece of music what type of music would it be”, “what type of texture, taste, smell, and color, it would be”. They tested the theory on both car and cereal brands, measuring the emotional qualities of a variety of brands and found that those brands that represented Lovemarks are 4 to 7 times more likely to be purchased than "products" and around 2 times more likely to be purchased than "brands" (Pawle and Cooper 2006:8).

Add to this the effects of neuroscience on brand perception: Plassmann et al. (2007) discuss how the basic assumption in economics is that the experienced pleasantness (EP) of a product by a consumer is derived only from things directly intrinsic to the process of consumption; they describe that in the case of a soft drink it would be the molecular composition of the beverage and the level of thirst of the individual
drinking it. However they have found that other factors such as knowledge of ingredients and price also have an effect on the enjoyment of the product. The authors conducted a study with subjects and variously priced samples of wine, with some wines being identical but being described as having different prices. Their hypothesis was that a perceived increase in price should have a positive impact on the enjoyment of the wine, and their monitoring of brain activity using an MRI machine proved the hypothesis correct. This provides some evidence that intangibles play an important role in perception of brands and products;

An important task for future research is to develop a more complete characterization of the range of marketing actions that can influence the neural computation of EP. We conjecture that any action affecting expectations of product quality, such as expert quality ratings; peer reviews; information about country of origin, store, and brand names (especially those associated with luxury products); and repeated exposure to advertisements might lead to effects similar to those identified here. (Plassmann et al. 2007:1052)

Europe
This thesis also studies Europe, and in particular the European Union, and the brands of these entities. It is important to make the distinction between Brand Europe and that of the European Union; the EU is a relatively recently contrived union of nations that share not only geographic similarities but economic and political ones as well. The brand of Europe on the other hand is cultural as well as
geographic; the question arises as to whether a single, quantifiable brand Europe exists, as it is formed of a variety of very different nations with different languages, different histories and which were, until relatively recently, adversaries in a number of wars. In a way, it is its internal differences that tie the brand of Europe together, whereas it is economic and political similarities that are necessary to bind the EU.

The European Union is effectively a self-contained model of globalization. However it contradicts protagonists of neoliberalism in as much as it legislates quite rigid social protections for its citizens. It is a paradox, a type of artificial internal market system that, unlike any trade agreement or political union before it, has managed to combine the interests, both political and economic, of 27 member states. Complex and heavily administrated, the EU succeeds in creating a common umbrella government that brings relative economic and social equality and opens internal trading borders; an economic dream for neoliberal protagonists.

Banerjee and Linstead discuss globalization versus the nation-state and that the debate ignores complexities in the relationship between the two; that the nation-global duality is not mutually exclusive. While the world economy is linked internationally, it is not necessarily global because things such as economic governance are still regulated at the nation state level. A global operation still needs to adjust to fit to these local rules.

The authors state that not only is globalization an economic process, it is a political process (trade embargoes, trade agreements, etc), a social and cultural process and a knowledge-producing process (the exchange of ideas and information between
production centres for example). They also argue that “globalization is a direct consequence of European expansion beginning from the era of colonization, entrenching itself during the post-World War II era of colonial development and emerging in the latter part of the century as a ‘world-wide’ phenomenon” (Banerjee and Linstead, 2001:690).

As well as this they discuss that ‘despite the rhetoric of celebrating difference, multiculturalism does little more than facilitate assimilation within the dominant ideology’. While multiculturalism may not be homogenized, it is recognized through the perspective of globalized culture. The authors illustrate how native aboriginal art, for example, is considered that which involves dreamtime stories and life in the bush, whereas contemporary urban aboriginal art like that by Kevin Butler is somehow less authentic. It is a type of colonialism by consumerism. The authors also argue that while cultural homogeneity may be up for debate, part of the basis of globalization, the idea of consumerism, is spreading throughout the world.

Bauer et al. discuss the consumers view of this cultural homogeneity and the authenticity (and therefore effectiveness) of global brands as a result. They describe that there exists:

“A widespread concern about global brands – at least in some consumer segments – is the advancement of a global homogenization of cultures and the promotion of a global consumer culture (Belk, 1995; Thompson et al. 2005). As a consequence, consumers sometimes challenge the authenticity of global brands. Consumers may view brands that are highly standardized and calculated as inauthentic in contrast
to local alternatives, which are understood as distinctive expressions of local cultures (Thompson et al. 2006). Furthermore, the lack of authenticity is stressed by polished and expensive marketing techniques that global brand companies typically use because commercialization is negatively related to perceived authenticity (Holt, 2004).” (Bauer et al. 2006)

Europe has undergone a transitional process from a continent of political adversaries and warring nations through to a cooperative political environment that has led to unified government tied economic systems. Its current shape represents as much a change in political fortunes as it does an original plan, considering that at its birth in the 1950s many of the newer EU member states were behind the Iron Curtain.

Skrobacki (2005) discusses the gradual development of the EU as a community, the history of integration, the structure of government in Brussels as well as the representation each EU nation has in building the community. He discusses how the EU represents a type of socio-economic ‘duality’; how it is a model of ‘turbo-charged globalization’ while concomitantly institutionalizing social protections for Europeans. Whereas globalization focuses on diminishing the relevance of local governments, the EU has been a process of ‘reconciling national histories and institutions in a common ethical project.’

This illustrates that the EU not only contradicts Wolf’s (2004) thesis but also contradicts the main thesis of neoliberalism and the ‘presumed universal requirements of economic efficiency’; in other words, it does not reduce the role of government to a bare minimum and does not throw out rights of and obligations to
workers in these markets. Yet it builds an economically dynamic as well as socially equitable trading environment, which leads to questions about neoliberalism’s imperatives.

The notion of globalization through media is the wholesale adoption of a foreign multinational brand or culture either by seductive marketing or economic superiority. Yet European countries have existed side by side for many centuries without homogenizing into a single language, identity or way of life. Brand “Europe” was developed to fight cultural protectionism and xenophobia. The aim was not to homogenize member states culturally, but rather to unite them politically and economically.

What exists now to homogenize culture that did not exist in Europe for all these centuries? If Europeans have retained strong, unique cultures for many hundreds of years, what truth is there in the notion that the globe as a whole will somehow become American by virtue of imported brands and cultural products? Anti-globalization sentiments are often focused on a perceived American agenda of empire-building, and are frequently expressed both through protest and legislated government policy. Indeed, throughout Europe there is a perception that American media has a dumbing-down effect on local cultural output. This thesis aims to establish whether the phenomenon of an imperialist agenda or even lack of quality actually exists, or whether such sentiments are simply a way to legitimize cultural protectionism. It also aims to establish the effectiveness of protectionism based on national borders when information networks surpass this physical distinction.
The European case can be used as an example as it is a model of a merger of separate national identities, and studying the effects of this merger of smaller, quite different national identities can give an indication as to the impact of the globalization issue and indeed in confirming or denying the claims of homogenized culture through globalized cultural products. The ‘French Exception’ is an example of national cultural independence, the ability of the French Government to impose media tariffs and trade restrictions to promote and subsidize French cultural products such as cinema in an attempt to retain their cultural identity through their media industry.

Gordon and Meunier (2001) address this cultural exception and discuss the notion that globalization represents a threat to France’s familiar daily life for a number of reasons: it threatens the state’s role in France’s dirigiste tradition, the government spends more than 50% of the GDP and nearly 25% of workers are employed by the government, it threatens France’s position of influence in world affairs and it poses a potential threat to the cultural identity that the French are particularly proud of. The perception is that by embracing globalization, the French would also be embracing the dilution of their culture by American cultural influences.

They illustrate that the threat to French culture is just as likely to come from the importation of American products as from American culture itself. It highlights France’s efforts to protect its culture, particularly in cinema, where it has subsidies for local cinema in place and has pushed for political protections such as the cultural exception in the GATT Uruguay Round negotiations. But what I find interesting is that it highlights that receipts for local cinema product have declined, despite the fact
that the number of local films being produced annually has in fact increased. This highlights the fact that the notion of cultural imperialism in Europe is not a straightforward topic, that there are complexities, in terms of media at least, of audience preferences in the market and whether subsidies for media are indeed helping to protect local cinema.

Meunier (2003) discusses the view of globalization in France, the spiritual leader of the European experiment. France is in many ways considered a champion of anti-globalization, from Jose Bove, the French farmer who bulldozed a McDonald’s store, the perceived general disdain for American culture that the French reputedly entertain, through to the controversial Toubon law that ensures all advertising and official documentation in France must be in French, at the risk of a prison sentence. To many in France, it is popular to see globalization as a form of American imperialism and the resistance to this imperialism has been seen as a politically savvy move.

She also discusses how France has adapted to globalization in recent years, from the curious discussions of trying to ‘regulate’ globalization it has somewhat adapted to the idea of the benefits that globalization can bring. France is the world’s fourth largest exporter, it is a great economic power, and it does not shy away from commerce and economic growth. However, as Meunier suggests, France is a country uncomfortable with the relative inequalities that a messy, unregulated system like globalization can produce. The very inequalities that the United States has learned to deal with in the pursuit of economic success.
France’s *dirigiste* social structure is unique, even for Europe; it goes beyond socialism because it still has firm roots in the market economy, yet these are firm expectations of the responsibility of the state to keep this market economy functioning in a way that is socially equitable. Needless to say, globalization potentially poses a threat to this system, and this has been fodder for politicians and social campaigners in the past. Because of this, it provides an interesting example; France is such a strong figure in the EU, that how it reacts to globalization could have a major impact in the way the EU reacts to it. Based on Meunier’s observations, it is reasonable to argue that France has the greatest distance to travel when it comes to dealing with the social consequences of globalization.

Rothkopf (1997) examines the emergence of a global culture and the role of the United States in its formation. He argues that cultural and political conflicts have in the past, and particularly the 20th century, been the cause of tens of millions of deaths in wars and genocides. Successful multicultural societies have been those that have allowed aspects of culture that are not destabilising to the community (food, music etc) to flourish throughout the community, to be absorbed and mixed with a variety of others, but that the subversive elements (exclusionary religious and political ideologies for example) have been counteracted or eliminated.

In terms of cultural integration he describes the United States as the “indispensable nation”, one that is itself formed from many different nationalities and cultures over centuries and has, in its own formation, come to terms with finding a common ground for all to exist with a relative coherence.
He describes the dominance of American cultural output, distributed across nations ubiquitously via satellite and the Internet and the artificial impediments placed by nations such as France, Canada, Singapore, China and Iran to keep this same cultural output outside their borders. He compares this to the closed system of the Soviet Union. He states that global cultures are becoming global, rather than American, that the ports of western culture appropriated by other nations are done so because of shared interests rather than cultural domination. However, he goes on to describe that if it is indeed the case that the world is moving towards a shared common language, it is better for America that it be English, if they are sharing in a common value system that it is better for it to be one that Americans are more comfortable with. And this being the case, it is important for America to be inclusive in its approach to other nations and cultures rather than adversarial.

He discusses how that exportation of the “American Model” to world cultures is based on principles of justice, opportunity, equality and secularism. Unlike other indigenous cultures, it is one formed of many different cultures, allowing each to thrive and intermingle organically.
3 Brands
3.1 Global Brands
(Origins, Neoliberalism and Economics)

The definitions of the term ‘brand’ are large in number and various in scope. While the fundamental concept remains similar, professionals each define the responsibilities and influence of brands in various ways. In describing how brand equity comprises brand name awareness, perceived quality and brand associations, Aaker defines brands as:

A set of assets (or liabilities) linked to a brand’s name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or that firm’s customers (Aaker, 2002:7)

Ogilvy described brands as:

The intangible sum of a product’s attributes: Its name, packaging, and price, its history, its reputation, and the way it’s advertised (Ogilvy, 1983:24)

While these definitions are perfectly applicable to commercial brands, where a brand competes for market share by appealing to consumers above a number of
Brands

competitors, they are not entirely applicable to the cases of nation brands or cultural symbolism. For the purposes of this thesis a brand is defined as:

*A recognizable abstract marker that lends recognition to a product, service or experience: one usually used for commercial purposes but equally applicable to cultural symbols or artifacts.*

In the scope of this thesis the brand gives a single point of reference for the variety of products, services and collateral such as intellectual assets that an organization may have. The brand is also used for an organization’s communications with the outside world: messages such as advertising, public relations and general marketing, as well as political activities such as environmental issues and corporate social responsibility policies.

While the description of corporate and product brands is a reasonably straightforward undertaking, in the context of national branding or place branding, the function and representation of brands becomes more complex. Fan (2005) describes this complexity, how a nation is not owned as a proprietary property by any one entity, there is no tangible offer in a nation brand, and *that “the only benefits a nation brand could create for its audience are emotional rather than functional.”* (Fan, 2005:8).

Anholt (2004) also describes how a nation brand may not always be responsible for the creation or perception of its brand; *“Few places really have any choice about whether they should adopt a brand strategy or not: even if they are not deliberately branded by an*
aggressive superpower, many or most will suffer from the ‘spillover’ effect of their continent brand...so Ecuador, a largely peaceful country which does not produce significant quantities of narcotics, is branded as being drug-ridden as Colombia and as dangerous as Nicaragua...” (Anholt, 2004:8)

In defining a nation brand, Fan again makes the following point;

There is no single definition of nation branding. To some it is simply another term for COO effect or place marketing. To others it refers to a consistent and all-embracing national brand strategy which determines the most realistic, most competitive and most compelling strategic vision for the country, and ensures that this vision is supported, reinforced and enriched by every act of communication between the country and the rest of the world. In nation branding ‘the aim is to create a clear, simple, differentiating idea built around emotional qualities which can be symbolised both verbally and visually and understood by diverse audiences in a variety of situations. To work effectively, nation branding must embrace political, cultural, business and sport activities.’ (Fan, 2005:6)

While the brand may not be new, the global brand is a relatively modern phenomenon. Cheaper transportation, the lowering of trade barriers, the growth and improvements in communications (such as virtual networks) and the growth of western economies since WWII, events at the foundation of globalization itself, have fuelled the expansion of many brands to global status as they have followed the channels of trade.
Keller (2001) states that “Building a strong brand with significant equity is seen as providing a host of possible benefits to a firm, including greater customer loyalty and less vulnerability to competitive marketing actions and marketing crises, larger margins as well as more favorable customer response to price increases and decreases, greater trade or intermediary cooperation and support, increased marketing communication effectiveness and licensing and brand extension opportunities” (Keller 2001:3)

As well as a brand’s ability to provide recognition, these components in combination generate value for the product they represent. All of these definitions are interlinked; in a crowded marketplace where many similar types of products sit next to each other on the store shelf, brand distinctions create a perception that these products are not merely commodities but that each has a special distinguishing characteristic. These distinctions also create an image that hopefully stays in consumers’ minds, the aim being to have these same consumers remember the image, to form a loyalty with that image and to purchase the same unique product later, thus producing a certain predictability in sales patterns for the company making the product. Brands sitting next to each other on a crowded store shelf act as a guarantee, a reassurance, a way of making a choice for the consumer (Pavitt, 2001:37). The distinction, as simple as it may be, is important and has an economic follow-on.

For example, if your last car was a Renault Mégane and it continuously broke down then it is less likely you will choose a Renault of any model again. The entire brand becomes tainted with your previous bad experiences because the trust has been broken. Previous experiences, reputations, and associations are powerful; when they
are positive they can be exploited to great commercial effect, but they are also powerful if they hold negative associations.

There is also a phenomenon where, for consumers with a loyalty to a particular brand, overall price sensitivity can become less of an issue. Mela et al. (1997) discovered that with the increase in promotions such as price reductions and coupons, aimed at increasing short term sales, increases price sensitivity among consumers in general whereas an increase of longer term advertising programs, those with the aim of developing a brand’s profile and brand image, reduces this sensitivity. It would appear that brand loyalty has economic benefits in terms of demand predictability and the ability to increase prices.

It is untrue to say that brands are a modern cynical invention of commerce, that they have existed only from the 20th century and have only made a rise since the advent of globalization. The Bass Ale brand was Britain’s first officially registered trademark and was registered in 1876 (www.bass.com).

Historically, brands came to prominence during the industrial revolution when mass production came along with mass-marketing and consistent manufacturing processes. They served as a hallmark, growing in use and popularity during the Industrial Revolution. It was at this time that common products such as food changed from being produced predominantly by the individuals who ate them to being produced en masse in factories and available for purchase (Pavitt, 2001). Individuals gradually changed from producers to consumers and by labeling flour, chocolate or tea with a manufacturer’s brand these products served as hallmarks for
other products by that same manufacturer, offering reassurance and in a way making a purchasing choice for the consumer (Pavitt, 2001:37). If, from experience, consumers found Nestlé chocolate to be a consistently good-quality product, then it stood to reason that Nestlé condensed milk should be good as well. In this respect, brands provided a sense of guarantee to buyers as to the level of quality, price and flavour so that the buyer did not have to second-guess: they could simply rely on a trusted brand they had used before. The brand became a way of distinguishing a manufacturer’s product from the many other products available on the store shelves and in time, came to act as an endorsement of quality. In short, the aim of branding was to provide differentiation and assurance of product quality. (Pavitt, 2001:33)

Even now, when naming inanimate products or abstract services such as financial services we provide differentiation from competitors in the market; this is especially true of brands that represent commodities, such as Starbucks, Coca Cola and Nestlé. These brands offer differentiation from other commodities and by the quality of their products or service they offer a level of trust. Because of this trust and the repeat sales that it brings, brands offer the opportunity for organizations to charge a premium for products. It effectively acts as the cost of guarantee, the small additional price to pay for ‘guaranteed’ satisfaction as opposed to taking a risk with faceless, generic alternatives (Pavitt, 2001).

This premium can also be an exchange for a more culturally satisfying purchasing experience; nicer packaging, an endorsement by a popular celebrity, a more interesting cultural brand history. For example, Vespa is the brand of scooter driven
by Gregory Peck and Audrey Hepburn in the film “Roman Holiday”; it has long been popular with Italian youth and has a cultural image of espresso, pasta, Roman architecture and the post-war European lifestyle. Riding this brand of scooter can buy into this same cultural experience, even if it is not ridden in Rome. A new Chinese Yiben scooter, on the other hand, does not share this heritage; while it may be technically equivalent or even superior, it is simply a scooter, a way to get around. This difference is often reflected in a difference in price. Vespa’s cultural heritage and brand recognition allows for a price premium, provided that the expectation of consumers is not exceeded by the premium pricing of the product then this represents value.

While is can be argued that the scooter itself, with power to offer freedom and mobility, especially to young Italians in the post-war period who were too young to hold a license to drive a vehicle, provided the lifestyle and cultural experience, Piaggio, Vespa’s manufacturer, developed a marketing image that offered a new type of counter-culture lifestyle image. “Piaggio was one of the first advertisers successfully to incorporate a countercultural language and imagery in its advertising, so much so that the Vespa campaigns of the late 1960s have become part of the Italian collective memory of 1968.” (Arvidsson, 2001:48)

Berger describes this cultural imagery as a way of connecting regular consumer experiences and everyday objects to culturally higher art experiences. He says:

_A work of art also suggests a cultural authority, a form of dignity, even of wisdom, which is superior to any vulgar material interest; an oil painting belongs to the_
cultural heritage; it is a reminder of what it means to be a cultivated European.
And so the quoted work of art (and this is why it is so useful to publicity) says two almost contradictory things at the same time: it denotes wealth and spirituality: it implies that the purchase being proposed is both a luxury and a cultural value.
Publicity has in fact understood the tradition of the oil painting more thoroughly than most art historians. It has grasped the implications of the relationship between the work of art and its spectator-owner and with these it tries to persuade and flatter the spectator-buyer. (Berger, 1972:135)

Berger also describes the imagery used in marketing as being eventless, as being “situated in a future continually deferred, [it] excludes the present and so eliminates all becoming, all development. Experience is impossible within it. All that happens, happens outside it” (Berger, 1972:153). In a way, referencing known imagery connected to the past to imply possible situations based sometime in the near future:

The spectator-buyer is meant to envy herself as she will become if she buys the product. She is meant to imagine herself transformed by the product into an object of envy for others, an envy which will then justify her loving herself. (Berger, 1972:134)

In commercial terms, a brand is more than a logo, packaging or an advertising campaign; it can go far beyond that. For example, Klein states that “Advertising is about hawking product. Branding, in its truest and most advanced incarnations, is about corporate transcendence” (Klein, 2000:21). A logo can be compared to a name badge that a person may wear, whereas a brand is the name badge plus the clothes the
person wears, their personality, their family and medical history, their political and social ideologies, their job and even their financial status; in other words, their actions, their product and their social status.

Drawing on research conducted by Good Business, Hilton (in Clifton et. al., 2003) describes the less rational social benefits that brands can provide (Fig 1). From rational benefits such as wealth creation and consumer protection to the more emotional ones like social cohesion, when observed as a whole, brands can cover a number of qualities beyond the logo on the box. For example, a brand such as Hershey’s generates wealth for its local town in Pennsylvania when its chocolate is distributed throughout the US, and generates wealth for the US as a whole when it exports to other countries. It provides consumer protection by being labeled because its name is a guarantee of quality. Brands such as Fairtrade and The Bodyshop provide these benefits for local communities and consumers as well as corporate social responsibility and social change.

*Fig 1: Seven social wins of brands (Hilton in Clifton et al. 2003)*
Brands impose a cultural interface on commerce; they can produce a package of intangible perceptions, emotions and expectations that rise above the tangible business case or product offering. By using these perceptions they can also provide the sense that these brands provide a truly unique product, inferring that they are the only ones that can do what they do. McDonald’s could be seen as being the only ones who can produce a McDonald’s Cheeseburger: the specific type of cheese and sauce, the feel of the paper it is wrapped in, the restaurant environment with those hard orange fibreglass seats and the drive-through service. The specific combination of all of these specific qualities may only be available from McDonald’s even though the basic ingredients, cheese, beef and bread, are basically commodities sold in some form or other by McDonald’s competitors.

On the strict, regimented branding practices of McDonald’s founder Ray Kroc, Schlesser writes  “The key to a successful franchise, according to many texts on the subject, can be expressed in one word: uniformity. Franchises and chain stores strive to offer exactly the same product or service at numerous locations. Customers are drawn to familiar brands by an instinct to avoid the unknown. A brand offers a feeling of reassurance when its products are always and everywhere the same. ‘We have found out . . . that we cannot trust some people who are nonconformists’ declared Ray Kroc, one of the founders of McDonald’s, angered by some of his franchisees. ‘We will make conformists out of them in a hurry . . . The organization cannot trust the individual; the individual must trust the organization”.

(Schlesser, 2001:5)

With certain brands the uniqueness of the product is more tangible and practical;
Boeing is indeed the only company that can make you a 747, Intel is the only company that can produce a Pentium processor. In these cases, designs, patents and expertise make for brands and products that are, by all accounts, unique and different from the competition.

As these examples show, brands have, over time, made the development from being hallmarks to setting levels of expectation, not always in a positive sense and not always rationally or objectively. Haig (2003) describes the sense that brands cause a jarring effect for consumers when their expectations, whether good or bad, are not met (Haig, 2003:22). It is the appropriate setting of expectations with consumers that is a key point in delivering satisfactory customer service for brands. For example, Rolls Royce’s customer service should always exceed the quality of Skoda’s, not necessarily because Rolls Royce is superior to Skoda but because the expectation among consumers is that it should be. Should Rolls Royce provide the exact same level of service that Skoda offers, even if both are good, the perception would be that Rolls Royce is a disappointment. The same can be said for The Ritz versus McDonalds or British Airways versus easyJet.

It is this level of expectation that ambitious brands capitalize on in order to expand their markets beyond their local borders. Their exposure theoretically reduces marketing spend because their reputation has already been established in the market, it allows easier portfolio growth and gives a cultural momentum that aids future global expansion. This exposure, together with government regulation, provides a level of consumer safety that would not be as effective with regulation alone. Loss of
reputation or damage to the brand potentially carries greater economic penalties.

Regulation is important in setting and maintaining consumer protection standards, but because of brands there is also a commercial imperative for ensuring consumer protection standards in products. Poor-quality products, a case of food poisoning, a product recall or an electrical accident all reflect badly on a brand, and generally require some damage control in the form of public relations. Because of high brand profiles and often market-leading status, public relations incidents, be they bad products or ethical problems, are more easily associated with global brands than with lower-profile brands or generic products. Because of this, brand performance in terms of consumer protection and ethical behaviour becomes, at the very least, a financial imperative requiring such problems to be ring-fenced and resolved quickly in order to protect the asset value of the brand. The Ford/Firestone case (Bradsher, 2000) discussed in the section “How Two-Way Communication Channels Shape Global Brands”, is an example of product failure damaging brand reputations, The Apple case highlighting poor employee welfare of its Chinese subcontractors (The Mail on Sunday 2006) discussed in the section “The Distribution Pipeline” is an example of perceived ethical behaviour affecting brand reputation.

The acceptance and popularity of brands in the marketplace can also be accounted for by the fact that this way of naming, organizing and hallmarking products is popular with consumers. Whether subconscious or not, consumers recognize that the tagging of products with a brand that is accountable in the public arena has advantages. Clifton writes:
“Brands have been successful because people want them; and every organization’s need to protect its reputation (and so its corporate value) is a rather efficient impetus for them to behave well” (Clifton et al. 2003:1)

In theory at least, this means that a global brand such as McDonald’s, controlled from Illinois, can be better trusted to provide safer and higher food safety standards than the local kebab shop owned by unknown local proprietors. While the penalties for failure have local repercussions, as with the local kebab shop, they also have the potential to be felt globally, in places not at all connected with the place in which the infringement occurred. These problems are more expensive to rectify because as communications have become more instant and prevalent, so too has the potential for bad publicity to spread on these same communication channels. A company needs to not only manage a crisis in the market where the infringement occurred, as does the local kebab shop, but may also need to apply the same management to every market it trades in around the world; the cost of protecting a brand reputation increases exponentially precisely because consumers expect a similar product across the world. If the product is faulty in one area, assumptions are that the product could be faulty in all areas.

A case in point is when Anna Ayala and Jaime Placencia claimed to have found a human finger in a bowl of chili served at a Wendy’s restaurant in California in 2005. The high profile brand of Wendy’s gave momentum in the news that it would possibly never have received if the incident had occurred in a locally-run burger store. Ayala and Placencia pleaded guilty to planting a human finger in their chili and were ordered to pay around USD 21 million in compensation. David Boyd, the
prosecutor for the case, said “it was ironic that the publicity Ms. Ayala had courted to cover her claim resulted in a stiffer penalty because it [sic] increased harm to Wendy’s business” (Glater, 2006).

It is fair to assume that Ayala’s and Placencia’s extortion attempt only happened in Wendy’s because of its high profile, its wealth and its presumed need to settle such matters quickly through compensation. In another way this highlights the exposure that high-profile brands experience; the potential to suffer a bad reputation in markets completely outside of their area of trade. Globalized communications mean that the extent of a brand’s reach can often be larger than the reach of the company itself; had Wendy’s wanted to open a branch in the UK it would have had to initiate damage-control public relations in a region of the world it had not even traded in before. Rapid, global communications have radically altered the global/local relationship of the markets that brands trade in.

In an ideal world all brands would behave ethically, mistakes would never happen and labour laws would always be observed. In the real world this is not always the case; infringements of safety regulations, labour laws and advertising standards occur frequently. Implications of bad press, consumer boycotts, fines or prosecutions mean a possible reduction in consumer loyalty and hence a reduction in profit; therefore there is an incentive to address problems and infringements quickly because of the possible effect on a company’s profit and loss statement. In other words, brands are an important type of self-regulation by virtue of identification. If an infringement of regulations occurs, a civil class action lawsuit is filed or labour
laws are breached, without a brand who does the regulator prosecute? Who do consumers boycott? While the market addresses the problems and infringements that brands may cause, it can only ever be reactive; punishing, boycotting or pressuring brands when a problem occurs. Consumers can boycott a brand of food discovered to contain salmonella once the discovery has been made, but they cannot do it in advance of a problem occurring.

It is not just the consumer who can boycott a brand. In a globalized world, perhaps more effectively and more widely spread than before, there are a number of different types of pressure and accountability that a brand encounters. This is especially true of a global brand. Activist pressure such as the WTO protests in Seattle, political pressure such as UK’s Deputy Prime Minister John Prescott’s intervention in plans for Ikea to construct a superstore (Hetherington, 2002), economic pressure such as Ford’s decision to cut production of trucks and SUVs because of rising fuel prices (Vlasic, 2008), the pressure from a brand’s own shareholders such as Eric Jackson’s successful removal of Yahoo’s CEO Terry Semel (Arends, 2007; Thomas, 2007) and Carl Icann’s subsequent removal of Semel’s successor Jerry Yang (Liedtke, 2008) as well as the commercial pressure of consumers such as the backlash after the introduction of New Coke (Demott, 1985). Pressures such as these require that brands balance the needs of all these groups to avoid unfavourable controversy as much as possible. While bad press or unfavourable consumer sentiment may seem like softer penalties than legal action or financial penalties, in a competitive environment the erosion of a consumer base is a principal concern; with even a small erosion of a consumer base, revenues decrease and so too does shareholder
sentiment and the overall value of the company.

Although not new, shareholder pressure via activism is increasingly common. This is sometimes done by hedge funds or similar actors seeking to increase profitability or alter the balance of management control; however the degree of activism by individuals and groups seeking to address social and environmental concerns with corporate boards and management is increasing. This internal unrest can be just as damaging to a brand’s reputation, as owners of the company and the brand shareholders have the capacity to wield pressure on management to change their behaviour or, as a last resort, to change management altogether.

An example is the ousting of Yahoo CEO Terry Semel by shareholders in 2007. Because of their shareholding size and voting capacity, it is corporate and institutional investors who tend to control such changes in management and company operations, but in the case of Yahoo, Eric Jackson, a shareholder with only 96 shares, led a campaign to oust Semel and a number of board members from control of Yahoo. He did this by using a large number of blog posts (http://breakoutperformance.blogspot.com) and online videos to garner support of other shareholders. Around a hundred shareholders pledged their support equaling around 2 million shares (out of approximately 1.35 billion outstanding shares) and with this small percentage his campaign gathered enough momentum to have Semel dismissed in the June 2007 annual shareholder meeting (Arends, 2007; Thomas, 2007). Nicolas Miguet, a former French Presidential candidate and shareholder of financially troubled Eurotunnel, undertook a similar campaign. By garnering the
support of shareholders holding a total 17% of Eurotunnel’s equity, Miguet attacked its management and had the company’s entire board removed in April 2004 (BBC News, 2004(a)).

These examples illustrate not only the power of shareholder activism, but how the mechanisms of globalization, namely virtual networks and e-communication which are closely tied to the spread of globalization, have allowed this activism to gain broader support amongst disparate, previously unconnected shareholders. This connection through virtual networks allows shareholders, be they institutions or individuals, to hold brands accountable for perceived unethical behaviour in a similar way to the media or consumers.

Consumer pressure, perhaps the most fundamental type of activism, is powerful because the consumer’s sense of brand ownership leads to consumer concern about the behaviour of these brands. If an emotional investment is made in a brand and that brand suddenly displays an unethical characteristic, there is a discord, possibly even anger, felt by the consumer. With the status that brands bring to products and organizations comes an added expectation of more ethical behaviour and a greater sense of exposure in the market. The pressure is not always about corporate behaviour, however; it can be as simple as a change in a favourite product such as the introduction of New Coke in 1985 (Demott, 1985). In 1985 Coca-Cola changed the recipe of its flagship beverage brand but what was supposed to be an improvement was quickly met with consumer outrage. Loyal U.S. consumers disliked the change and the company received 1500 complaint calls per day. So much consumer pressure
and dissatisfaction occurred because of a small, simple change in recipe that one of the world’s major corporations was forced to backtrack and reinstate the old recipe within months of the new recipe’s introduction.

Political pressure occurs when a company’s philosophy, business plans, corporate behaviour or even employment practices has an effect on the society the company operates in. This can happen on a large, even global scale such as an Alaska Federal Court judge originally awarding plaintiffs USD 5 billion in punitive damages for the oil spill from the Exxon Valdez (www.seattleclassaction.com/exxon/exxon.asp). Exxon’s brand and reputation was damaged by both the spill itself and its handling of the crisis in terms of its communication with the public; “…experts in public relations say that Exxon seriously worsened the damage to its public standing by failing to seize control of developments after the spill and establish itself as a company concerned about the problems it had caused” (Holusha, 1989). Actions such as the company’s chairman Lawrence G. Rawl’s refusal to visit the spill site directly and the company’s refusal to comment directly for almost a week after the spill gave the impression of a company that did not care about the welfare of its customers or the general public. Holusha claimed that:

“Many people predict that the entire oil industry will pay the price in the dashing of any hope of winning Government permission to explore for oil reserves in the Arctic National Wildlife Reserve. That possibility now seems much less likely in the near future, given the public outcry over the spill.” (Holusha, 1989)

Another example is when the UK’s Deputy Prime Minister John Prescott rejected
plans for an Ikea store to be built in Stockport, Greater Manchester in 2004. Prescott had criticized the retailers plans for out-of-town superstores “because they generate too much traffic and undermine established town centres” (Hetherington, 2002), the comment was cause for further public debate about the concerns and benefits of the superstore business model in the community; a model that is central to Ikea’s brand and global business model.

These combined pressures are of concern to any brand that has a noticeable public image to protect and that relies on the goodwill of consumers they cater to in their operations. Big brands find themselves more accountable simply because they are more visible than small ones and therefore, in theory at least, so too do their activities. The bigger and more visible the brand, the greater the potential exposure of unethical behaviour and hence the greater the need to avoid unethical behaviour in the first place. Nike is an example of a brand that has felt political and activist pressure because of criticism of its labour relations policies. This came to a head in 1997 when groups Vietnam Labor Watch (based in New York), Community Aid Abroad, Hong Kong Christian Industrial Committee and Transnational Resource & Action Center (based in San Francisco) (Saigon.com, cited in Birchall, 1999) exposed substandard working practices and exploitation of workers.

In 1998, Nike CEO Phil Knight bowed to pressure to change its labour policies in its factories in developing countries and to improve the ‘sweatshop’ conditions for workers manufacturing Nike products. As a follow-on measure, Nike used the website www.nikebiz.com to provide information, interviews with workers and
external audits of factories (Lindemann, (n.d.):4). While Nike and its contractors were guilty of exploitative practices, the breadth and strength of their brand ironically provided a very high profile for the protesters to use against them; had Nike’s brand profile not been so high across the world, the criticism may not have had such a high-profile impact.

Nike also felt the impact of a smaller-scale, grass-roots pressure but this time from its consumers. In 1999 Nike resisted pressure by University of California students to reveal the names and addresses of factories producing its college clothing, claiming that such revelations would compromise company secrets and hence their competitive advantage. However, in 2004 the company bowed to this pressure and released all details of its factories, not just those producing college clothing and promised to monitor working conditions in all its factories (Dreier and Appelbaum, 2006).

As a global brand the potential damage to Nike’s brand by means of association with abuse of workers’ rights made it critical for Nike to audit working conditions, but if a company is small and has no public profile or produces unbranded commodity products then there can be no public pressure simply because there is no high-profile entity for consumers to identify with; there is no brand to boycott and no intangible asset for the offending company to protect.

Economic pressure is a broader, less focused pressure that is in a way a constant in a commercial environment. As mentioned, Ford’s cut in production of trucks and SUVs because of the broader, global issue of rising fuel prices is one example,
another is that of Airbus which, in 2008, suffers from tightening profit margins because it is a European based company and the global currency for pricing commercial aircraft is the US dollar. The combination of a constantly weakening dollar and a list of suppliers that are European based are causing problems for the manufacturer despite its strong order book (The Economist, 2008). In both of these illustrations, the economic pressure is not of on the company’s making but rather part of macro-economic issues, issues all the more intertwined because of a globalized trading environment.

3.2 The Economic Rationale for Brands

“If this business were to split up, I would give you the land and bricks and mortar, and I would take the brands and trademarks, and I would fare better than you” (John Stuart, chairman of Quaker circa 1900 cited in Lindemann, (n.d.):1)

It is important to look at the economics of brands because their primary purpose is to create value for business through methods such as product differentiation and customer loyalty. In most cases, measuring the economic advantage they create is to measure their overall success. Brands are so widely adopted today because, when implemented, they can lead to extra value being added to products, especially commodities, by the addition of proprietary intellectual content that can capture the imagination of consumers. De Chernatony describes this process:

“Brands are complex offerings that are conceived in brand plans, but ultimately they reside in consumers’ minds. Brands exist mainly by virtue of a continuous process whereby the coordinated activities across an organization concerned with
Brands

“delivering a cluster of values are interpreted and internalized by customers in such a way that enhances their existence and, through the organization responding to feedback, enhances the likelihood of brand success.” (de Chernatony, 2006:27).

Through marketing and advertising, brands bring a recognizable human context to these commercial entities; the hope is that the recognition will lead to return sales and loyal customers. For example, when Evian applies its brand, packaging and marketing to a bottle of water, it can command a price between 250 and 10,000 times higher\(^1\) than the equivalent volume of tap water (Standage, 2005). While the physical qualities of Evian’s product could be argued to be superior to common tap water, it is disputable that the product in the bottle alone is worth the full amount of the premium; it follows that the additional price above and beyond the superior quality can be attributed to brand equity.

Klein states that “The astronomical growth in the wealth and cultural influence of multinational corporations over the last fifteen years can be arguably traced back to a single, seemingly innocuous idea developed by management theorists in the mid-1980s: that successful corporations must primarily produce brands, as opposed to products.” (Klein, 2000:3).

The term ‘brand equity’ suggests that a brand’s premium is a measurable value; it represents the amount of value that can be added because of a brand’s recognition factor, its reputation and the goodwill it enjoys in the market. This value has become

\(^1\) Figure based on retail bottled water sales in the United States. Global sales of bottled water totals USD46 billion annually (2005). (Standage, New York Times).
Brands

more recognized since the 1980s, and the subject has arisen as to how to value it on a company’s books.

Keller and Lehmann discuss that “Branding has emerged as a top management priority in the last decade due to the growing realization that brands are one of the most valuable intangible assets that firms have” (Keller and Lehman, 2006:740). Clifton states that “The increasing recognition of the value of intangibles came with the continuous increase in the gap between companies book values and their stockmarket valuations, as well as the sharp increases in premiums above the stockmarket value that were paid in mergers and acquisitions in the late 1980s” (Clifton et al. 2003:27).

Keller and Lehmann continue: “Brand intangibles are a common means by which marketers differentiate their brands with consumers (Park et al. 1986) and transcend physical products (Kotler and Keller 2006). Intangibles cover a wide range of different types of brand associations such as actual or aspirational user imagery; purchase and consumption imagery; and history, heritage, and experiences (Keller 2001).” (Keller and Lehman, 2006:741).

The value of brand equity now also becomes recognized in mergers and acquisitions (M&A) activity such as in the recent merger of Virgin Mobile and NTL in the UK. NTL, an established cable television, broadband and telecoms provider in the UK, purchased Richard Branson’s Virgin Mobile group and licensed the Virgin brand, amalgamating the two into its existing cable operations to produce Virgin Media. Rather than absorb the Virgin brand into the broader existing brand NTL instead licensed Branson’s brand for 30 years on the strength of the market’s perceptions of
Virgin. A 10% stakeholder\(^2\) in the combined operation takes a 100% stake in the branding of the business on the strength of its reputation in the market NTL wanted to exploit.

A good measure of brand equity is the ‘Interbrand 100 Best Global Brands by Value’ table. This is a league table that measures the value of brands by projecting five years of earnings for the brand, then strips out taxes, operating costs, intangibles such as patents and customer convenience and then makes a charge for the capital needed to arrive at intangible earnings (Brady et al. 2004). The remaining figure is considered to be the value created by the brand alone. The consistent holder of the top place is Coca-Cola.

In mid-2002 the stock market value of the Coca Cola Company was USD136 billion, yet the net asset value of the company (the tangibles) was only USD 10.5 billion. This means that USD125.5 billion was intangible assets; the secret recipes, distribution agreements and the brand itself. Estimates rated the value of Coca Cola’s brand alone at USD 70 Billion, almost 7 times the company’s net asset value and more than half of its market capitalization (Clifton et al. 2003:19).

\(^2\) As at July 30 2007 Virgin Entertainment Investment Holdings Limited owned 10.5% of Virgin Media, 34,260,959 shares (Source: Virgin Media Investor Relations http://pressoffice.virginmedia.com/phoenix.zhtml?c=135485&p=irol-ownershipSummary)
The chart above illustrates how tangible assets of companies have fallen in time in relation to the intangible, making for a smaller proportion of overall value. What started as a substantial share of what a company owned in the late 1950s (between 76% and 78%) has fallen to less than 55% around fifty five years later.

The asset value of brand equity becomes apparent in mergers and acquisitions. There are a number of financially-driven methods for valuing brands: ‘cost-based,’ which calculates all costs in developing a brand over time; ‘comparables,’ which compares a brand to competitors in the market and ‘premium price,’ which measures a brand’s premium price against generic equivalents (Clifton et al. 2003:35). For various reasons these methods fall short of being truly effective because they take only one dimension of a brand’s valuation into account.
Brand equity can tip the balance on the decision to ‘build or buy’ a product, as in the case of Internet companies. An example is eBay’s acquisition of Internet start-up Skype. eBay bought Skype, a relatively new VOIP company with a brand that had attracted press exposure worldwide, for USD2.6 billion in 2005 (Neilan and Belson, 2005). Whilst eBay is a far larger, cash-rich company that undoubtedly has the capacity and expertise to develop an equivalent product there are a number of factors in the mix that determine the value of buying this company versus developing a competitive one. Factors such as the time required to develop vs. the optimal time to launch a new service, existing customer base vs. the marketing and time required to develop a similar customer base, and even existing patents over technology come into play, but another factor is brand equity and the recognition value of the existing brand in the market.

Apart from increased market recognition and customer loyalty, increased asset value and greater profit margins, brand equity allows for more accurate profit forecasting and greater investment in product innovation. It becomes easier to plan and manage business with greater confidence and it provides a solid financial footing and business rationale for investing in R&D to innovate new products.

More accurate profit-forecasting also allows for the ability to scale companies through expanded production and distribution, allowing companies to expand from local to global. In this respect brands have an effect on global economies and the movements of capital in a type of distribution pipeline, a subject discussed further in section 4.1.1 of this thesis. The expansion from local to global not only creates scale,
but this scale also allows for the ability to manufacture more cheaply, in regions that are far outside the brand’s markets or its nation of origin. A local brand in France being able to produce products at a larger scale in its same French factory makes for a more popular product with cheaper production costs (and therefore increased margins), but that same brand being sufficiently large-scale to produce the same product in China or India increases margins further again, in turn allowing for greater investment in R&D and further expansion into new markets.

During the process there are a great number of opportunities for brands not to perform, to lose customer interest or to misread markets, which in turn means that by the time they have reached the global stage, brands have had a long history of fulfilling customer expectations. In theory at least, the ‘formula’ is developed and the product’s flaws have been eradicated; or at least minimized or disguised. This growth is not a guarantee of success however; when going to new markets, brands often have the cultural and commercial peculiarities of local markets to take into account. As will be examined later, there are many examples of the carbon-copy approach to exporting brands failing in new markets simply because the cultural and commercial needs of consumers in new markets are different. The size of a brand provides no guarantee to success.

3.3 Brand Extension

If a brand becomes successful and gains cultural exposure and a good reputation in the market it can be a candidate for brand extension. Brand extension, a concept discussed by Edward Tauber in his paper “Brand franchise extension: New product
benefits from existing Brand Names” (Tauber, 1981) is the use of an existing brand on another product, the aim being to leverage the recognition power of the brand to lend familiarity and trust to the new product. It also allows the existing brand to find new revenues in a market where it may have limited potential for further growth. This second use for the brand potentially doubles that brand’s revenue-generating power.

Brand extension allows organizations to create a portfolio of products that carry the same brand or a subset of the brand; however, the brand is generally stretched to similar sorts of products; there needs to be some sort of logical extension from one product to the other. For example, it makes sense for an ice cream brand to stretch to a new type of confectionary or beverage rather than to tyres or a type of wristwatch.

A brand such as Virgin will stretch itself constantly\(^3\); it has done so since its inception. It stretches across trains, airlines, mobile phones, wines, radio, financial services including insurance and credit cards, online gambling and galactic travel with more besides. It could be argued that the high profile public image of Branson himself is the unifying theme of the Virgin brand portfolio, allowing for a greater scope of products and reducing the need for a logical connection between product types. The portfolio exploits consumer recognition of Virgin Mobile\(^4\) to peak

\[^3\] As at July 2006 Virgin has approximately 60 consumer brands around the world. (source: www.virgin.com)

\[^4\] On April 4, 2006 Richard Branson entered into an agreement to sell Virgin Mobile’s UK operations to NTL for £962.4 million as well as a financial agreement for NTL to license the Virgin brand. For £8.5 million per year (source: Financial Times - http://search.ft.com/ftArticle?ct=0&amp;amp;amp;id=060404002968)
consumer interest in booking a flight on Virgin Atlantic or drinking Virgin Cola, the rationale being that the brand carries the same message to consumers across its entire product line, so if good value or youth culture is the brand quality of Virgin Mobile then it follows that Virgin Atlantic may possess the same qualities. Few brands stretch their brand across such a broad portfolio and range of markets as Virgin; British consumer brand easyGroup is one portfolio which does so in terms of portfolio breadth, in many ways imitating Virgin’s business model.

What the Virgin case clearly shows is that … brand extensions are no longer adjuncts to the core product or main attraction; rather, these extensions form the foundation upon which entire corporate structures are being built. Synergy, as Branson suggests, is about much more than old-style cross-promotion; it is about using ever-expanding networks of brand extensions to spin a self-sustaining lifestyle web. Branson and others are stretching the fabric of their brands in so many directions that they are transformed into tent-like enclosures large enough to house any number of core activities, from shopping to entertainment to holidays. (Klein, 2000:148)

There is still a need for an underlying message and rationale to carry the brand identity in order for the whole portfolio to project a strong consistent brand identity. Bic offers a good example in having developed two failed products that both stood outside of its brand identity; disposable underwear and perfume. Consumers did not make a connection with a brand that sold disposable pens, lighters and shavers and underwear, whether disposable or not. Underwear is a fashion item that generally has little to do with the other products that Bic specializes in and the brand’s other...
Disposable product lines did not fit the image (Haig, 2003:96). Both examples failed in the market and both show that investment in a particular brand image gives consumers a strong sense of what that brand stands for. Stepping outside that image makes for a discord in consumers’ minds.

Companies such as Unilever and Procter & Gamble avoid such a problem by pushing their individual product brands into the market ahead of their own umbrella brand. Procter & Gamble’s brand portfolio covers toothpaste, batteries, disposable nappies, dog food, potato chips, shampoo, shaving products, cosmetics and instant coffee. Unilever has a similar spread of brands. Drinking Unilever brand tea, using Unilever brand deodorant and cleaning the toilet with Unilever brand cleaner would make for an oddly disjointed series of associations. A single name associated with food products and toilet products, for example, makes for an unpleasant association. Keeping the Unilever identity in the background helps alleviate this problem.

The exercise of brand-stretching within the bounds of consumer expectations can become more difficult to achieve when the portfolio becomes more diverse under a single master brand. While Virgin has a broad range of brands using the same brand identity upfront, the individual brands are mostly service-based and do not tend to cause distasteful associations in sequence as Unilever’s products might. It has often been mentioned that Branson himself is the theme that ties the overall brand together. It is likely that the disparate portfolio of Virgin products would be less successful had Branson not been the unifying theme to the various sub-brands. It is
unlikely that Coca-Cola could successfully operate an airline, a train service and a group of music stores under the same brand. It is equally unlikely that British airways could launch a mobile phone brand or a record label without suffering cultural problems of brand failure.

Effects on the overall brand portfolio are not limited to brands owned by companies outside of Virgin’s control; scandals can be caused by sub-brands managed by Virgin as well. An example of this was the damage caused to Virgin’s brand by the poor performance of its newly acquired rail franchise Virgin Trains. The company came in for harsh consumer criticism for some years after the company won the InterCity West Coast rail franchise in the UK. The British Government had decided to privatize the bureaucratic national rail service British Rail and place control of rail operations and track infrastructure in the hands of individual companies. The ageing infrastructure, having suffered decades of under-funding, organizational problems and financial difficulties affected a number of rail operators during the initial years of privatization. British Rail’s legacy of underinvestment in train stock and network infrastructure reflected badly not only on Virgin’s image but on new rail operators as a whole. Virgin Trains was notorious for train delays and service difficulties; for years it had the worst-performing record for punctuality (Ellson, 2004). Most rail operators are smaller brands, none have the high profile global exposure of the Virgin group and as such Virgin can be considered the highest-profile operator. As with Nike’s experiences with protests over labour conditions, it was perhaps Virgin’s

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5 In 1993 Parliament passed the Railways Act, which led to the British Government privatizing British Rail by granting franchises for different parts of the service to 25 private passenger train operators.
Brands

overall brand exposure that made it more accountable to consumers than the smaller rail franchises.

Not only did Virgin’s brand exposure highlight the service problems of Virgin Trains but inversely, the problems potentially led to damage of other brands in the portfolio. In Virgin’s case however the impact is difficult to judge because the Virgin Group is mostly privately held with a complex organizational structure of smaller private companies. Parts of the group’s valuation become exposed on occasions of sales, partnerships or licensing agreements, for example Singapore Airlines’ 49% purchase of Virgin Atlantic in 1999 for USD965 million (Ross Sorkin, 1999) or Virgin Mobile’s sale to NTL in 2006 for £962.4 million (Costello, 2006). Even earlier Virgin Records was sold to EMI in 1992 for around USD 1 billion (Judge, 2005) and in 1997 Virgin Radio sold for £85 million (BBC News, 2009). These are however one-off sales of ongoing business operations; a more accurate figure of brand equity could be found in brand licensing payments made to the Virgin Group. Virgin also extracts liquidity from its brand equity in the form of brand licensing fees from companies both within the group and third-party companies that have purchased Virgin companies.

It is not only tangible service and quality problems that lend to the dilution of brand strength through over-extension. It is the consumer’s set of beliefs in a brand that can also be in discord if brand-stretching is mishandled. Loken and Roedder John (1993) discuss how “inconsistent information is incorporated into an existing set of beliefs and the manner in which the original beliefs are changed”. They use the example “if Neutrogena, a
Brands

3.4 The Ownership of Brands by Consumers

While the exposure of global brands provides commercial imperatives to ‘behave’ in the eyes of consumers there are concerns by commentators such as Korten (2005) that these brands can move into a local culture from overseas and in effect ‘take over’ a local market culturally as well as commercially. In both cases, the force of consumer ownership comes into play, that is to say that in order for brands, global or otherwise, to be successful they need to be adopted and owned emotionally by consumers, establishing emotional ties.

Because brands have been so effective at making emotional connections with consumers, they have in many cases been able to transcend the practical experience of the product they represent.

This transcendence makes it possible to transport a new product to foreign audiences more easily; it provides a sense of reputation and familiarity. It also provides the ability for competitors to sell similar products in the same marketplace; if the brand has a different ‘personality’ there is a perceived difference in product that follows.

This emotional connection goes further in Pawle & Cooper’s research on Lovemarks, in which they tried to discover how “emotions interact with and influence so-called...
'rational' processes,” and how, when used creatively, brands can transcend the regular role of product masthead and build such strong emotional connections with the public as to become a “Lovemark”.

“The key definition of a Lovemark then is that it is a product, service, or entity that inspires "loyalty beyond reason." We all have our own Lovemarks and feel we have a unique relationship with them. We feel they are highly personal, but there are likely millions of people having the same kind of relationship with them” (Pawle and Cooper 2006:1).

Kevin Roberts, the developer of the Lovemark theory, claimed that "We now accept that human beings are powered by emotion, not by reason. Emotion and reason are intertwined, but when they conflict-emotion wins every time.” (Pawle and Cooper 2006:2)

Researchers tested the theory on both car and cereal brands, measuring the emotional qualities of a variety of brands and found that those brands that represented Lovemarks are 4 to 7 times more likely to be purchased than "products" and 1.6 to 2.3 times more likely to be purchased than "brands" (Pawle and Cooper 2006:8). They created a test to gather qualitative research with consumer groups. An online questionnaire was developed with a sample size of 300 participants in the United States using car brands and cereal brands. The main objectives were to establish what degree of participants saw each measured brand as a Lovemark, estimate the increase in sales volume when this a brands perception as a Lovemark is increased amongst consumers and provide some critical dimensions where brands need to improve their relationship with consumers to be elevated to Lovemark
They developed their own scales for measurement of emotional, social, cultural, and functional relationships between consumers and brands, and measures of consumer emotion, adapted from qualitative techniques including word and picture associations.

In measuring the consumer-brand relationship test participants were asked to sort various brands into categories and to rate each brand on the degree of respect they have for it. This analysis determined a position for each brand on a Lovemark grid based on ratings of love and respect. To determine sensuality levels of a brand the researchers used association metaphor techniques such as asking respondents to imagine “if a brand was a piece of music what type of music would it be”, “what type of texture, taste, smell, and color, it would be”. This qualitative information was subjected to statistical analysis to determine Lovemark volumetrics plus the influences of emotional and functional drivers on purchasing intention.

"The wiring of the brain favours emotion-the communications from the emotional to the rational are stronger than the other way round" (LeDoux, 1996, cited in Pawle and Cooper 2006:2).

The emotional connection also applies to feelings of prestige and social status that luxury brands or culturally popular brands can offer. Pricing, quality and cultural associations such as endorsements by celebrities give a sense of fulfillment to the purchaser. However, in addition to this is the status generated by globally popular
Brands. Steenkamp *et al.* (2003) discuss a move by Frito-Lay to change its Dutch potato chip brand ‘Smiths’ to ‘Lay’s’ in order to ‘capture the affinity that an international brand generates’ (Anonymous, 2001(a):72 cited in Steenkamp *et al.* 2003:1). Steenkamp’s study American and Korean subjects found that the image of “globalness” (Steenkamp *et al.* 2003). provided positive associations with a brand’s perceived prestige and quality. Because of the implied hallmark of a brand being used by others around the world, global brands have an implicit quality. Because of their status, they have an implied prestige. However, the study showed that this had no significant effect on the likelihood that consumers will purchase these brands; in fact, a global brand’s strong ties to local culture was a strong motivation for consumers: “the extent to which a brand is perceived to be an icon of the local culture is positively associated with consumers' purchase likelihood” (Steenkamp *et al.* 2003). It seems that ‘globalness’ is compelling, but it works best with local associations. When a brand behaves unethically or irresponsibly there can be commercial consequences, but when a brand behaves in a manner that is foreign to consumers, that does not take into account local cultures and preferences there can also be consequences.

Simply transplanting a brand into a market without due consideration of local cultural characteristics can often mean the failure of a brand because of its perceived disregard for the desires of that market, or simply because there is no commercial or cultural place for it. There are many accounts of brands that have failed for a variety of reasons. Some were simply poorly conceived because they were extensions of existing brands that had been overstretched, to include products that had little to do with the original, such as Frito-Lay Lemonade, but others fail because the brand does
not make a good fit with the culture it finds itself in: the consumers of that culture simply do not relate to the brand’s message. Hallmark launched its brand of greeting cards in France but it was unsuccessful because it had failed to recognize that consumers in France preferred to write their own messages in cards. The type of over-sentimental greetings that Hallmark is famous for in other parts of the world were not at all to the tastes of the French. The company’s French operations closed within a few months of launch because it failed to recognize the cultural differences between its home market and its new market (Haig, 2003:161). In the case of Hallmark, the brand simply did not make a connection with the market.

These examples imply that the cultural ‘one size fits all’ approach of global brands that anti-globalization pundits fear is not as effective as culturally relevant alternatives. They illustrate that cultural relevance is important to consumers, it may not be a question of active, politically-based cultural resistance on the part of consumers but rather a fundamental idea based on simple market economics; try to sell something that consumers do not need and they have no reason to buy it. It could be considered that brands need the ‘permission’ of consumers to trade successfully in their market. Local alternatives have after all started life in that market, they have become successful by catering to the needs of local consumers and building loyalty with every transaction. If this local relevance is considered a barrier to entry then ironically, smaller, less economically powerful local brands can have an upper hand over powerful global brands. Failing to match these brands in local relevance can be problematic for impassive, unchanging global brands; the alternative is glocalization.
4 Commercial Brands and their National Identities
4.1 The Challenges of Global Branding

Brands such as Coca-Cola, Gillette, Nestlé and Mercedes Benz have been in existence for more than a century, they were developed at the time when the industrial revolution was creating big changes in the way people bought and used consumer goods. Nestlé and Coca-Cola’s pre-packaged foods took some of the household food production out of domestic kitchens, Gillette’s Safety Razor was deliberately designed to have part of the product, the blade, thrown away rather than sharpened and reused.

Other social changes were happening around the time of the industrial revolution and towards the turn of the century; the introduction of mass transit, the concept of leisure time and the ability to travel cheaply, as well as shifting work to factories and production lines rather than agricultural work. These early brands came about when the experience of shopping was also undergoing changes; buying food that was individually packaged and guaranteed safe was a new experience (Pavitt, 2001:33). These brands and their products experienced rapid growth in this ‘gold rush’ of social change.
Although it is fair to say that the branding and marketing implemented in the 1890s was less sophisticated than that used today, the basic proposition was then as it is now; having consumers trust in the brand, building consumer loyalty, making marketing as memorable to consumers as possible. This is the philosophy that prompted John Stuart’s comments on the Quaker brand.

While it is acknowledged that many brands exploit their foreignness, their status as an ‘imported’ product as a differentiating factor in local markets, many global brands face the challenge of being seen to belong to local markets. Bearing in mind the ownership that consumers need to feel for brands for them to succeed, the task of giving them a sense of belonging in local markets can be onerous. Failure to appreciate the cultural, financial or even religious differences in local markets can lead to brand failures in those markets, regardless of the size of the brand or the marketing budget.

There is also a political element to global brands; while they may share the same qualities and challenges as brands that exist in more localized or specialist markets, because of their scale global brands can be affected by global events such as macro-economic and political issues, wars, government policies and even local unemployment problems. As a case in point; in 2005 Yahoo supplied information to the Chinese government that led to local journalist being imprisoned (Naughton, 2005(b)). Because of this, the company faced protest from media in the US, UK and other markets where the brand occurs; a local action led to global consequences. Nike is another example; global exposure and pressure from activist groups led to the
company adopting policies on welfare and monitoring the working conditions of workers making Nike products in developing countries (May, 2000) as addressed in the previous chapter.

Politically, because of their size, economic influence and the numbers of markets they trade in, these brands are often placed by critics such as Korten (1998) on a par with nations. Because of their cultural exposure these global entities are bigger targets than localized brands and evidence of exploitative business practices by some of these global brands have effectively tarred all global brands with the same brush. The general perception of global brands being responsible for economic, political and environmental problems was expressed in the 1999 WTO protests in Seattle, and the 2001 G8 Summit protests in Genoa. It was global brands, or more precisely U.S.-based global brands, that took the brunt of vandalism and protest.

In a cultural context, critics such as Kroes (1999) and Klein (2000) suggest that global brands, by virtue of their economic size and aggressive marketing practices, ride roughshod over local cultures, suggesting that indigenous world cultures are being annexed onto American popular culture by means of corporate bullying and marketing persuasion, a persuasion that these cultures are apparently powerless to resist. Klein states:

“*There is an unavoidable parallel between the privatization of language and cultural discourse occurring through copyright and trademark bullying, and the privatization of public space taking place through the proliferation of superstores, theme-park malls and branded villages like Celebration, Florida. Just as privately*
owned words and images are being adopted as a de facto international shorthand, so too are private branded enclaves becoming de facto town squares - once again, with troubling implications for civil liberties” (Klein, 2000:182).

However, in order for this cultural dilution to occur it would require the relinquishment of cultural artifacts and ownership by local consumers. While Klein has many important things to say about brands and their place in the scheme of globalization, her opinions on their ultimate effect and their socio-political influence are called into question by The Economist. Her assertions of the power of global brands being greater than that of consumers or governments is contradicted by the Economist’s statement that “Governments regulate business as they choose, and have far more power over their citizens’ lives than even the biggest multinational does” (The Economist 2002). To go further, brands exist in an environment of competition and in this environment they use tools such as marketing, advertising and competitive pricing to win the favour of consumers; those with the power to control the purse strings. The fact that the need for marketing exists in the first place makes the notion of all-powerful brands a problematical one.

Governments also set the trading environment that these brands must adhere to in order to sell to consumers. Renault and GM spend millions of dollars a year in convincing consumers to buy their automobiles, but it is only the government that can grant consumers a license to drive them on the road and set the safety standards to which they need to be manufactured. It is also government that controls trade practices, constructs the roads, helps determine the price of fuel through petrol taxes and set fuel efficiency and emission standards to which the cars need to conform.
Yes, these brands are powerful, but they must operate within the regulatory framework set by the government in order to compete in a market.

This framework exists not only for cars but for food, banking, insurance, electrical products, alcohol, and many others. Pharmaceutical brands, no matter how powerful, need to meet exhaustive safety standards for each new product before they can sell a single pill. Financial institutions need to meet regulatory rules in order to generate revenues with customers’ funds. Brands, large and small, all need to follow employment laws and health and safety standards for their employees. In fact, it could be argued that any organization that is subject to corporate taxation, sales tax or even import tariffs is subject to government regulation and is therefore operating within the government’s economic framework. The risk of not doing so is to be out of business; this is not a prospect that interests commercial brands.

The Economist’s point about the role of government regulation does not only apply to business but to individuals on a number of levels. Governments tax our income, they regulate citizen’s lives in many ways such as the legal driving age, the legal drinking age, where we can gamble and whether we can own firearms. They also determine what the penalties are if we break these regulations. These and many other aspects touch our lives and control certain behaviours, but not even the largest brands have control over any of these, nor do they affect us in ways that even come close to this comprehensive framework.

Generally speaking, brands can only try to sell themselves to us, and usually amongst a number of other competing brands which are vying for our patronage.
They exist in an environment of competition; few brands have a market monopoly or such a position in the market that they can afford to ignore the commercial threats of their competitors. As well as this, all public companies have legal obligations to their shareholders. All shareholders, whether institutions or individuals, look at financial performance from quarter to quarter, the rate of company growth and the dividends they may receive. It is in their interest for shareholders to maximize their dividend income and capital growth of efficient organizations.

In so many respects, brands are subject to the patronage of consumers, the pressures of competition, the financial and ethical demands of shareholders and the comprehensive framework of government legislation; in terms of brands being more powerful than governments, the anti-globalization position seems overstated.

4.2 Brands as a Distribution Pipeline

Global brands act as a distribution mechanism, a pipeline, collecting clients and their business from wherever their brand has a market presence and distributing the work or production requirements to wherever in the world they choose. This distribution varies depending on the industry and the product requirements; it may be as simple as seeking the cheapest labour for manufacturing or for products such as accounting services, software development, call centres or administration services factors such as skill sets, languages, time zones and cultural differences play a major role as well.

It is largely the countries that originate the brands and the intellectual property behind them that control the balance of power and reap the economic rewards of this
distribution system. The manufacturing of the physical objects themselves can generally be replicated with equal quality because the technology used to produce them is relatively widespread throughout the world. Ridderstråle and Nordström (2000) describe the situation in terms of car manufacturing, how the knowledge of manufacturing spreads rapidly because of the highly competitive global markets:

“The car companies, whether they are Audi, Toyota, Ford or Renault, understand all the technology at their disposal. They understand each other’s products. They take them apart and examine their innermost workings. Differentiation in the car industry must, therefore, come from other areas” (Ridderstråle and Nordström 2000:43)

It follows that this not only applies across various manufacturers but also across nations. Global companies such as Dell and Apple spread their manufacturing bases across the globe and as the international spread of designs, manufacturing methods and the expertise to deploy them increases more people acquire these skills and the knowledge to replicate them; there is less difference between a computer manufactured in China and one manufactured in America than ever before. “There are no bad cars any longer, because they are all good” (J.D. Power Car Industry Final Report 1996, cited in Ridderstråle and Nordström, 2000:43). As Ridderstråle and Nordström describe, as products become more similar it is intangibles such as service, financing, image and design that differentiate brands.

This knowledge exchange mechanism has larger scale economic ramifications. The pool of available cheap labour is large; the competitive environment caused by the 36
countries producing jeans for Levi’s (Levi Strauss & Co (n.d.)) causes the price of labour to fall as they compete for the brands manufacturing work. This global downward pressure on pricing and its effect on US labour markets is to some extent exactly what anti-globalization pundits fear. The mechanisms used to transport goods, such as the standardized shipping container, also creates efficiencies with greater economies of scale, this not only makes for cheaper products but reduced the barriers to entry for manufacturing in any country on Earth. No longer does transport play a significant role in the cost difference between manufacturing in Eastern Europe or China. Meanwhile, provided the quality of manufacture remains consistent, the Levis brand remains strong and, if the cost of labour reduces, this method of labour distribution becomes more profitable. As developing nations compete to earn income from this relationship, it is the richer nations where the brands originate that profit by benefiting from labour price competition and ultimately control the whole of the manufacturing/retail relationship.

Hilton describes this disparity thus: “These brands are not [in these countries] because the countries are rich: the countries are rich because they have the brands” (Hilton 2003:49). Because the relationship between the intellectual and emotional component of the brand and the physical or service component have been severed to a certain extent, the values of brands often have more to do with where they are culturally-based and their inherent design rather than where they are manufactured.

This severing can be described by once again using Levis as an example; the complete Levi’s product is made unique by virtue of its design or the shapes of the
denim components, the particular qualities of its fabric, the unique design and placement of components (such as the label, the decorative stitching the unique buttons and rivets) and the image of the brand realized by marketing. Where the physical assembly of these unique design components occurs is commoditized, adding no unique qualities to the Levi’s product and can therefore occur wherever the patterns can be transmitted electronically and the fabric can be delivered.

The same can be said for the Apple iPod and many other products; the effectiveness of global communications and the ability to transport components and finished products cheaply around the globe means that the essential cultural and design qualities of a product and its physical manufacture no longer need to be tied by geography; the country that owns the right to develop and market the brand becomes the richer of the process.

The reason that brands are cited as changing these economic balances is because their scale and market exposure allows them to do so. Lowering of trade tariffs and cheap transportation has been largely responsible for the manufacture and distribution of physical goods across the globe. These conditions have made globalization of physical goods relatively simple to exploit because of the few factors involved in the equation; namely, price and quality. It has been the development of cheaper and more revolutionary communications, namely the Internet, which has allowed for the exploitation of differences in labour costs and pricing parity in more skilled industries as well. The development of the Internet as well as effective Internet applications and organizational systems has been largely responsible for the
distribution of this skilled labour. Bhagwati et al. describe the development of the mechanics and meaning of outsourcing in the last few decades;

“In the early 1980s, ‘outsourcing’ typically referred to the situation when firms expanded their purchases of manufactured physical inputs, like car companies that purchased window cranks and seat fabrics from outside the firm rather than making them inside. But in 2004, outsourcing took on a different meaning. It referred now to a specific segment of the growing international trade in services. This segment consists of arm’s-length [or what Bhagwati (1984) has called “long-distance”] purchase of services abroad, principally, but not necessarily, via the electronic mediums such as the telephone, fax and Internet and includes, for example, phone call centers staffed in Bangalore to serve customers in New York and x-rays transmitted digitally from Boston to be read in Bombay.” (Bhagwati et al. 2004:1)

Of course it should be acknowledged that outsourcing of this type has been occurring long before 2004, but this statement illustrates how the nature of outsourcing evolves with each development in technology, each development in communications and the overall reduction in costs.

Accounting companies such as Ernst and Young now outsource a large number of individual tax returns from American customers to accountants in India to complete. All customer information is scanned and stored on servers in the US and workers access this data via the web, completing it and filing it back to the US via the same protocol. Whilst it is technology in the form of the internet that has allowed this transfer of labour to occur, one that any provider could offer to clients, it is Ernst and
Young’s reputation and brand that lends trust and confidence to a potentially complicated long-distance process. There are many accountants in India but without Ernst and Young’s brand exposure in the United States there are few opportunities for Indian accountants to do tax returns for American citizens. Brands are responsible for this collection of business (Rajghatta, 2006). In this respect, globalization can be said to be fuelled by global brands, but facilitated by labour costs, transportation and the Internet.

With concerns raised over this outsourcing of skilled labour via global communications, shifting the labour distribution balance and creating unemployment in wealthy economies, Bhagwati et al. address the concerns thus; “When the U.S. economy was growing briskly in the 1950s, Europeans were concerned that this pattern might injure their standard of living. When Japan was growing rapidly in the 1960s and 1970s, many Americans were concerned that it was injuring the U.S. economy. The same argument is now surfacing again in the context of outsourcing services to China and India. In light of our analysis, we can see immediately that the answer turns on whether the goods terms of trade will worsen or improve for the United States as a result of the postulated change abroad” (Bhagwati et al. 2004:24)

The Internet has aided in inverting the relationship between global reach and infrastructure that had previously been a requirement if any brand sought to become global. In theory it is possible for a one-person operation to have a global brand that gains brand exposure with consumers globally, delivering directly to them regardless of location. This was the promise in the early days of the World Wide
Web; it was envisioned that a one-person operation could compete with the largest of retailers simply on the understanding that there would be no need for the massive infrastructure like department stores, no high rents in retail locations; the business plan and a memorable domain name were key requirements for level playing field competition. ‘Bricks and Mortar’ retail was starting to look decidedly old-fashioned, and in the middle of the dot-com bubble it was referred to disparagingly as an ‘old economy’ business model.

In practice the playing field is less level; development costs, bandwidth overhead, marketing, import tariffs, exchange rates and language differences are all hurdles that provide a barrier to entry for this theoretical single-person operation, not to mention such issues as the ‘old economy’ retailers bear, like the cost of maintaining inventory.

Interestingly, in recent years, a number of small businesses similar to this model have evolved using eBay as a common sales platform. Leveraging eBay’s marketing power, its immense community and reputation as well as its search infrastructure, small businesses have developed selling only through eBay or using it as a major source of customer revenue. Many businesses use eBay in this way, often selling a single item or a limited range of items, and the number increases, approximately tripling between 2002 and 2005 (Swartz, 2007).

Comparing eBay to Amazon, we see that both brands have exhaustive product offerings, localized content and opportunities for consumers to participate in their communities by offering feedback on vendors and products. Where the two differ,
however, is that Amazon acts like a traditional mail order operation; keeping millions of dollars of stock on shelves, in or near the consumer’s country of origin and mailing these through a traditional delivery system when an order is placed. eBay, on the other hand, sells nothing, ships nothing and fulfills no orders. It simply provides a meeting place for buyers and sellers to exchange their own goods.

Apple’s iTunes Music Store is also an example of global online brand building. This time it offers products like Amazon rather than communities like eBay, but its products are purely digital so apart from bandwidth costs it is no more tied by inventory overheads than eBay. Ironically, iTunes is hamstrung by regional distribution issues imposed by record companies that are reluctant to relinquish a more traditional in-store business model. Real-world contractual agreements, distribution rights, currency exchange rates and sales tax impinge on even this virtual business.

One example of conflicting real-world sales regulations comes from the EU itself. In December 2004 the Office of Fair Trading in the UK referred the iTunes Store to the European Commission because its store set up prevented users from one EU member state from purchasing music from another member state’s iTunes Store; a direct violation of EU free trade legislation which encourages an open EU marketplace. The issue was raised because the fixed £0.79 price per track was more expensive than the equivalent price in Euros, meaning that UK users should be allowed access to the cheaper price. On January 9, 2008 Apple announced that within 6 months it would equalize the price with those in the Eurozone. The consistent availability of similar
content across the whole of Europe is also an issue, a situation that Apple blames on the regional agreements between record companies (Phillips, 2008).

Significantly, in May 2007 Apple began to release Digital Rights Management (DRM) free music on iTunes (Blakely, 2007). The event followed the publication of an open letter by Apple CEO Steve Jobs in February 2007 expressing his views on the limitations and disadvantages of the DRM system (Jobs, 2007).

Myspace.com, Friendsreunited.co.uk and Facebook.com show that in the online environment, global brands can be developed with relatively low barriers to entry if the brand offering remains within an online exchange. Just as eBay provides an online space that acts as a trading environment, Myspace.com and Friendsreunited.co.uk provide online spaces that act as community exchanges. A number of these out of necessity have localized environments; glocalization is built into their business plans.

These glocalized business models have increased dramatically in growth and value, so much so that some are now being purchased by media giants. News Corporation purchased Myspace.com for a price (USD580 million) that was considered vastly overpriced in 2005. In the previous year it had been valued at USD44 million but since the sale the company has continued to grow to around 125 million members as of January 2009 (Arrington, 2009). News Corporation second-in-command Peter Chernin has previously described the site as “the single biggest growth opportunity this company has” (Gunther, 2006). In 2005 Newscorp had whole or significant ownership in 29 subsidiaries and affiliates with combined revenues of USD 25.327 billion.
4.3 How Two-Way Communication Channels Shape Global Brands

The two-way nature of communication which has developed in recent years through mechanisms such as the Internet, offer a more sophisticated, instantaneous, even global form of consumer feedback. Of course the ultimate in two-way communication, that is, the loss of revenue for brands that are not successful in the marketplace, still remains a key indicator in a brand’s success.

Contamination scares, product changes (such as the development of ‘New Coke’), product recalls and design faults, such as the 2005 UK recall of more than 470 food products containing the Sudan I food dye. The colouring, which is classed as a carcinogen, had been imported into the EU in chilli powder; it made its way through the distribution chain from raw ingredient to the manufacture of a variety of food products and by the time it was detected it had ended up in more than 470 different products (BBC News, 2005 (b)). As global communication channels and media have become more prevalent and brands have become more visible and accountable, consumers have used purchasing power over issues that are not directly related to the product. More recently in the UK, brands such as Tesco and Sainsbury’s have been more sensitive to socially and environmentally-focused issues such as carbon emissions and organically-grown foods (Mesure, 2006).

Fairtrade is an example of this; Fairtrade bananas, coffee, chocolate and other...
products have become more popular in the UK (BBC News 2009(b):1) and other western markets, but whilst the quality is often equivalent to competing products and the price can often be greater, consumers purchase Fairtrade products because of their desire to support the system of paying primary producers in developing countries a fair price. This is Fairtrade’s main principle and often the only point of difference for consumers, so their economic support of the brand is a very strong indicator of their socially-based beliefs.

The fact that larger global corporations such as The Gap and McDonalds have gone to some lengths to comply with Fairtrade standards says something for the perceived benefits of the halo effect that brands such as Fairtrade bring. Whether the brand is used as a cynical marketing program or not, it says that the perceived importance in the marketplace of complying with developing nation welfare standards in production is a significant driver in the minds of consumers; significant enough to change the enormous infrastructure and procurement practices of these corporations. However, it also calls into question the need for joining such a program in the first place; McDonalds, Starbucks and The Gap are all far more influential and economically powerful operations than Fairtrade, they surely have the market power and financial resources to make all the enormous changes needed to improve working conditions and labour rates of their own volition, without the need to seek approval or be seen to be signing on to Fairtrade’s program. With this in mind, the validity of claims about the cynicism of corporate adoption of Fairtrade seem reasonable, although it has to be said that whether a program is adopted cynically or genuinely, if the compliance to standards is adhered to, the end result must surely be
It is the effectiveness of this end result that drawn criticism by economists and free market advocates among others. Corporate Social Responsibility programs, with Fairtrade in particular, have been criticized as sophisticated marketing tools rather than beneficial social programs. Lindsey describes the relatively small amount of financial benefit to coffee growers compared to the retail price of coffee at Starbucks; “the fact is that coffee costs are a relatively minor element in the price of a cup of coffee. Coffee accounts for only about 5 to 7 percent of that price – much less than labour (19-20 percent) and rent (16 – 18 percent) and on a par with the cup and lid (7-8 percent), other packaging and sugar (5-7 percent), and dairy costs (6-8 percent). Falling coffee bean prices thus have little influence on the price at the retail coffee bar” (Lindsey, 2003:6).

Lindsey goes on to conclude that low green coffee prices, being based on a commodity, are resolvable more with market forces of supply and demand rather than artificial, if well meaning, market manipulation; “The low coffee prices of recent years are a clear market signal that coffee supply is excessive relative to demand. A reduction in supply is therefore the most obvious way out of the slump” (Lindsey, 2003:9).

While commentary on brands has always been available, it has been either locally-based (recommendations by friends of colleagues) or a top-down approach with news and media distributing information, much of which could be controlled in part by PR. "Networks are becoming the locus for innovation," says Stanford University
Professor Walter W. Powell. "Firms are becoming much more porous and decentralized" (Hof, 2005:1). An example is when Casey Neistat, discovered that Apple iPod batteries could not be replaced and had only an 18 month lifespan he and his brother Van made a film called ‘iPod’s Dirty Secret’ and launched a protest website, www.ipodsdirtysecret.com. After release of the film Apple rectified the battery problem and Neistat later said “We made the film because we believe in the brand so much” (Brady et al. 2004). In this case, a single consumer’s highlight of a problem had enough impact for the brand to respond; before the Internet the options for consumer feedback would have been a letter of complaint to Apple and perhaps a small article in the press.

In this case, the connected network of the Internet has proved a locus for innovation by virtue of bad publicity; the Neistat brothers distributed their own message about a shortfall in the brand quickly without going through the regular editorial channels of the press; indeed, the press had to catch up with the story. It is debatable as to whether the company would have reacted at all if the story had not reached the mainstream press, but it was their use of the internet as a distribution channel that allowed the mainstream press to pick the story up in the first place. This message then helped to force Apple’s hand to make product improvements.

Websites criticizing the behaviour of Wal-Mart, United Airlines, Microsoft and American Express, as well as many others (Wolrich, 2005), have been started by disgruntled customers, with feedback and comments in forums by other customers with similar experiences. These consumer forums and blogs help to invert the
feedback process from that of a large organization with huge research and writing resources delivering information to a large mainstream audience via wide distribution channels.

4.4 The De-Culturing Effect of Global Brands

Global brands bring a number of implications. Whilst they provide a natural path of expansion into global markets as described by neoliberal protagonists such as Thomas Friedman and Brad Delong, the homogenization and consistency of these brand cultures throughout global markets brings the threat of ‘de-culturing’ the retail and social environments they trade in. For example the many thousands of small cafes in Paris hold individual experiences, histories, individual strengths and weaknesses. Some have beautiful views, fine furnishings, poor toilet facilities, but each of the many thousands of cafes is a unique cultural experience. Starbucks, on the other hand, is a deliberately homogenized cultural experience, regardless of location, culture, or language. All products are the same, all sizes are the same, pricing, furniture, store design and even light fittings follow the same prescribed visual theme.

The interiors of the stores, the varieties of coffee and food and the specific type of service, in short the ‘atmosphere’, acts as the brand for the company, perhaps more so than the company logo. In this respect the customer is immersed in the brand and the unique culture that Starbucks aims to deliver across thousands of stores around the world. As well as brand strength, there are financial advantages to having the same branding system throughout the world. Individualism can be expensive;
having different types of chairs and tables from store to store is naturally less efficient and possibly more expensive than providing the same types of chairs, tables, cups and varieties of coffee across all stores regardless of location. Locating these from locations around the world and utilizing cheap transportation to distribute them across the world mirrors the very process of globalization itself.

The same colour paint on the walls, the same type of furniture, the same light fittings throughout all stores naturally bring an economy of scale to a global operation such as Starbucks. However, by having a single global look and feel to its brand, a company is in effect sacrificing some local emotional attachment at a local level. Whilst the brand as a whole is unique in terms of concept, design and intellectual property, each individual store becomes a commodity within the broader brand rather than a unique experience.

Thompson and Arsel (2004) discuss this homogenization and compare it to independent cafes in their role as the “Third Place”, those places that “…exist between the formality and seriousness of the work Sphere and the privacy and familial intimacy of the domestic sphere” (Thompson et al. 2004:633). While they acknowledge that “Starbucks’ staggering success is due in large part to its skill at creating, standardizing, and implementing an upscale third-place ambiance on a global scale” (Schmitt 1999 cited in Thompson et al. 2004:633) they confirm a view taken by many consumers of the brand and its product;

“Rather than viewing Starbucks as a corporate colossus destroying local competition, they regard it as a boring, standardized, and mass-marketed meeting
place, catering to the prosaic tastes of the corporate world. They valorize local coffee
shops as noncommercial environments where they can experience aesthetic and
social stimulation, and enjoy, as a kind of gift from the establishments’ proprietors,
an authentic expression of local culture.” (Thompson, 2004:639)

A significant and high-profile example of ‘de-culturing’ was pioneered by Ray Kroc, the senior chairman of McDonalds. Kroc won the right to franchise restaurants from the McDonald brothers in Des Plaines, Illinois in 1955 and he wanted to ensure a consistent customer experience throughout his restaurants and as the brand grew bigger and the number of franchisees increased he developed a handbook that ensured a consistent customer experience regardless of staff, location or, eventually, country. Kroc, with his handbook and rigid control of the McDonalds experience, effectively isolated the dining experience of thousands of restaurants and millions of meals into a small set of similar experiences. Eat in a McDonald’s restaurant in the UK and one in Singapore and the experience is basically the same. For decades McDonalds has represented a cultural monolith; indeed Kroc himself intended for this monoculture to occur with his development of the restaurant handbook.

However, McDonalds has in recent years experienced a type of commercial backlash against the way it operates, particularly in the UK. The same high-calorie food and systematic store design had been losing sales in recent years as cultural attitudes to nutrition had evolved since the restaurant system’s inception, and this has led to store closures (Fearnley-Whittingstall, 2006). This has required the introduction of healthier meals and seasonal menus to try to attract a more health-conscious public (Foley, 2007). What began as a method of ensuring consistency across a wide
network of restaurants has become a recent cause of backlash.

Kroc’s system, although unique at the time, is hardly revolutionary today and McDonalds is not alone in the development and spread of a uniform consumer environment throughout the markets it trades in. Brands such as The Gap, Burger King and Nike participate in a similar type of ‘brand building through repetition’ model and whilst each may differ somewhat region-by-region, once consumer preferences are identified the formula can be easily and effectively repeated.

An example of this type of experiential glocalization is Ian Schrager’s Morgan’s Hotel brand. Schrager started the concept in 1984 with a first hotel on Madison Avenue, New York. He has since developed hotels across the United States and London with designers such as Philippe Starck and Julian Schnabel (Betts, 2006:1). Schrager’s point of difference is individuality; each hotel is a totally different experience and the overall brand is not only strong but capitalizes on this individuality. Each hotel is differently themed and each makes a statement that ties into its location, but the same brand experience is projected. By contrast, there is little appreciable difference between Hilton hotel in London and a Hilton hotel in New York; these hotels provide an experience of similarity in the way Starbucks does with its coffee stores.

The Morgan’s brand resonates a particular type of experience and sets a universal benchmark for its hotels around the world. It allows consumers to expect a certain level of experience, regardless of its location, because it is the same brand as a Morgan’s hotel they may have stayed in before. The consistent brand is a way for the company to manage consumer expectations across the world in a way that
individual, small hotels could not.

4.5 Brand Authenticity and Cultural Resistance

The global brands produced by Italy, Vespa, Fiat, Prada and Lavazza, reflect the cultural environment of Italy through marketing initiatives such as advertising, sponsorship, endorsements and product placement. Through association with these distributed cultural images consumers in effect purchase a small part of the Italian culture along with the product. Brands are the personality that is attached to these products and they provide an interface for consumers to identify with the product on offer. Buy a British Airways ticket and you buy a little piece of Britain; buy a Virgin Atlantic plane ticket and you buy a British rebel.

The key component of a brand, global or otherwise, is the need for a sense of authenticity; in these examples brands are being lent authenticity by their originating countries. This resonates with Anholt’s statement that nation brands can provide “an umbrella of trust, a guarantee of quality and a set of ready-made lifestyle connotations which kick-start the entry of its new ‘sub-brands’ to the marketplace” (Anholt, 2002:42)

Authenticity is a notion that a brand means what it says, that it holds true to the philosophies and ideas that it projects and that it can be trusted by consumers who buy into its culture (Marzano cited in Pavitt, 2001:58). Beverland describes how “Authenticity can be inherent in an object, come from a relation between an object and/or a historical period, an organization form, or nature, or be given to an object by marketers and consumers”. However, he notes that “Authenticity can also be true
and/or contrived.” (Beverland, 2005). Harley Davidson’s consumers are believers in the sense of freedom, rebellion and the American lifestyle that the brand has come to stand for. It can form a major part of their lives and create social networks with those who believe in the same ideals.

Authenticity becomes more important for brands such as lifestyle brands, where consumers buy into them for reasons of status, to reflect a part of their own personalities. Consider Maslow’s hierarchy of needs (1943), where he describes how human needs follow a set hierarchy; basic needs must be met before higher needs can be sought. These lifestyle brands represent products that are higher up on Maslow’s hierarchy, fulfilling roles of ‘Esteem’ more than merely ‘Safety’. Fashion, automobiles and luxury goods all fall into this category, and the following that can be generated by certain brands amongst cultural groups determines their success or failure depending on how authentically the brand reflects the values of these groups.

A brand must stand for something, belong to a culture or a place. It comes down to the fact that if a brand has a sense of meaning what it says, then it can be trusted to deliver on other aspects of its service. In a way it comes down to a simple case of believability, the credibility of believing the intentions, the quality and the ability of a brand to supply a particular product.

Referring back to some of the original 19th century applications of the brand such as on food products, the brand acted as an endorsement before any money was spent, indicating product quality before purchase. Authenticity plays a similar sort of role; the matching of brand culture to product offering is powerful and it is perhaps most
obvious when the principle is breached.

If we look at the qualities of global brands, the products or portfolios they represent, the messages they project, the ownership they seek from consumers and their scale, there are similarities to be found between them and national identities. National identities, or for the purpose of this thesis, national brands, also represent assets, they also project messages in terms of national character, they have a strong sense of ownership by their citizens, and their images and authenticities are also projected to the world on a global scale.

This being the case, it follows that authenticity has a role to play in Brand Europe as it does in any national culture. Authenticity in this case referring to the notion that the organizations image is based on its origins, that it faithfully resembles the original; in short, that it belongs to the people of Europe because it reflects their cultural origins. In a sense this requires a bottom-up approach to be effective; a single image commissioned by the European Parliament and produced by an advertising agency would be less to feel truly authentic, having a sense of being imposed upon the population in a similar way to that creation of an Olympic logo might. It is reasonable to assume that a restaurant in France would have more authentically-prepared dishes than a French restaurant in Kansas, regardless of whether this is actually true. This does not mean that the restaurant in France is better quality, but it is perhaps more French by virtue of actually being in France. It follows that a culture is stronger and more authentic at its place of origin; so where does this leave the brand of Europe, a brand that is made of 27 different cultures? Where does the
European Union’s sense of authenticity come from?

So far it acts in a similar way to a corporate merger of disparate and independent companies, each with strong cultures and loyal workforces. In this respect we can compare the European Union to large commercial brand portfolios such as those of Procter and Gamble or Unilever. These are corporations with large and very diverse ranges of brands that cater to a wide range of consumer cultures and regions. They too undergo periods of rapid expansion with occasional mergers and acquisitions. 

The addition of the recent member states to the EU, many of them once under the auspices of the former Soviet Union, can be compared to Procter & Gamble acquiring Gillette; building its brand portfolio with existing brands that once belonged to another company, and therefore another culture. As we will examine later, the brand of the European Union behaves in a somewhat similar way to these commercial brand portfolios.

There are questions over the relevance of the EU to the everyday lives of Europeans, not just as a brand but as a political and bureaucratic entity. There remains a tension between national identities, which are long established and just happen to lie within Europe’s’ borders, and the European Union’s ‘super identity’, which envelopes these national identities. As an external brand, Europe and the European Union may be interchangeable to a certain extent, but those living within the borders of Europe see the brands differently. As we will examine, this confusion has also caused problems in terms of passing the European constitution; the overall binding document of the EU project. Questions of authenticity, relevance and appeal to its “consumers”, its
population, are just as real and pertinent to the building of the European Union as for companies such as Procter & Gamble.

4.6 The Brand of Europe

It can be argued that Europe has been undergoing a branding process during its official formation into a political and economic union. Whilst the identities of nations generally develop over time, reflecting the cultural identity of their inhabitants, the EU as an artificial legal and administrative layer that lies above many unique national identities has necessarily had to undergo its own brand development process.

If we extend the notion of the brand to one beyond the merely commercial application of an identity then it follows that objects such as a flag, banknotes and an anthem generally serve as cultural artifacts in a similar way to a logo and a jingle. After all, in a global event such as the Olympic Games competing national teams represent themselves with their national flags, colours, national dress and national anthems. Whilst a broader marketing campaign, slogan or celebrity endorsement may not be utilized the way they are with a commercial product, I would argue that the flags of the EU, the US or Japan bring about distinct images and expectations in peoples minds in a similar way to the logos of BMW, McDonalds or Google.

Unlike long-standing ‘organic’ national identities however, the EU is a brand under development, one that is more pervasive than a trade agreement such as NAFTA but less pervasive than the formation of a newly independent nation; one which is
discovering its extensions and limitations, what its people will allow it to represent and not represent. In this respect, its brand is one that is subject to acceptance by the public to be successful in a similar way to brands such as Starbucks or Coca-Cola.

Europe has been undergoing this brand-building process since the official formalization of the European Union in 1993 if not during the years of the Common Market. Of course it should be acknowledged that one of the driving forces behind the development of a union was of course the bringing together formerly warring European nations into a cooperative, peaceful cooperation. The building blocks of the EU had been in development since the Treaty of Rome in 1957, when it took the shape of the European Economic Community (EEC); a group of six European countries that share common borders, common political ideologies, a desire for peace and similar economic circumstances (Pinder, 2001). The EEC was an organization with a largely economic rationale for existence, similar to the group of NAFTA countries today. Under these cultural, political and economically similar conditions, and with such a small number of countries as members, the EEC experienced relatively little confusion in terms of cultural identity.

However as the group has formalized into a stronger union and expanded to 27 member states, the newest members recently part of Eastern Bloc, the brand of Europe has become more culturally, economically and politically diverse, and therefore potentially overstretched. Economic differences exist with newer member states being less economically powerful and lower-waged than the original members. Nations such as Germany, France and Italy are members of the G8 whilst new
member states such as Romania and Bulgaria have GDPs that are a fraction of theirs (Burgess et al. 2006). Political and cultural differences exist too, with many of the newer states being former communist countries and some of the new population sharing non-Christian religions. A particular concern has been raised regarding the future accession of Turkey; a Muslim country with large political and cultural differences to the current Union. When Pro-European former French President Valéry Giscard d’Estaing discussed the accession of Turkey in Le Monde he said, “In my opinion, it would be the end of Europe” (Fuller, 2002). As we will examine later, the possible membership of Turkey is seen by many as pushing the brand of Europe one step too far, and that the wrapper of the EU, if stretched to cover too many different cultures and religions, will cease to have any significant meaning. This can be compared to failed commercial brand extensions, where a new product is introduced to a portfolio and marketed under the same umbrella brand, but its relationship to the umbrella brand is lost on consumers.

The European Union is unique in that its supranational identity has been laid over the top of national identities as an additional cultural, legal and economic entity; it has no designs on absorbing or homogenizing the identities of member states. Its most fundamental intention is to act as an economic and legal union whilst preserving the identities and cultures of individual member states. Bainbridge states that “It is often remarked that the European Union is sui generis\(^6\) in the sense that it fits neatly into no established constitutional model and, moreover, shows no sign of doing so in the future. In the Union’s affairs there will continue to be a three-way tension between the

\(^6\) Latin: ‘of its own kind’
supranational, the intergovernmental and bureaucratic" (Bainbridge, 2003:vii).

As a model for globalization the EU is limited but useful. As we will examine later, it is this three-way tension that sometimes creates conflict within the populations of the EU’s nation states; low voter turnout, rejection of the European constitution and the sensationalist anti-Brussels articles in local media are symptoms of the perception that the EU’s administration is detached from local issues.

With these administrative, legal and commercial unifications come cultural implications. It was French Foreign Minister Robert Schuman, regarded as one of the founders of the European Union, who in his Plan of May 1950 said that “The coming together of the nations of Europe requires the elimination of the age-old opposition of France and Germany” and that this solidarity would “make it plain that any war between France and Germany becomes not merely unthinkable, but materially impossible” (Europa.eu, (n.d.)(b)). This declaration implies powerful cultural ramifications from simple economic policy, namely, that nations who share a common currency and economic policy cannot battle each other in war. There are other examples of cultural effects as well; borderless travel, for one, makes for the possibility of greater cultural diversity.

With the coming together of these different cultural identities there is the question of the strength of the European identity. Like any brand, the European Union needs to be owned by its consumers, in this case its inhabitants, in order to be successful, and there have been examples where this has not proven to be the case. In May and June 2005 France and The Netherlands rejected the European Constitution in their referenda; a document that was effectively replacing the overlapping treaties of EU
institutions (Boxberg, 2005). There is speculation as to why the constitution was not passed in the two countries which have formed an integral part of the Union from the very beginning. It is suggested that, in both France and Holland, voters felt the EU is a disconnected and bureaucratic power with little connection to the everyday lives of Europeans. Commentators such as CNN European Political Editor Robin Oakley claimed that “The negative votes in the Netherlands and France were largely the result of poor economies, and concerns about immigration, EU expansion and the loss of national identity” (CNN.com, 2005). The Prime Minister of Luxembourg and then EU President Jean-Claude Juncker said "It's a difficult moment for Europe, but one that Europe will get through …this evening, Europe no longer inspires people to dream" (CNN.com, 2005). This sense of detachment from the European political process is also reflected in generally low voter turnout figures for MEP (Member of European Parliament) elections in most member states.

The figures for voter turnout across the EU give an indication of voter sentiment for the EU parliamentary process among the various member states. As the figures indicate, the highest turnout is found in Belgium, where most of the administration of the EU is based. Consistently at or near bottom place is the United Kingdom. Note also the overall declining trend in EU turnout as a whole.

The expansion of the European Union involves issues of both brand-stretching and glocalization. It risks an over-stretching of the brand in the minds of citizens because of its gradual expansion of its ‘brand portfolio’; in other words, the inclusion of more culturally and socially diverse member states. The tension created by this rapid
growth plus the perceived disconnection of European bureaucracy with local issues
in favour of building an ever-increasing super-state gave voters the impetus to call a
halt, even if temporarily, to the development of this super-state. Even though the
constitution basically codified the rights and legislation that already existed, its
symbolic power brought the idea of a united Europe closer to fruition, halting this
had an equally powerful effect.

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Despite any development of the EU’s internal mechanisms, since its inception in the
middle the twentieth century and its later development, the global situation outside
its borders has changed significantly. Superstate or otherwise, any economic, social,
cultural or geopolitical developments by legislators in the EU have a new force to consider; globalization.
5 Globalization
5.1 The Background of Globalization

The notion of globalization is both broad and diverse. The term is used in the fields of finance, politics, sociology, trade and communications and represents the series of events that have caused a shift in global commerce and socio-political policies. Wolf states that “Globalization is no fanatical ideology, but a name for the process of integration, across frontiers, of liberalizing market economies at a time of rapidly falling costs of transport and communications” (Wolf, 2004). Stiglitz defines globalization as “the removal of barriers to free trade and the closer integration of national economies” (Stiglitz, cited in Skrobacki, 2005:447). Using these two definitions as a reference we can broadly define globalization as the exploitation of deregulated trading environments, cheap and integrated communications systems and inexpensive transportation with the aim being to effectively flatten the globe into a single, regulation-free trading environment, one where any business or individual in any country can theoretically trade with an entity anywhere else. The situation was only compounded in the last few years of the 20th century by the development and rapid expansion of the internet, a type of media and communication that was not only unprecedented but also spawned radically new models of commercial activity and media publishing. It is a subject of broad influence across many disciplines as we defined in the section “The
Globalization Debate: An Overview of the Current Literature”.

However, the term “globalization” has become a loaded and emotional one. It is both heavily demonized by detractors such as protest groups, left-wing commentators, politicians, labour unions and overtly idealized by supporters such as the business press and multinational corporations. This loaded sentiment is sometimes manifested as simplistic and inaccurate statements and hypotheses by those on both sides of the debate. For example, there is Friedman’s ‘Golden Arches’ theory of the peace that can be created by globalization. In this, Friedman states that no two countries that have McDonalds restaurants would ever go to war (Friedman cited in Wolf, 2004:35). This is a fallacy when considering the long-running political and military tensions between India and Pakistan, as well as China and Taiwan, all of which have McDonalds. Even more problematic is the fact that not long after Friedman published his hypothesis Nato bombed Serbia, a nation with 15 restaurants at the time of the attacks, all of which were attacked by mobs after the bombings (Freund, 1999). The civil war in former Yugoslavia and that military aggression of Israel against Lebanon (both of which have McDonalds stores) in July 2006 are also examples of this fallacy.

Although globalization coincides with the liberalization of information and increases opportunities for global trade, it also reinforces Marxist criticisms of capitalism. As an extension and a product of capitalism, globalization illustrates Marx’s theories on the division of labour; he described capitalism’s view of human labour power as a commodity, one that can be reduced in cost by increasing working hours, reducing
payments to workers or developing technology (Marx, 1999:18-22,192). This is extended radically when considering that corporations can now source labour from anywhere, giving them the power to drive down the cost of this labour commodity even further. Fisher & Paykel closed its Brisbane plant and dismissed 1060 workers in Dunedin and California to concentrate its production operations in Thailand, Mexico and Italy. Chief executive John Bongard claimed that labour costs in Mexico were one sixth the cost of that in New Zealand. “When you’re having to compete on a playing field where you’ve got zero tariffs from low cost countries, it doesn’t matter how smart and how tough our guys are, you can’t compete against unlike economies” (Elks, 2008).

The realities of globalization are somewhat more complex; it affects the world financially, socially and has cultural implications. It is not a polarized ideological, political and military struggle like the cold war was, nor can it be broken down into a straightforward unilateral argument such as “small local culture is good, big global business is bad” because in many cases, where a disadvantage is created for one person an equal but different advantage is created for another. For example, Wal-Mart is accused of obliterating local business and, to a certain degree, local culture from small towns across America by its aggressive pricing policies and its “big box” retailing model.

While the unilateral argument against such retailing may hold some validity it can also be argued that Wal-Mart makes the cost of products far cheaper for people living in these small towns precisely because of this retailing model. Similar
arguments can be made for manufacturing; Levis no longer manufactures jeans in the US, its historical and cultural home. While this is bad for former Levis’ factory workers and for US manufacturing in general, it is good for workers in the many countries Levis now manufactures in; the jobs have not disappeared, they have relocated. It can be argued that cheaper labour also keeps the price of the garments at an affordable level for consumers; although this cost saving could also be used to simply boost profits for the Levis company.

Globalization is not always a single-approach solution; manufacturing cheaply in developing countries and selling to richer ones is not always appropriate. In contrast to the Levis situation, Swedish based H&M continues to have its garments manufactured in Europe; it represents a more rapid solution done in order to take advantage of fast, almost weekly changes in fashion. As we will examine, there are different ideas as to what globalization means and how it can aid or damage societies, two models being laissez-faire neoliberalism and a more regulated system represented by the European Union.

Friedman implies that globalization had its beginnings in the early 1990s with the convergence of events such as the birth of the World Wide Web and the fall of the Berlin Wall. Globalization is, in fact, derived from an environment created by the convergence of all these factors and others. Each plays a very significant role in the paradigm shift that globalization represents, but none can be considered the sole reason for this shift. It can also be argued that the paradigm shift has been an evolutionary process; if globalization encompasses the expansion of trade, the
sourcing of cheap labour and the marketing of goods and services to foreign markets, then it can be argued that it has been in evidence long before the Berlin wall was demolished or the World Wide Web was developed. It can be argued that globalization started with the expansion of global trading empires in the 17th century; in fact, the Dutch East India Company (chartered in 1602) along with the English East India Company (chartered in 1600) are considered to be the first multinational corporations in the world (Robins, 2006:5, 39). This is not to refute Friedman’s position, rather that globalization as it is currently understood merely accelerated in the 1990s. The motivation of their development was the expansion of trading markets and exploitation of cheap labour; indeed similar to the ideologies of neoliberalism today.

5.2 The Change of Social Experience

Much of the Industrial Revolution provided experiences and changes in social structures that had never before existed. The movement from localized agricultural work to centralized factory work, the emergence of inexpensive consumer products of consistent, predictable quality and the ability to travel rapidly to new places for leisure became everyday experiences. It was not a discrete political or cultural agenda that spawned these developments, it was commerce and profit that drove the reorganization of work and social structures.

For example, factory labour came to prominence rapidly because of the need to match demand with increased production, cities in turn expanded because of the need for working populations to be close to centralized workplaces. The explosive
growth in industrial cities and the movement of populations to these cities was determined by the vicinity of the factories that required many thousands of new workers. Smelser illustrates this with the rapid growth of cotton towns in Lancashire:

“After the Napoleonic war the Lancashire cotton towns showed an ‘extraordinary burst’ in population. Between 1821 and 1831 Lancashire added almost 300,000 persons, an increase of 27%, while Manchester alone increased 47% in its growth from 154,807 to 227,808. In the following decade Lancashire increased from 1,336,854 to 1,667,054, registering an increase of 24.7%” (Smelser, 2006:193)

To show specifically how the growth was mostly attributable to the rise of textile manufacturing in Lancashire he continues:

“Much of the migrating population no doubt entered the factories. The number of cotton factory operatives was 107,000 in 1815 (7,000 in power-loom operation). By 1832 this had grown to 208,000 (75,000 in power-loom weaving) and by 1844-6 the total was 340,000 (150,000 in power-loom weaving)” (Smelser, 2006:193)

With the North of England being a centre of progress in industrialization, the growth of Lancashire provides a good illustration in population movements, but the industrial revolution caused another radical paradigm shift; the increased production capacity of industrialized countries meant that not only raw materials but manufactured products, new technologies and intellectual capital could be transported across the globe. Not only could textiles be imported from India, but the designs and colours could be duplicated and mass-produced by mechanized
factories in Manchester; transfer of intellectual capital meant that product availability could match demand, no matter where the demand was.

The reduced price of these goods caused by mechanized production also meant that the market for these goods expanded not only geographically but also socio-economically. The middle class and working class could afford goods (such as porcelain and textiles to name two) that had previously been available only to the wealthy up until the 19th century. The demand in Britain was enormous: “In the late seventeenth and eighteenth centuries the Chinese exported a million pieces of porcelain a year through the East India Company. Eight vessels returned to Britain in 1777-8 alone carrying 345 tons of porcelain. Textiles dominated manufactured exports from Asia; they made up 67.9 per cent of the value of English East India Company Asian imports in 1668-70 and 80.3 per cent 1738-40” (Berg, 2007:54).

New methods of mass production created their own markets by virtue of the price of products and the volume and variety of products available. This had the effect or replacing Asian imports for the sake of cheaper and more innovative equivalents to feed consumer demand: “Imports of manufactured goods from Asia declined in relative quantitative significance over the period, but they occupied a vital place in the seventeenth and early eighteenth centuries... As superior goods their diffusion was rapid, and when imports of these goods declined relatively it was only because of import substitution and product innovation in Europe” (Floud et al. 2004:267).

Modern globalization sources cheap labour and new markets in a similar way. Freer regulatory conditions, cheaper transport and better communications make it easier to
source the cheapest labour and the best quality products and deliver them to customers. Arguably, the East India company did a similar thing, sourcing and trading the best and cheapest products around the world and trading between nations. However much of the trade was driven by new high levels of consumerism in Britain. “During the late eighteenth century, the Company played a key role in London’s economy, employing several thousand laborers, warehousemen and clerks. Returning fleets of East Indiamen moored in Blackwall Reach, before their Indian and Chinese cargoes were transferred via hoyas and carts to enormous warehouses where they awaited distribution and sale in Britain’s burgeoning consumer markets” (Bowen, 2000:2)

This illustrates that the practice of global trade has been with us in various forms for centuries; what has changed in recent times, however, is the development of information exchange which has accelerated the pace of this global trade by giving the ability to not only access information quickly regardless of location or time, but also to exchange trade through online stores instantly. “Multinational companies no longer think in terms of nation states” (Ridderstråle and Nordström, 2000:71).

This is not necessarily because of a desire of corporations to be supranational, but because economic imperatives make sense for them to be so. A call centre worker in Bangalore is significantly cheaper than other locations “The cost advantages of offshoring to India are significant. It costs less than US$ 7,500* annually to hire a call center agent in India (cost to company) as compared to US$ 19,000 in the United States and US$ 17,000 in Australia. It is also estimated that the average annual salary of graduates in India is just US$ 2,400 as compared US$ 2,900 in Philippines and US$ 19,500 in Ireland”
Global brand design and its interaction with cultural and national bias. (Gupta, 2005). Add to this the benefits of no relocation costs and no additional infrastructure costs, just a phone connection across the ocean. In terms of raw economic decision-making, it makes little sense to hire the worker in Birmingham when ten could be hired in Bangalore; not for reasons of politics or social manipulation, but simply because it is cheaper to do so. Corporations are financial mechanisms; it is in their nature and their charter to reduce costs and increase revenue. They may ignore, circumvent or manipulate socio-political issues because of their own economic imperatives. In other words, they largely focus on generating revenue, not social policy. This plays into Marx’s theory that capitalism views human labour power as a commodity and that by having access to a global labour market, the commodity of labour can be driven down in price (Marx, 1999).

This is now a common scenario with large volume manufacturers such as The Gap, Mattel and Nike having production plants in countries such as China due to vastly cheaper labour costs. However with an absence of reliable standardized Chinese labour figures, an accurate cost disparity between Chinese labour compared to that of nations such as the U.S. is difficult to assess. In 2004 the Bureau of Labour Statistics in the U.S. estimated that the cost of factory labour in China was 64 cents per hour, whereas the comparable US figure two years earlier was USD 21.11 (Coy, 2004).

The circumstance of sourcing the cheapest commodity of human labour power is not limited to a one-way relationship between developed and developing nations. Just as large corporations have been moving to China for the cheaper labour, the cost of
Chinese labour has been rising. Increased inflation (around 8%) plus a 20% increase in labour (Businessweek, 2008) has seen not only US and European corporations look to cheaper sources of labour, China itself has been outsourcing to other countries.

Head of corporate banking at Deutsche Bank in Beijing Eddy Henning stated

“For investors from Europe, Romania and Bulgaria are also competitive with China when it comes to production” (Businessweek, 2008).

The move to take advantage of offshore labour costs has not always been a successful transition however, with examples such as Mattel needing to recall 967,000 toys in the U.S. because of contamination by lead paint from its Chinese factories (Spencer and Casey, 2007).

If it is their nature to focus on economic imperatives, does the responsibility of controlling or curtailing this fall to government policy? Proponents of neoliberalism, Alan Greenspan, Thomas Friedman and Brad DeLong among them, believe that the stripping back of government interference in free trade is important for growth and that open markets can take the place of heavy-handed social policy.

5.3 Neoliberalism

It is difficult to engage in a discussion about the economic side of globalization without also examining neoliberalism. Neoliberalism is an economic ideology that believes in the values of a global economy, free trade, and the unrestricted flow of capital. Treanor describes it as “…a philosophy in which the existence and operation of a
market are valued in themselves, separately from any previous relationship with the production of goods and services, and without any attempt to justify them in terms of their effect on the production of goods and services; and where the operation of a market or market-like structure is seen as an ethic in itself, capable of acting as a guide for all human action, and substituting for all previously existing ethical beliefs” (Treanor, 2005:1)

Its effect is the exploitation of the values of world resources such as cheap labour, raw materials, communications and transport efficiently through greatly reduced government regulation, thereby making more markets open to global corporations. Neoliberals such as Greenspan, Friedman and DeLong advocate small-state infrastructure with minimal state intervention and spending, minimal taxation, and minimal regulation of the economy. Numerous definitions of neoliberalism exist, each with a different focus on economic mechanisms, social consequences and global implications. One concise definition is made by Aronica and Ramdoo (2006):

“Neoliberalism, as a philosophy, holds that free markets, free trade and the free flow of capital are the most efficient ways to produce the greatest social, political and economic good. It argues for reduced taxation, reduced regulation and minimal government involvement in the economy. This includes the privatization of health and retirement benefits, the dismantling of trade unions and the general opening up of the economy to foreign competition. Detractors see it as a power grab by economic elites and a race to the bottom for the rest.”

A more comprehensive grasp of neoliberal theory can be found in Harvey’s definition:
“Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. The state has to guarantee, for example, the quality and integrity of money. It must also set up those military, defence, police and legal structures and functions required to secure private property rights and to guarantee, by force if need be, the proper functioning of markets. Furthermore, if markets do not exist (in areas such as land, water, education, health care, social security, or environmental pollution) then they must be created, by state action if necessary. But beyond these tasks the state should not venture. State interventions in markets (once created) must be kept to a bare minimum because, according to the theory, the state cannot possibly possess enough information to second-guess market signals (prices) and because powerful interest groups will inevitably distort and bias state interventions (particularly in democracies) for their own benefit” (Harvey, 2005, cited in Thorsen et al. (n.d):11)

In other words, every person, corporation and market participant is required to fend for themselves on a relatively equal footing because reduced government spending means, among other things, fewer social welfare protections, fewer controls over local economies and fewer regulatory protections for individuals. This runs contrary to the welfare state framework of European countries and to a certain degree, opposes the EU’s internal market aspirations despite its goal of open internal borders and single trading market.
The EU appears to negate neoliberal tendencies through its building of a cooperative, open-borders trading environment and by developing the treaties, regulations and laws required to harmonize 27 member states equitably. It has happened methodically, over a number of decades, and is a very deliberate system. Neoliberal theory contradicts regulation in single regions or countries, let alone the unification of 27 countries through a single overall regulatory framework.

“Whereas proponents of globalization often suppose that universal community lies beyond the nation-state, the European Union has been created precisely through a number of interstate Treaties. The European community has not spontaneously happened in response to economic forces; it has been built” (Skrobacki, 2005:450).

As we will examine, the European Union has strong social and human rights policies while still promoting an economic environment that allows freer trade within its borders. The EU regularly goes head-to-head with the less regulated United States in trade negotiations involving deregulation of transatlantic air-routes, intellectual property and agricultural trade issues as well as many others. European companies of course take advantage of cheaper offshore labour prices and use cheaper transport, the internet and cheaper communications to do so; however, they do so within the more regulated labour practices of their own member states and the EU.

There are fears that the democratically-elected state will be impotent in a world dominated by corporate interests. Berman states that “Anti-globalization advocates the reassertion of the power of the state against the freedom of the market” (Berman, 2004:118). This situation asserts the rights of populations to have at least some control of
working conditions, local labour pricing and local cultural environment; in other words the state can control the rules that corporations play by. Opponents of globalization fear the deregulated trading environment that proponents of neoliberalism seek, concerned that laissez-faire economics have little room to accommodate a social welfare infrastructure. Indeed Macaulay states that “Free trade, one of the greatest blessings which a government can confer on a people, is in almost every country unpopular” (Macaulay cited in Wolf, 2004). This could be because if left unchecked in an unregulated environment free trade can bring with it a lowering of overall working standards, loss of jobs to overseas operations, and falling wages.

This echoes the state of labour in the industrial revolution before labour reforms were put in place and the welfare state was established. For example, in the United Kingdom child labour formed part of the rapidly expanding labour force required to fulfill the need for trade with other nations. However, this type of labour was banned by the Factory Acts, a rapid decline in exploitation of children followed (Nardinelli, 1980:739) and industry had to find a way to deal with the resulting labour shortage. Interestingly, Nardinelli points to rising income and technological change as the main drivers for reduction in child labour.

Regardless, industry found solutions to the labour shortages, free trade was not halted and because of this socially-biased regulation children became educated and had a better future. The ‘free trade at all costs’ argument has weaknesses and, in terms of labour at least, it represents a step backward to a pre-regulated, Victorian age.
Today in developed nations it is taken for granted that child labour is undesirable, that free primary and secondary education benefits all in society and capitalism simply has to operate within this social framework. The EU goes further than this and shows that regulation does not necessarily need to oppose the imperatives of free trade, both can exist together. In this respect it aims to ensure that its socially focused political structures are not usurped by a narrower set of interests through mechanisms such as corporate lobbying and influence over policymaking; a potential hazard of an economy dominated by economically influential global brands.

5.4 The Shift of Democracy

A fear of anti-globalization protagonists is that the corporations behind global brands wield a large amount of economic, and therefore political, power and with this power they have the capacity to influence government policy and labour conditions, or even avoid government regulation altogether such as the free trade zone of Cavite in the Philippines. A base of this fear is that they do so without an elected governing body, responsibility to people either directly under their control or the wider population, or fear of political reprisal through democratic elections.

This opinion could have some validity in the context of corrupt governments or in nations such as the United States that allow corporate funding of election campaigns or excessive corporate lobbying. In this case corporate funding could influence government policy such as awarding of contracts or changing of regulations that might otherwise limit a corporation’s profitability. However, this circumstance would represent a failure of the mechanisms of democratic government rather than
the inherent power of corporations.

Political lobbying is an industry that increased rapidly during the early years of the George W. Bush Administration; “The number of registered lobbyists in Washington has more than doubled since 2000 to more than 34,750 while the amount that lobbyists charge their new clients has increased by as much as 100 percent. Only a few other businesses have enjoyed greater prosperity in an otherwise fitful economy.” (Birnbaum, 2005). This industry thrives only because of these corporations ensuring their own best interests. The political lobbying industry, and the corporate money involved in influencing government policy, is of course legal; elected officials are under no obligation to take any action on behalf of corporations as a result. If an imbalance occurs it is because of a government framework and political funding system that allows this degree of influence to take place.

Corporate lobbying of elected officials, although legal, has caused some scandal in the UK for having close relationships financial and access relationships with MPs. In 2007 Gerry Sutcliffe, the prisons minister, and Stephen Ladyman, the transport minister, were secretly taped offering privileged access for clients of lobbying firm ‘Golden Arrow Communications’, which employed a former transport minister. “The lobbyists claimed Sutcliffe was prepared to hand over his private Whitehall diary to them, while Ladyman was claimed to have divulged information on policies such as road-charging. Their close relationship with Golden Arrow Communications, a London-based lobbying firm, was witnessed by an undercover reporter working for the firm.” (Newel and Winnet, 2007:1)

Hewlett-Packard was a US example of lobbying; “The California computer maker nearly
Globalization

doubled its budget for contract lobbyists to $734,000 last year and added the elite lobbying firm of Quinn Gillespie & Associates LLC. Its goal was to pass Republican-backed legislation that would allow the company to bring back to the United States at a dramatically lowered tax rate as much as $14.5 billion in profit from foreign subsidiaries.” Hewlett Packard’s campaigning proved to be effective; “The extra lobbying paid off. The legislation was approved and Hewlett-Packard will save millions of dollars in taxes. ‘We’re trying to take advantage of the fact that Republicans control the House, the Senate and the White House,’ said John D. Hassell, director of government affairs at Hewlett-Packard.” (Birnbaum, 2005).

The conflicts of interest involved in this industry came to a head with the conviction of lobbyist Jack Abramoff, Republican Representative Bob Ney and a number of White House officials for the network of lobbying and political corruption. Among other corruption and tax evasion issues, Abramoff won favour with government officials with free meals at his restaurant, free access to his skyboxes at sporting events and sponsored golfing trips to Scotland on behalf of his clients. (Grimaldi et al. 2005).

On the issue of corporate influence in comparison to government policy Klein claims that “Multinational companies are more powerful than governments” (Klein, 2000:388). This is a statement disputed by The Economist, which argues that governments regulate the business environments of their own countries and have far more control over the lives of citizens (The Economist, 2002:1). This has validity as governments pass laws, levy taxes and run judicial systems; corporations simply make profits by selling products within this legal framework.
In another example, The Economist claims that Klein does not recognize capitalism’s role in reducing poverty and childhood mortality; the argument is that the trade inherent in adopting neoliberal policy increases economic growth and hence the living conditions of populations, the point being that “the countries that change the least … are those where poverty and disease are worst” (The Economist, 2002).

Klein’s views on the unaccountable nature of global corporations do carry some validity; by their very nature there is a lack of democratic, socially focused accountability in corporations. In the US at least it is a corporation’s legal obligation to maximize profits (Section 716 of the Business Corporation Act), and economist Milton Friedman discussed that despite the notion of corporate personhood, corporate responsibility is a false construct as it is ultimately human beings who run these abstract organizations. Corporations are built from shareholder capital and are operated to increase this same capital (Friedman, 1970).

It does appear that companies with a global reach wield a type of political power through economic influence. This is true is a country such as the United States where corporate funding of political campaigns is allowed and government lobbying such as that done by Abramoff is a powerful and influential industry. However in many cases these commercial brands are influenced by the government and social policies of emerging markets such as China to such an extent that they contradict the policies and activities they espouse in other countries. A rapidly emerging middle class, rapid construction of infrastructure, greater numbers of professional workers and increased economic power make China an irresistible market to be tapped by global
brands based in the west. For this reason, these same brands are very careful in obeying the cultural and political framework of the Chinese government, despite its poor record on human rights. Rather than steer clear of China, try to wield political influence or make a political statement, western corporations comply in order to protect the opportunities to increase market share; as Klein states “In the case of China - we have watched an entire country become a tiptoe zone” (Klein, 2000:171).

The China example in particular illustrates that in most cases a commercial brand’s role is to increase market share rather than influence or even control society. China is effectively a litmus test for this theory; the nation is the largest developing commercial market on earth, one with increasing wealth (and therefore an increasing consumer base) and an increasingly sophisticated but inexpensive manufacturing base (with the potential for worker exploitation). Teamed with this is China’s poor human rights record and authoritarian government, a situation that could benefit enormously from commercial intervention into the political rights and social conditions of the nation’s workforce. Two recent and high-profile cases in particular illustrate the inability or apathy of global brands to wield political or social influence in a rich commercial marketplace.

Yahoo was criticized by Paris-based ‘Reporters Without Borders’ for supplying information to the Chinese government that led to the jailing of journalist Shi Tao. The watchdog said "We already knew that Yahoo! collaborates enthusiastically with the Chinese regime in questions of censorship, and now we know it is a Chinese police informant as well" (Naughton, 2005(b):1). At the admission of Sergey Brin, one of its founders,
Google had gone against its principles of free speech by launching a censored version of its search service for the Chinese market. Brin claimed “We felt that perhaps we could compromise our principles but provide ultimately more information for the Chinese and be a more effective service” and also claimed that “although the searches would be censored, it would offer users a faster service” (Bolger, 2006:1). Google, a company with the motto “don’t be evil” (Google, 2008) has, in terms of human rights, found itself to be socially impotent in the face of rapid market growth.

Other companies too have succumbed to political pressure and changed or censored their commercial offerings accordingly. News Corporation’s Rupert Murdoch has capitulated to the demands of the Chinese government on two high-profile occasions. One involved dropping the BBC World Service from the Asian satellite service Star TV in reaction to a program on Mao Tse Tung, the other involved a decision by its subsidiary HarperCollins, to pull the publication of the book “East and West: China, Power, and the Future of Asia”, written by Chris Patten, the last British governor of Hong Kong (BBC, 1998). The fear of Patten’s potential criticisms of China led to the company effectively censoring the entire book pre-emptively in order not to jeopardize future business interests that the parent company may pursue in the country.

This is evidence that the need for profit outweighs any perceived effect of cultural domination, especially in the case of a publicly-held company where shareholder value is paramount and, in many cases, legislated. It also illustrates that the commercial imperatives of these companies outweigh the urge to protect the more
pressing issue of human rights. In short, China is one case that illustrates the notion that brands will and do bow to political and economic pressure in order to thrive economically. Few companies take a stand against China’s poor human rights record because of the economic imperative and because it currently represents a large, untapped commercial market.

The reasons for this are generally stated by companies as following the need to fall in line with Chinese law rather than imposing western ideals onto a host market, but this claim is considered spurious by human rights groups. The urge to enter a market of over a billion new potential consumers currently seems to take precedence for these global brands. This once again reiterates the idea that brands may try to wield some influence over the buying decisions of consumers, but they cannot even begin to do this if they do not first fall within the legal, economic and cultural framework established by the government of the particular market they want to trade in. They are neither bigger nor more influential than governments and are certainly no match for authoritarian China. It is the Chinese government that determines the political agenda, the extent of free speech and the level and sophistication of censorship the people are exposed to, and powerful cultural brands such as Google and News Corporation have the choice of competing within this restrictive framework or not competing at all.

This also goes some way to illustrating the argument that neoliberalism is successful only in markets where it is accepted as a part of a socio-economic framework. In the face of heavily-regulated or politically powerful environments it appears to have
little power. Whilst China represents a more authoritarian form of government, controlling more rigidly the rules by which western brands must operate, it does highlight the concept that governments, by numerous methods, can be the ultimate arbiters of these organizations’ operations. Europe also provides a tough environment for neoliberalism to dominate; powerful labour laws and regulation provide opposition to corporations seeking a laissez-faire neoliberal management style.

This is true in Germany, where the all-powerful Wal-Mart has encountered problems. Despite being the world’s largest retailer, as a new company in overseas markets Wal-Mart seems to have found greater opposition to its way of working than in its home country and this is due to the companies’ simple lack of understanding of local culture. It published a staff ethics manual, a commonplace document in its US stores, which caused confusion and offence amongst its German staff. It misunderstood its customers by offering a grocery bagging service in a country where customers do not like strangers handling their groceries. But perhaps most significantly, German industry is commonly unionized and German law makes opportunity to organize labour easy for workers; Wal-Mart’s famous aversion to unionized labour has made relationships with staff unnecessarily adversarial (Ewing, 2005).

Wal-Mart also has problems in Canada, again with unionized labour. It has closed down stores like its outlet in Jonquière, Quebec rather than allow unionized labour into its company. So obsessed is the company with keeping unions out that it is...
prepared to jeopardize its stores and market share in order to avoid bowing to local labour customs. (Bianco, 2006). While corporations exist to create wealth and the brands are one of their tools for doing so, the closing down of a store of a high profile global corporation in a small town simply as a reaction to unionization and foreign labour laws is a short sighted solution. The unwillingness to resolve the problem through compromise holds the possibility of doing long term damage to the corporation’s brand, not only locally but in any nation where the brand does business. It can be argued that failing to recognize the importance of local cultural conditions can affect overall profitability.

Wal-Mart has since sold its German retail business to German company Metro AG in July 2006, abandoning plans for expansion in that country. Losses for the deal amounted to around USD 1 billion. In this respect Wal-Mart behaved less like a global operation and more like an American operation that happens to have stores around the world. The heavy-handed approach in Canada and Germany was a form of rubber-stamping a single cultural and business model across new territories regardless of their pre-existing political, cultural or socio-economic conditions. The company not only ignored subtle local aspects of these nations, cultural sensitivities and more socialist political climates than the US, it also ignored more obvious, business-focused aspects such as the prominence of unionized labour. However, rather than bend and adapt to local conditions to make a success, as a new market entrant Wal-Mart tried to use its bulk to override these long-held socio-political circumstances.
This type of authoritarian globalization model echoes fears of globalization through corporate imperialism. However, just as Wal-Mart proves the claim that such organizations exist, its failures in various territories outside the US also proves the failures of these organizations. Local consumers and communities rejected Wal-Mart’s ideology and business approach and hence Wal-Mart, the world’s largest retailer, was forced to leave.

Because of their position as ambassadors of global commerce, global brands often find themselves the targets of anti-globalization criticism and protests. Authors such as Friedman and Wolf argue the virtues of globalization’s liberation of developing economies, decentralization of social power and the elimination of adversarial Cold War aggression between East and West. They argue that neoliberalism on a global scale benefits consumers by reducing costs of goods and services and benefits workers in developing countries by increasing trade and allowing them to rise up the social scale. However Korten et al. claim that the power placed in the hands of global corporations can, if left unregulated, shape society to unhealthy ends due to the profit motive of such corporate powers rather than social motive that is supposed to drive government.

With Friedman’s assertion that with globalization ultimately nobody is in charge, there can surely be no guarantee of increased social and consumer benefits when neither of these are the prime motivation of business.

The argument that neoliberalism is necessary for the growth of global trade is flawed. It is Europe that leads the way in the combination of market integration and
social justice precisely because of its integrated market and social focus. Commercial operations cannot be relied upon to fulfill social and cultural obligations in an unregulated market and this is especially true in a global environment where labour can be sourced in poorer countries; if one labour environment proves too regulated or expensive to produce in, another can be found to take its place. Corporations have an obligation to shareholders to generate revenues and maximize profits. This situation makes social and cultural welfare a discretionary exercise in benevolence; viable in years of large profits and healthy turnover, but possibly the first activity to be cut when times get tough economically or even politically. We see evidence of this in the Wal-Mart example; the company was prepared to terminate its own revenue stream in part to avoid having its employees unionize. Another example is British Airways making its employees make higher personal contributions to their pension schemes, making up for a financial shortfall that was caused by the company’s own poor financial performance (Pollock, 2006).

The EU provides a framework that places social equity and economic balance in a position of importance. By setting regulations, a layer of legislation for all participant member states to follow equally, there is necessarily a sense of economic and cultural balance rather than the steady erosion of an unregulated environment. Yet this regulated framework does not seem to provide an impediment to trade in Europe. In 2005 the EU had a GDP of 12,427,413 million international dollars compared to 12,277,583 million international dollars in the US (International Monetary Fund, 2006(a) & (b)).
5.5 The Relationship of Brands to Neoliberalism

Brands existed long before the notion of globalization was formalized. They have thrived in East Germany, South America, the EU and Africa just as they do in the US. Some of the largest global brands, Volvo and Ikea, originate from Sweden, a state that is heavily regulated and highly taxed, contrary to neoliberalism’s ideologies.

What brands do allow, however, is a freer environment for global trade, a kind of distribution pipeline for movement of labour and capital across the globe. Because brands can have lives and personalities of their own, independent of physical or cultural locations, they can often be severed from their places of origin provided the image of the brand remains authentic. In January 2004 Levi Strauss & Co produced its last pair of jeans in the United States. The company now manufactures the brand in 36 countries around the world (Levi Strauss & Co, (n.d.)) yet the brand still rings true of an authentic, US based youth culture brand.

However Levi’s differs from brands such as Harley Davidson or Burberry in that it does not wrap itself in a national flag, it is more similar to brands such as MTV or Pepsi; these are youth brands that have their origins in the US but have built out these brands and localized to speak to youth culture across the world. Because the focus is on this type of global youth culture and less on country of origin, the brand is not eroded by being produced outside the US.

In fact in 1998, Levi Strauss formed a division called Presence and Publicity specifically to break away from the brands heritage and appeal to younger consumers. The emphasis on its marketing efforts has been less to do with its
authentic, historic American roots, quality or workmanship and more to do with global youth culture and online marketing. University of Buffalo marketing professor Arun Jain stated that “Teenagers don’t care, it’s all about image and not the way the fabric is cut. That makes Levi’s job more difficult because they have to turn the company's whole image around” (Cobb, 1999:1).

Levi’s is an old brand that built its reputation and its iconic place in popular culture decades before the advent of free trade agreements, the Internet or the fall of the Berlin Wall, so it is not globalization that made the brand a success. It was profitable, successful and growing when its labour was unionized and based in the United States. Being a global brand that relies on manufacturing and transportation for product delivery, it is perhaps natural that the manufacturing bases should be spread across the world in a number of locations. Different manufacturing costs, seasonal timing of stock deliveries and the sourcing of raw materials mean that the diverse manufacturing base has a commercial rational basis.

However, the argument that global brands as a whole, with Levi’s as a particular example, demand these measures such off-shoring of labour because of a need for lower consumer price points carries little validity; everything we know about quality brands tells us that they create a premium over equivalent generic products, they attract loyal customers and help create a predictability of cash flows and future sales, allowing for a more confident development of business (Blackett in Clifton et al. 2003:18). In short, brands should eliminate the necessity to compete on price; they raise products above the status of commodities and the price premium is considered
by consumers to be compensation for the branded product’s benefits. It is the reason that they were created in the first place.

5.6 The Inevitability of Globalization and the Expansion of Free Trade

In a market based on capitalist ideals there is an inevitability to a globalized, market-driven world that removes trading and cultural barriers, bringing countries and organizations together in trading relationships and increasing turnover and profit margins. As brands grow in popularity and financial power they inevitably expand to a saturation point in their particular market. Coca-Cola expanded over time in the United States as Cola consumption increased and its exposure to the market became dominant. However, even in this consumer-rich market there is only so much soda a person can drink; once the market is saturated the only way for Coca-Cola to grow in the United States is to take market share from its competitors; an effort that requires expensive, more aggressive marketing.

Shareholders see sales growth in a company as paramount, and public companies require growth to satisfy their shareholders. An alternative path to growth for Coca-Cola is to sell soda in a place that has no soda, and for that matter, no competitors. This is exactly what Coca-Cola, its competitors and other brands have done over time; they’ve found new markets, new places to sell and therefore new opportunities for growth.

This is the basis for the hypothesis that globalization is inevitable. Determining that
corporations will remain within specific, predetermined borders is an unreasonable and unrealistic expectation; it works contrary to the free market’s anticipation of economic growth. Apart from this, there is no realistic barrier to this growth; trade barriers provide an impediment to importation of foreign goods such as commodities, but even this becomes less effective when considering that goods, especially high-value goods, also create economic growth in the importing country by increasing retail sales, taxation and employment.

Tomlinson describes the process as one of ‘accelerating “connectivity”’, a ‘rapidly developing and ever-densening network of interconnections and interdependencies that characterize modern social life’ (Tomlinson, 2006:1). He states that the term globalization is basically a simple way to describe the complexity of various flows, flows of ‘capital, commodities, people, knowledge, information and ideas, crime, pollution, diseases, fashions, beliefs, images and so on; across international boundaries’ (Tomlinson, 2006:2). This implies that rather than a full-scale, unrelenting cultural imperialism across borders there is in fact a type of shared experience created by interconnected cultural, financial and informational experiences.

In its simplest form, globalization is the mechanism of expanding markets across the global stage, not simply being limited to local areas, and every nation that exports goods is participating in this same mechanism. Tomlinson describes the relationship between globalization and individual cultures on a global level:

“The vast majority of us live local lives. But the impact of globalization is to change the very texture of this locality and therefore the nature of cultural experience in
general. No longer is culture ‘tied’ to the constraints of local circumstances. What this implies is not that globalization destroys localities but that cultural experience is in various ways ‘lifted out’ of its traditional ‘anchoring’ in particular localities. One way of understanding this is to think about the places we live in as being increasingly ‘penetrated’ by the connectivity of globalization. We continue to live in places that retain a high degree of cultural distinctiveness – London clearly has its own cultural ‘feel’ quite different from Beijing - but the point is that this particularity is no longer - as it may have been in the past - the most important determinant of our cultural experience” (Tomlinson, 2006:12).

Critics of globalization such as Korten and claim a converging cultural globalization is taking place, aided by the economic conditions entailed in free trade. Criticism is generally laid at the feet of the United States, suggesting that globalization is geared to make the world more American by virtue of cultural domination. Tomlinson claims “The problem with the cultural imperialism argument is that it merely assumes such a penetration [in which we construct our “cultural worlds” and make sense of our lives]: it makes a leap of inference from the simple presence of cultural goods to the attribution of deeper cultural or ideological effects … Culture simply does not transfer in this unilinear way.” (Lull, 2000; Tomlinson, 1991 cited in Tomlinson, 2006:9).

In his arguments for the benefits of globalization, Wolf asks the question “who imagines that the welfare of Americans would be improved if their economy was fragmented among its fifty states, each with prohibitive barriers to movement of goods, services, capital and people from the others?” (Wolf, 2004:3). The anti-globalization movement seems to argue that the most socially equitable way for economies to behave is to have a set of
well-defined borders to divide areas, separate governments and economic systems in each of those bordered areas and limited, regulated movement of trade between them. Whist on the face of it this might seem a reasonable proposition let us extend Wolf’s question by altering semantics and describing the ‘United States’ as the ‘World’. In this world we have 50 different bordered regions or states (for this exercise lets call them ‘countries’) with 50 different governments. By simply changing the names arbitrarily, Wolf illustrates a small model of globalization and by doing so highlights the arbitrary nature of placing trade borders in the path of free-flowing goods and services.

Placing barriers to trade such as tariffs and taxes between Guatemala (a developing economy) and Canada (a G8 economy) may at first appear a reasonable, albeit protectionist, economic initiative. However, a similar barrier between Arkansas (one of the smallest economies in the US) and California (one of the largest), states that also experience an economic disparity, seems less reasonable. Presented at this scale, halting globalization seems arbitrary and inefficient.

This echoes Ridderstråle and Nordström’s earlier statement that “Multinational companies no longer think in terms of nation states”, that while communications and transportation have make a reasonably level playing field, the dissolution of all regulation (the neoliberal protagonist’s dream), would level it completely. Whilst the political issue of global trade is made more complex by trading blocs and tariffs, domestic politics and workers rights, the example shows that the stemming of globalization is an artificial notion; it is one that is unsustainable without regulatory
5.7 Globalization and the Internet

Although it may not have been single-handedly responsible for its emergence, the Internet has been an important factor in catapulting globalization to dominance by creating efficiencies and innovation in communications. Because the Internet goes so much further than simple communications (i.e. the transmission of voice or text), by allowing financial transactions and information searches, it provides a conduit for real-time collaboration regardless of physical location. This has aided the expansion of globalization in the area of service provision; it provides the ability to develop virtual offices such as call centres that can operate 24 hours a day by being located in various time zones.

This is helped by the cost of communications falling to virtually zero. “In 1930, a three minute call from New York to London cost some USD250 (in 1990 dollars). Thirty years later the cost for a similar phone call was down to USD50. Now we are approaching zero. Similarly, the cost of sending a 40-page document from LA to Washington is USD 9 by fax; USD 16 by FedEx, USD 3 by snail-mail; and 9 cents by e-mail” (Cairncross et al. cited in Ridderstråle and Nordström, 2000:100).

This instant, effectively ‘barrierless’ system of exchange has had a run on effect in creating ‘Real world’ networking. Castells provides a comprehensive discussion on how the 1990s had seen the phenomenon of networks become integral to the process of globalization: “...there was an accelerated process of internationalization of
production, distribution and management of goods and services. This process comprised three interrelated aspects: the growth of direct foreign investment, the decisive role of multinational corporations as producers in the global economy, and the formation of international production networks” (Castells, 2000:116). He states that the concept has become so pervasive to the global economy that multinational corporations are now behaving more like “decentralized internal networks”.

Clearly, as a global information network, the Internet has been integral to the movement of information, in terms of commerce and intellectual property, but also in terms of easier movement of capital, through globally linked banking and trading systems. But once again, this ease of movement was only possible with the opening of individual regulated economies by government legislation. Again Castells illustrates this: “The global economy was not created by markets, but by the interaction between markets and governments and international financial institutions acting on behalf of markets – or of their notion of what markets ought to be” (Castells, 2000:135).

As Castells illustrates, the Internet and information technology while not alone in creating the economic, political and communications environment that allows globalization to thrive, it has nevertheless been a key component in its rapid development from the 1990s onwards:

“Each one of these two processes – that is, network-based productivity growth, and network-based globalization – are spearheaded by a specific industry: the information technology industry, increasingly organized around the Internet, as the source of new technologies and managerial know-how for the whole economy;
and the finance industry as the driving force in the formation of an electronically connected global financial market, the ultimate source of investment and value making for the whole economy” (Castells, 2000:161)

This same network, spawned by an unusual combination of the military, academic research and commerce, has also been key in organizing protest against the open global commerce system it has allowed. Anti-globalization protestors, numerous small activist groups spread around the globe, have exploited internet communications in the organization of demonstrations and protest. Interestingly, it is the very system that brought about this democratization that protesters find objectionable.

Ironically, this means that even the organization of protests against globalization has been improved. They can be coordinated through e-mail, the Internet and mobile phones. News, research and publications can be exchanged in similar ways. The anti-globalization movement exists in and benefits from the very environment that benefits the parties they protest. Events such as N30 protests in Seattle, G8 summit protests in Genoa and S11 protests in Melbourne benefited from these same global communications networks, and global media exposure helped spread the message of protest. These benefits plus others are attributable to globalized communications networks, built by global corporations.

“There is some irony in the fact that anti-globalization spread rapidly and with ease across international borders, exemplifying a certain cultural globalization: there is nothing more globalized than the opposition to globalization” (Berman, 2004:116)
Michael Dell, CEO and chairman of Dell Inc. has stated that “the Internet is only surpassed by telepathy” (Ridderstråle and Nordström, 2000:100) and in the case of making virtual workplaces this is an accurate description. It makes the distribution of talent, professional expertise and customer service easily distributable, unhampered by distance. Just as the footprint of the virtual office expands, so too does the market for competitive labour pricing. Distribution of labour, intellectual capital and products becomes virtually limitless, although in reality local laws, taxation differences, bandwidth restrictions and language differences bring their own limitations.

5.8 The Distribution Pipeline

Combined with the Internet, global brands can act as a distribution pipeline for labour and capital across the globe. Both have the capacity to work hand in hand to change the landscape of skill-sets and industries. In a neoliberal environment they can shift the economic balance of, and relationship between, world economies. This distribution pipeline, by moving digital information across networks, has the effect of circumventing government labour policies, immigration policies, taxation bases and economies, though not always successfully. Offshore manufacturing and inexpensive transportation have allowed the management of a brand to operate in key markets while the manufactured product is imported to those markets from wherever labour and transportation costs are most effective. In other words, the base for the manufacturing of solid objects can move around the world, following commercial imperatives, but the intangible intellectual property stays at home.
Owning and managing intellectual capital while outsourcing the physical production and delivery of the product is nowadays not uncommon. Levi’s converted to this model with the closure of its last US factory. Ridderstråle & Nordström (2000) state that “In our new age, being elusive is good. If you can touch something, it is probably not worth a great deal.” And Phil Knight, Nike chairman, has said “There is no value in making things any more. The value is added by careful research, by innovation and by marketing.’ For Phil Knight, production is not the building block of his branded empire, but is instead a tedious, marginal chore” (Cited in Klein, 2000:197). Brands, designs, intellectual property are now the real distinguishing products; the manufacturing is simply a commodity that can be sourced from anywhere to fulfill product specifications.

Brands strengthen the demand for goods supplied through this distribution pipeline; they can also defocus the importance placed of ‘country of origin’. For example, Apple design and develop their iPods in Cupertino, California. Emphasis is placed on this fact and the marketing of the brand reflects the overall Apple design philosophy and social status. At the time of writing this thesis, Apple subcontract the manufacturing of its products predominantly to Chinese manufacturers (The Mail on Sunday, 2006) although, provided the build quality remains consistent, Apple could have its products manufactured by any company anywhere on Earth. It is Apple’s product design and brand message that consumers buy into, not country of origin. It is this product design and brand message that feed the demand for the iPod pipeline; however, any competent manufacturer could fulfill the supply of physical iPods. “‘Made in the USA’ is increasingly meaningless. So too is ‘Made in Japan’
or ‘Made in Swaziland’” (Ridderstråle and Nordström, 2000:118). As the brand owner, Apple controls the relationship, as the product designer; the iPod is seen as an American product, despite its location of manufacture.

Ridderstråle and Nordström illustrate the point further by citing the component levels of GM’s Pontiac LeMans. Components for the car originate from the US, South Korea, Japan, Germany and others countries, making it difficult, even irrelevant, to determine the vehicle’s country of origin based on where it was designed, which country contributed the highest value of physical components, or where the final assembly was completed (Ridderstråle and Nordström, 2000:118).

This takes the sense of globalization to a further degree, not only the spreading of ownership and manufacturing across a variety of nations; it also represents a change in a brand’s relationship to its consumers. The sense is that the company owns the assets of the brand, the financial power and the marketing leverage, but the consumer owns the emotional equity of the brand, and that by their investment in the brand they have a real voice in its future.

These brands are marketed as originating from the place where the intellectual property is based; Pontiac is an American car, iPod is an American gadget. Ikea is a Swedish furniture brand even though fewer of the products are made in Sweden; it is the Swedish brand formula, the design and the spirit that is marketed to buyers, where the physical objects are actually made becomes irrelevant. This differs to straightforward exporting of products from a single country of origin, and it is one of the key differences that globalization offers; the ability to match intellectual property
and physical materials across different parts of the world to make a complete product. Manufacturing bases for producing the physical objects become almost irrelevant as they can be switched to follow competitive criteria such as pricing and manufacturing capacity but the brand, the designs and the overall intellectual property, the intangible components, are controlled from a brand’s base location.

Brand control holds other benefits for companies such as Apple. Because it is the brand and the product design that consumers are buying, provided the level of innovation and build quality do not change, neither does the perception of Apple’s value. Apple can move manufacturing around from factory to factory, country to country, and never need to change the retail price of the iPod. Taiwanese, Malaysian or Chinese manufacturing plays little if any part in the consumer’s relationship with Apple, yet as Apple sources cheaper manufacturing costs, its profitability has the potential to increase. This is a commercial advantage of globalized production; a broader, more easily sourced production pool (allowing reduced product costs) combined with the ability to create a more powerful global brand (allowing increased product prices) provide financial incentive for this same system to expand and continue.

This distribution pipeline has a similar effect on service industries where it also has taxation and immigration effects. Call centres, accounting services, travel agencies, stock brokers, in fact it seems that almost any service that can be taught to an educated workforce that does not need the physical presence of the worker with the client can be based offshore and ‘transported’ to a client via the internet or the phone. Again the brand can be local to a customer but the customer service is handled in a different country and legal jurisdiction.
In the case of call centres, companies around the world have utilized the labour pools from developing countries to outsource their operations, primarily because of cost.

“McKinsey Consultants confirms ‘net save from country advantage’ at 45-55 percent’ (Kaka speech 12 June 2003). Disaggregating overall savings, the key source of India’s advantage lies in the labour cost differential between the USA or UK, and India, which Nasscom estimates at ‘more than 70-80 percent for offshorable processes’ (2003:65), although more recent research suggests that ‘labour arbitrage from moving to India has declined to around 60-65 percent’ (Kaka 12 June 2003)” (Taylor and Bain, 2004:20)

However it is not as simple as a simple reduction of labour costs and increased technology. Again Taylor & Bain write:

“With the competitive drive to realize profits, in the wider circuits of capital, the relocation of call centres to India would appear, not just possible, but inevitable, given inter alia the substantially lower costs of an English-speaking workforce, accessible and developed telecommunications infrastructure and a supportive political environment. Yet, ‘the end of geography’ and ‘the death of distance’ are not completely confirmed by the experience of call centre migration … For call centre companies, not least because customers are located in culturally specific and localized places, the geographical situation of the servicing function is not an immaterial question. Successful servicing and selling relationships between organization and customers depend upon exchanges, and transactions, in which linguistic and culturally specific skills of agents are important.” (Taylor et al. 2004:33)
This shift in service provision affects the taxation and immigration base of the nations this shift occurs in. For example, to hire someone from India to be an accountant or an IT support person in the UK would normally require an immigration procedure such as a work permit or visa which would require monitoring by Government authorities to keep immigration numbers in check. The person would need a place to live, their children would need to attend a school and the family would require the services of social infrastructure such as doctors, hospitals and police. All of these are a call on the host country’s resources and in theory the imported worker may displace a local one from the workforce. The bonus, however, is an increase in the tax base of the economy because of income tax, sales taxes, council taxes etc.; for all the potential local resources the immigrant may require, the economy is compensated.

However all of these issues are attached to the physical body of the immigrant; not the skills they possess. Find a way to use the person’s skills without the need to have the person in the country and the balance changes. By hiring ‘virtually,’ a company can hire as many accountants as it likes, thereby displacing as much local labour as it likes without the need to deal with government quotas, immigration problems or local taxes. A UK-based company could hire 10,000 call centre staff, potentially displacing the work of 10,000 locals without the local government having the power to prevent them or tax them.

While the off-shoring of labour and importing of goods from overseas has been with us for centuries, it is the tighter integration of this pipeline and broader influence of
global brands that changes the environment and strengthens the notion of globalization. In the 198 years of its life, the Dutch East India Company was indeed distributing different types of goods around the globe just as Apple globally distributes iPods produced in China. The Dutch East India Company was global by virtue of its importation of something from one foreign part of the world, be it copper from Japan or textiles from India, to a different part of the world. As much as it was transporting products, it was also transporting and transplanting a small part of different cultures to each other such as the movement of Chinese silks to Japan and Asian spices to Europe.

Apple imports no part of China to America or any other place when it sells a Chinese-made iPod; it simply extends its factory’s reach from California to Longhua. It is not so much trading goods as changing the distribution of capital and labour to the ‘shape’ of its pipeline.

In this case, the intellectual-property component of the product and brand stays at one end of the pipeline; the production component stays at the other. China provides the enormous cheap labour pool for the production of iPods, it provides no cultural input, no design, no unique distinguishing sign of its contribution to the final product. The production of the solid object that consumers will buy becomes so generic that it could be done in Taiwan, Malaysia, Korea or in fact any country with suitable labour rates and production facilities. We learn nothing about China by owning a Chinese iPod made by Chinese workers from Chinese components; instead, because of the power of Apple’s brand, we take home a part of an American
Globalization

This differs from the initial period of the industrial revolution, when part of European manufacturing’s role was to produce cheap, plentiful copies of Chinese porcelains and textiles from these same foreign lands (Allen, 2006:9). Chinese porcelain, for example, was seen as exotic and finely crafted, something that factories in Europe tried to reproduce for local markets in large numbers. In this case, the local product was a copy of a piece of Chinese culture.

Just as this production pipeline is a product of the mechanics of globalization, so too is the ability to monitor and curtail the operations of global brands; ironically, branding in the global arena also offers greater visibility and accountability across the world. This helps to make companies accountable in ways that are more difficult with generic products. The global brand that helps companies grow and is criticized is the same brand that highlights social and cultural problems associated with globalization. To use Apple as an example again, the company was criticized in August 2006 for working conditions and wages in a factory of its iPod manufacturing sub-contacts Foxconn (The Mail on Sunday, 2006). The factory had 200,000 workers living on site in rooms containing 100 people, working 15-hour days for less than £50 per month. Because of Apple’s profile this made headlines around the world in a similar way that the launch of a new Apple product would; publicity that was corrosive to the brand and required effort and resources to reverse.

As another example, to consumers in western countries the name Nike is as likely to stand for exploitative working practices in developing economies as it is for
fashionable sportswear. The brand that was carefully developed over time to act as a powerful, positive retail image for products in the minds of consumers is now arguably equally powerful as a negative image for exploitative labour problems because of the associations made with sometimes violent anti-globalization protests, their use of the Nike logo on placards and the protests outside the Nike stores. The company’s financial and intellectual investment was to some degree turned against itself and more investment in positive marketing as well as real and visible changes in labour policy were required to maintain the brand’s positive image. It launched www.nikebiz.com to shed light on its efforts to improve working conditions and maintain a chain of accountability with its subcontractors. Despite Nike’s positive efforts, the brand still remains tarnished by the controversy of labour issues, and because it is such a powerful global brand it can evoke echoes of these earlier problems just as easily as it evokes powerful images of sport and fashion. Nike’s own brand power keeps the company accountable.

These same global brands can be used to initiate beneficial global initiatives. An example is Fairtrade, a brand that exists purely to improve the working conditions and prices paid to producers in developing countries. The brand had increased in popularity precisely because it does look after the welfare of its producers; none of Fairtrade’s products are intellectually unique and they have many competing products available from major brands, often sitting on the same store shelf. The Bodyshop too promotes the welfare and fair prices paid to the people who produce its products. It also promotes simple, natural, environmentally friendly products that sell well in a market dominated by higher profile global cosmetics brands. Both the
Bodyshop and Fairtrade’s successes give validity to the success of consumer accountability of global brands and their desire for brands to behave responsibly and consistently with the promise of their marketing.

However, Fairtrade has its critics; the brand and the ideology behind it have been described as being purely symbolic on one hand through to a destructive distortion of global commodity markets on the other. In coffee production for example, the distortion is said to occur because an artificial pricing floor is created for a selected group in the market. This leads not only to an oversupply of beans by producers within this group, but a lowering of demand (and therefore prices) in the rest of the market. Munger (2009) goes further in suggesting that it disrupts economies by having a corrosive effect on the division of labour;

“If I have two apples, and two bananas, and you have a pin factory, with all the production benefits of division of labor…well, even after we trade, you still have a lot of pins. I might trade you an apple and a banana for a card of 100 pins. I might want three times that many if I want to do some sewing, or to pop a lot of balloons. But you and the other ten people who have specialized in pin-making can’t get along with exchanging with just a few other people. They need a larger market, with many more people in it.

‘Fair trade’ tries to refocus exchange on the person, not the commodity. Fair trade consciously prevents the productivity increases that arise from division of labor, by creating a kind of human zoo, arresting production and exchange relations in a pre-industrial agricultural form. By raising returns to unproductive labor, fair trade
“shackles people in less developed nations to traditional roles, and traditional methods of production.” (Munger, 2009:1)

Lindsey describes the Fairtrade brand;

*Symbolic victories, however, are the only kind that this movement is likely to achieve. There is a limited market of politically motivated purchasers who will purchase fair trade coffee - as well as organic and shade-grown coffee - because they approve of how those products are made. But the overwhelming majority of consumers buy coffee on the basis of how it tastes and how much it costs. And the fact is that the quality of fair trade coffee does not justify its higher price.* (Lindsey, 2003:6)

Because Fairtrade is effectively branding a change to economic systems, a part of the production pathway for a product, even a political ideology, rather than an actually product, high level discussions and criticisms of what the brand represents are warranted. However, if the brand is seen as merely cynical marketing, then these same politically motivated consumers are likely to leave the brand, and in turn, bring down the system and the welfare of workers behind it.

5.9 National Identity and National Brands

Smith (1992) describes a nation as “a named human population sharing historical territory, common memories and myths of origin, a mass, standardized public culture, a common economy and territorial mobility and common legal rights and duties for all
members of the collectivity” (Smith, 1992:60). De Cillia et al. (1999) describe the phenomenon of national identity in the following way;

‘Nations – like all other communities that are larger than face-to-face groups – are what Anderson (1988) calls ‘imagined communities’. Members of even the smallest nations do not know the majority of their fellow-citizens, do not meet, do not hear from one another. And yet they are convinced that they belong to a unique national community – not least because they read to a large degree the same newspapers, watch widely the same television programmes, listen widely to the same radio programmes, etc. Nations are perceived as limited by boundaries and thereby cut off from the surrounding nations, because no nation identifies with humanity in its entirety. The nation is perceived as a community of congenial similars and regarded as sovereign, which partly can be traced back to its secular ‘roots’ in the era of Enlightenment and of the French Revolution when the sovereign state came to equate and symbolize the concept of liberty’. (De Cillia et al. 1999:154)

In other words, whilst national borders and ethnic heritage may play a part in the building of a national identity, the perception of a community with common traits and shared experiences has as much to do with this sense of identity.

It is this shared cultural experience, these “imagined communities” that flagship brands or brands with strong ties to national identities, such as British Airways or Fiat, effectively partner with in the marketplace; in other words, the brands have a stake in the reputation of their country of origin as well. This is true in a case such as airlines. Virgin Atlantic is an airline brand that is every bit as British in its origins as its rival British Airways, yet Virgin is now 49% owned by Singapore Airlines. In this
case the purchase is seen as a regular part of global business, but had half of British Airways been purchased by Singapore Airlines there would be a greater cultural shock; the cultural jewels of one nation being annexed by the commercial exploits of another. Similar issues surrounding the loss of national ownership of national airlines have occurred with Qantas, Alitalia, Sabena and Aer Lingus to name a few.

Now fewer national airlines are owned by governments than ever before, yet national carriers are still seen as part of a country’s cultural heritage much in the same way as football teams are seen as belonging to the fans of those teams more than the actual owners of a team’s equity.

Burberry (a holder of 2 Royal Warrants) is another example of a cultural ambassador. The proposed closure of a Burberry Polo Shirt plant in South Wales to move production to China attracted not only the protests of Britons, including celebrities such as Sir Tom Jones, Emma Thompson and Ben Elton, but also stirred protests in Paris, New York, Chicago, Strasbourg and Las Vegas (BBC News, 2007:1). Burberry is not only a luxury brand, but one that echoes a unique British image; while factories close and jobs are lost every week, few attract such high-profile protest. The Burberry protests are also an example of this ownership and loyalty to culture; few people may know or care where generic products come from, but a branded consumer item tied to a history and culture brings about enough loyalty to cause protest when the cultural heritage is disrupted. In Wales the protests appeared to be tied to job losses in a small community; the generations of people may have worked in the same factory and the culture of the town were in a way tied to the community created by
similar work, in much the same way as a coal mine closing disrupts a small community. However, this does not necessarily explain the protests in New York, where Burberry is one clothing brand among many. In this case it is more likely that the Burberry brand, one tied to British craftsmanship and tradition, suffers from being produced in a different culture just as Harley Davidson might suffer if it were to be manufactured in Taiwan.

This illustrates that in many cases brands, especially national brands, can be cultural artifacts every bit as much as national anthems. In some cases brands can be cultural artifacts for cultures or countries that no longer exist; for example, ‘Ostalgie’, the recent nostalgic resurgence of East German brands, products and culture. Ostalgie is a cultural phenomenon whereby residents of what was once East Germany (GDR) are once again buying brands from the cold war era. It is derived from a growing sense of nostalgia for the former East Germany. The name is derived from ost (east) and nostalgia (nostalgia). Brands such as Minol petrol are once again popular and Ampelmännchen (the red-and-green men on pedestrian crossing lights) have a new iconic cult status (The Economist, 2004; Marinovich, 2004). There is a fond regard for these cultural symbols that were so much a part of a state monopoly system where quality of life may have been lower but life and the future were more certain.

“To many of the former GDR’s 17m citizens, Ostalgie is more than a fashion trend; it is a way of expressing their frustration at the economic uncertainty and patronizing attitude from Wessis that followed the Berlin Wall’s fall.” (The Economist, 2004)
Since 1989 East Germany experienced a major struggle in joining not only West Germany but also the European Union almost concurrently; an uncertain journey from economic stagnation to globalization as part of an economic superpower in less than a decade. Ostalgie is an example of consumers feeling a sense of ownership of, and nostalgia for, brands as part of their lives. They want them because they may be tied to personal memories, biases of their peer groups, the cultural biases that the brands themselves represent. It represents a fond cultural memory.

“Nostalgia is a compelling emotion. Psychologically we have a soft spot for situations in our past that have a familiarity, whether the situations were productive or not. Examples exist of a nostalgic fondness for pre-union European life” (Marinovich, 2004:1).

Ostalgie illustrates that the East German brands form part of the memories of the people who lived with them regardless of whether the memories are good or bad. It also illustrates that despite the poorer, more oppressive living conditions and low-quality products that Ostalgie may represent, the strength of cultural identity causes nostalgia for a former, more secure way of life. That familiarity and sense of ownership builds a resistance to imported cultural elements, so imported culture needs not only to be superior to local alternatives, it also needs to fill a gap in the lives of local people and build a cultural connection.
5.10 Anti-Globalization, Anti-Americanism and the Anglo-American Singularity

A perception by globalization opponents of global brands is that, once released into a new and unsuspecting market, they have a parasitic tendency to invade their cultural host. Once invaded it is no longer possible for consumers in the local market to remove the brand by exercising free will; the brand is effectively with that market until it decides to leave. This is considered cultural imperialism, the invasion of a local culture by a foreign equivalent, and when applied to free market economies it makes little sense. Rarely is there the criticism that globalization is making the world more French or German, despite these nations having a large number of global brands, holding dominant economic and political positions within the European Union, G8 and the World Trade Organization. This is where glocalization has become important in recognizing cultural differences. In writing about acceptance of global brands Klein states:

"Thanks to freer trade and other forms of accelerated deregulation, the global marketplace was finally becoming a reality, but new, urgent questions were being asked: What is the best way to sell identical products across multiple borders? What voice should advertisers use to address the whole world at once? How can one company accommodate cultural differences while still remaining internally coherent?

For certain corporations, until recently, the answer was simple: force the world to speak your language and absorb your culture. In 1983, when global reach was still a fantasy for all but a handful of corporations, Harvard business professor Theodore
Levitt published the essay ‘The Globalization of Markets,’ in which he argued that any corporation that was willing to bow to some local habit or taste was an unmitigated failure” (Klein, 2000:115).

With hindsight, Levitt’s arguments are clearly unreasonable and there is now a range of case histories that disprove the notion that a muscular, intrusion-like approach to global markets is successful. Indeed, those who have tried, such as Wal-Mart, have recently failed. Even considering the inaccuracies of Levitt’s approach, the work of Steenkamp et al. (2003) shows the brand value of perceived globalness, the validation that a brand’s use across the globe brings to that brand, but even Steenkamp recognizes the importance of linking global brands to local markets.

This is where the arguments of brand monoliths becoming powerful enough to bully their way into cultures and homogenize these conquered cultures into a single uniform corporation-friendly culture unravel somewhat. As efficient as it would be for global brands to use single marketing campaigns for all of their global markets and produce them all in a single language, this is usually not culturally effective.

In this respect, the notion of concurrent ‘Americanization’ and globalization shows a weakness. Considering the imperatives of glocalization, it seems logical that ‘Americanization’ must sway and adapt to local cultural and commercial tastes in order to attract audiences, and if it is doing this it is perhaps no longer the type of fully undiluted American that Levitt would prefer.

American culture, as locally-adapted as may be required, finds a home in various
cultures around the world just as it finds resistance. If cultural imperialism does indeed exist in the context of this thesis it is an imperialism of seduction and persuasion; it is adopted by the ‘conquered’ rather than forced by ‘conquerors’. The power of this sort of soft imperialism depends on the observer’s belief in the psychological power of brand marketing. Believe it to be a powerful force that is impossible for consumers to resist and the notion of imperialism becomes more valid. Believe it to be a way for brands to retain a cultural presence in order to hold on to shelf space and the notion becomes less credible. However, in both of these cases, the tools used by marketing are seduction and persuasion in order to be adopted by consumers. These are the mechanics of the free market.

In recent years anti-globalization has become linked politically to anti-Americanism. It has also, over time, been an element in bolstering European cultural identity. Berman states that “As the process of European unification progressed, anti-Americanism proved to be a useful ideology for the definition of a new European identity. Currently, the main way Europe identifies itself as European is precisely by underscoring its difference from the United States” (Berman, 2004:vii).

The consensus amongst anti-globalization authors appears to be that American culture, economics and politics are not only intertwined, but are rapidly displacing native cultures for the sake of commerce.

“Western anti-Americanism is an altogether more petulant phenomenon than its Islamic counterpart and, oddly, far more personalized. Muslim countries do not like
Globalization

There is a notion that the world is somehow becoming American through the proliferation of global brands because many of the brands cited by detractors hail from the United States. The fact that the same brands can be seen in many different countries, along with the marketing and high-profile advertising that accompanies them, gives the impression that an unstoppable homogenization of culture is taking place. There is evidence that goes some way to undermining this notion; global brands have a vested interest in having their brands assimilated into local cultures, adapted and customized, made to fit them just like local brands.

As we have examined, because of their necessarily high profile, brands have been the most visible target of globalization, and American brands more than any other are conflated with the social and economic problems of globalization. Where sentiment for globalization goes, so too goes sentiment for American brands, and this applies in Europe as much as anywhere else. Curiously, European brands seem to earn a mention less often than American counterparts in the globalization debate. With the exception of some companies such as BP, Shell and Nestlé, European brands tend to pose less of a cultural threat in the minds of detractors. American McDonald’s is often a target of protest, yet French Danone is overlooked. The same can be said for American Nike versus German Puma, American Wal-Mart versus German Aldi or French Carrefour. This could be because of a number of factors; lower global brand profile, different demographics or target markets, perhaps different labour policies, but in general it is safe to say that it is Coca Cola’s livery that stands for the symbols
of globalization, not that of Schweppes or Red Bull.

Clearly, something is happening that goes beyond generic concerns about globalization. Despite the fact that Germany has nine brands in the ‘Interbrand 100 Best Global Brands by Value 2005’ table, few seem concerned about German culture invading local communities. Berman states that “Anti-Americanism operates like a prejudice and a stereotype in the sense that it is impervious to rational arguments or factual proof. In general, European anti-Americanism has deep cultural roots, stretching back for centuries. The discovery of a ‘new world’ challenged the European worldview and self-understanding, leading to various preconceptions about America: too violent, too democratic, too powerful” (Berman, 2004:xv).

More specifically, Berman goes on to identify three variants of anti-Americanism: “a pre-democratic cultural elitism that dismisses American mass culture; the antidemocratic legacy of the communist attacks on the United States, left over from the cold war; and a post-democratic resentment that the United States retain an independence and sovereignty while the European nations submit increasingly to transitional forms of governance.” (Berman, 2004:xi)

These are quite strong points that Berman raises, in particular that European nations resent America because of their own change in governance. European nations have chosen over the course of decades to enter into a Union; it is not a new obligation put upon them by recent imperatives of globalization. Europe’s transitional governance

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7 German brands in the top 100 are automakers Mercedes, BMW, Volkswagen, Porche, Audi, plus consumer and tech brands Siemens, SAP Adidas and Nivea.
is part of a very deliberate course that has seen the number of willing participant states almost double in the space of three years.
6 The European Union
6.1 The History of the European Union

When discussing the interaction of globalization with the European Union it is useful to look at the development of the European Union and the reasons for its origins. A relatively recent development in political history, the European Union is the political and economic integration of European countries into a cooperative supranational entity. It shares a common overarching parliament, a common currency, open internal borders and a shared economic policy. All countries form part of a customs union, have representation in the European Parliament, the European Court of Justice and the Council of Europe as well as other central bodies.

It can be argued that the EU’s origins date back to 1944 with the signing of the Benelux agreement in London. Benelux is the Economic union of Belgium, Holland and Luxembourg, three smaller European nations with similar cultures and economies. As well as being an Economic Union, Benelux has a number of similarities to the EU, a number of administrative and legal relationships that tie these countries together; there is a Benelux Parliament, a Benelux Court of Justice and Benelux Office for Intellectual Property. Benelux is still a strong integrated relationship and still exists today within the structure of the EU.
Importantly, the European Union has been a very slow and deliberate process spanning 5 decades. In fact the Schuman Declaration (Europa.eu, (n.d.)(b)), effectively the founding document of European Unity, states "Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity". Its long, evolving development has ensured a very deliberate and cooperative process.

The founders of the European Union were Jean Monnet, a top advisor to the French government and French Foreign Minister Robert Schuman. Together they drafted the Schuman Plan, the document considered to be the beginning of cooperative European unity (apart from Benelux which had preceded it by several years). In this document they proposed that the coal resources and steel production of Germany and France should be pooled together and controlled by a single supranational body. This contrasts with the severe reparations imposed on Germany by the treaty of Versailles; penalties that arguably led to the military aggressions of WWII. Significantly, this plan outlines the creation of a supranational authority that is sits above sovereign European governments; the basis for European government (Bainbridge, 2003; Pinder, 2001).

This plan led to the development of the European Coal and Steel Community (ECSC, the Treaty of Paris) in 1951, a group with no import duties, subsidies and prices determined freely by the market. It in turn led to a number of unifying European agreements such as the European Elections Act (1976), which created the foundations for the first European elections, the Maastricht Treaty (1992) which established the
European Union, as well as many others (Pinder, 2001:11-32).

It was Monnet who foresaw that Europe would, through its political and social ties, need to find a common vision of ethical commitment that would go beyond a simple integration of economics. This was what he described as “A silent revolution in men’s minds” (Nelsen et al. cited in Skrobacki, 2005:458). From the beginning, the aims of the EU’s initiators went far beyond economic integration; it had peace as one of its objectives, but it would be this very integration that would form the backbone of a successful Europe. Monnet is noted for claiming that “There is no future for the people of Europe other than in union” (Prodi, 2004).

The theory of peace and European unity through economic ties was one that Schuman and Monnet firmly believed in; cooperating economically with a former aggressor rather than isolating them with punitive economic reparations similar to the treaty of Versailles would hopefully do less to harbour resentment within Germany; after all, it was the economic and political implications of these reparations after WWI that led in part to the aggressions of WWII. “Through economic interdependence, [Schuman] hoped that participating countries would realize that any future war between France and Germany would be ‘not merely unthinkable, but materially impossible’” (Nelsen et al. cited in Skrobacki, 2005:458). In other words, countries that share the same economy could have less incentive for going to war with each other. In its official incarnation, the EU is less than two decades old, and the single currency is younger still, so it is difficult to assess the effectiveness of this hypothesis.

The ECSC in turn led to the European Economic Community (the Common Market)
in 1958, which expanded to include Ireland, Denmark, the UK, Greece, Portugal, Spain, Austria, Finland and Sweden in a number of stages up to the signing of the Maastricht treaty in 1993. A single currency, the Euro, was launched in 1999 and official banknotes were launched across the Eurozone in 2002. The Eurozone being the group of European countries which are members of the Economic Monetary Union and have therefore adopted the Euro as their currency.

At this point, the member states within the Eurozone were at last tied economically and politically; the project of a single regional body was no longer theoretical or provisional. With these ties came the ability for European nations to approach global trade, and economic and political negotiations with more influence and negotiating mass than the combination of its individual member states could wield. As Schäfer & Bautier (2006:11) describe, “The EU as a unit has much more economic, social, technological, commercial and political “clout” than the individual efforts of its Member States, even when taken together. There is added value in acting as one and speaking with a single voice as the European Union.”

With the latest two expansions, in 2004 and 2007, the EU has grown to 27 Member States. At 493 million people and a nominal GDP of €11.5 trillion (USD15.0 trillion) (Eurostat, (n.d.)(b)) in 2006 the European Union has grown to become the largest economic body on Earth, beating the United States in population and economic power. Fig 4 illustrates the EU’s dominance over the US in key economic indicators.
In the journey to building a single currency, administration and legal structure, as well as more closely unified economies, Europe has converged into a closer common trajectory by introducing cooperative measures such as trade negotiations with the US as a single trading bloc, a shared parliament and court of human rights, open borders and a shared flag. While these elements act as the product or service behind the brand of the European Union, its unique selling point, the common flag act as the logo, the single visual cue to identify the harmonized union.

Whilst such initiatives form a supranational layer on top of the administration of sovereign Member States, they also have follow-on effects that add to a sense of
common community; for example, open borders and European citizenship allow for European workers to work and live in any European location unrestricted:

“Europeans typically live in countries where 15-25% of people have foreign backgrounds” (Ridderstråle and Nordström, 2000:128). It follows that this makes communities more multicultural which, in theory at least, increases cultural understanding and makes disruption to a peaceful Europe even less likely. Borderless travel provides fewer psychological barriers to movement; being able to drive from country to country without passport controls or currency exchanges adds to the sense of moving freely within a single superstate similar to moving between different states within a single country.

Multiculturalism is something that Europeans have dealt with, by virtue of the continent’s geography, for thousands of years. Invasion, political change and migration, have all led to an intermixing of culture and language. With many smaller nations sharing borders in a relatively small continent, the intermingling of cultures, languages and trade was inevitable. Add to that the developments of transcontinental rail travel, a trans-European road system and inexpensive air travel, and the existence of multiculturalism in daily European life becomes relatively commonplace. Article 39 of the 1957 EC Treaty included the right for workers to look for a job in any Member State, the right to remain living in that State and the right to equal treatment (Europa.eu, (n.d.)(f)). This remains true today.

In countries such as Switzerland or Belgium, multiple official languages (Switzerland with German, French, Italian and Romansh, Belgium with Dutch, French, and
German) reflect their geographical locations and their historical cultural links with their neighbours. In this respect, intra-European multiculturalism is the result of increased trans-European trade, cheaper transport, cheaper communications and an open-borders policy that encourages these economic movements. With the freedom of movement for workers and citizens in general comes multilingualism, settlement, the forming of relationships and families. With free movement and borderless travel, the distinctions in cultural identities can more easily blur at the borders.

It seems logical that under peaceful and politically cooperative conditions the intermingling of European life was going to continue to occur with or without the formation of a European Union, but what the EU does is enhance mechanisms of cooperation such as trade rules, labour laws and a single currency, in effect leveling the playing field for all Europeans and European nations to participate in economic growth as well as unrestricted movement.

6.1.1 Economic and Monetary Union

The union of Europe’s disparate economic and monetary policies into a single mechanism has been considered “the boldest experiment of all time” (Bainbridge, 2003:143) and takes into account not only the sovereignty of these Member States but also economic conditions. Centralized economic and monetary policies take issues like the amount of currency in circulation, interest and inflation rates under the control of a central body and reduce the economic autonomy of sovereign nations. This is not by accident. Monetary union was a goal early on in the EU’s development and it can be argued that the journey towards such a system was initiated in the
1950s when Schuman proposed the idea of pooling the coal and steel resources of France and Germany. However, monetary union required more than a series of treaties and resource-sharing arrangements; the organization of more formal economic and monetary mechanisms was required. “A monetary union requires that money in all its forms can move freely across the frontiers between member states and that changes of exchange rates between them are abolished” (Pinder, 2001:66).

The European Central Bank (ECB) was therefore started in 1988 with the aim of controlling price stability. This was followed by the exchange rate mechanism (ERM) to bring parity to European economies before the launch of the Euro. This European Monetary Union ensures that all the EU’s Member States are involved in the decision-making process of economic policy and that any broad, centralized economic and monetary policies set are reflective of the true conditions of many different economies (Bainbridge, 2003).

By 1999 eleven states accepted the Euro and signed on to the concept of the single currency and the common monetary policy. Greece, due to economic conditions, followed in 2001. Three of the then EU15 countries stood apart from this agreement; Denmark, which dropped out after a ‘No’ vote in a referendum, Sweden and the UK. In the case of the UK, the most vehement opposition was created by conservative Prime Minister Margaret Thatcher. The British Pound uniquely forms part of the country’s national identity and public opposition to joining the euro has been strong; so much so that the successive Labour government has been reluctant to join as well, citing then Chancellor Gordon Brown’s own five conditions for joining the single
currency (Pinder, 2001:72).

While the Eurozone covers only 16 of the 27 Member States the door is not closed to expansion. A number of newer Member States have aims of meeting the EMU criteria and signing on to the Euro. These states are undergoing the same process of meeting economic targets as the original EU15 nations did during the time of the Exchange Rate Mechanism. After meeting initial conditions such as allowing free movement of capital and ensuring independence of their central banks, EU Member States are required to satisfy five convergence criteria to qualify for full membership of the Eurozone. These are:

- **Price stability**: the rate of inflation may not exceed the average rates of inflation of the three Member States with the lowest inflation by more than 1.5%

- **Interest rates**: long-term interest rates may not vary by more than 2% in relation to the average interest rates of the three Member States with the lowest interest rates

- **Deficits**: national budget deficits must be below 3% of GDP

- **Public debt**: this may not exceed 60% of GDP

- **Exchange rate stability**: exchange rates must have remained within the authorized margin of fluctuation for the previous two years (Europa.eu, (n.d.)(i))
This benchmarking is critical for the inclusion of new member states into the EU’s single monetary system. Unlike other symbolic and legal aspects of membership, potential economic disparity can have a real, practical effect on the economy of Europe as a whole, as was the case with West Germany’s re-merging with East Germany and the absorption of its economic problems.

6.2 Europe as Globalization’s Petri Dish

How does our definition of globalization compare to the comparatively new European Union? Globalization focuses on free, unregulated trade, the ability to source cheap labour by means of cheap transport and cheap, instant communications through channels such as the Internet. Globalization thrives in a world free of the polarized political environment of the cold war and sees the whole globe as a potential market and production base, not just individual nation states. Wolf’s comparisons of the removal of trade barriers between countries to the lack of trade barriers between states is illustrated in a single country such as the United States, but these examples could be easily applied to the European Union. It is true that the EU reduced internal trade barriers and restrictions on free movement, but are the comparisons to neoliberal market theories really valid?

The European Union represents a model of how the reduction of trade barriers and the removal of border controls can produce a type of globalized economy within its internal market. When observed in isolation it seems to experience its own type of internal globalization model, one that has been created deliberately by legislation and monitored by overarching administration. Countries now trade freely, share a
common currency and have a free movement of labour in a way that mirrors broader globalization, there is even a state of relative disparity within the Union between the established market economies of original Member States and emerging economies of newer Member States which were once annexed by the Soviet Union or part of the Warsaw Pact.

While globalization is the integration of economic and information systems, neoliberalism is a political and economic theory that promotes the idea of increasing economic prosperity through the reduction of government regulation. Thorsen and Lie (2007) comment that “Neoliberalism is...customarily thought of as the return and spread of one specific aspect of the liberal tradition, namely economic liberalism. Economic liberalism is, basically, the belief that states ought to abstain from intervening in the economy, and instead leave as much as possible up to individuals participating in free and self-regulating markets” (Thorsen et al. (n.d.):2).

EU is a supra-national alliance formed around an underlying non-neoliberal agenda. Compared to neoliberal theory the ideological basis behind the EU is very different; among the many contrasts are the level of regulation and the priorities of social policies. Neoliberal theory is concerned mostly with reducing trade barriers, eliminating regulation, establishing laissez-faire capitalism at the expense of social policy and working conditions, whereas the EU doctrine promotes a relatively open market within a framework of regulation to protect social policy. Europe focuses on a harmonization of economies for the benefit of all Member States, not a race to the economic bottom with richer states producing only intellectual and creative capital
and the poorer ones becoming a source of inexpensive manufacturing labour.

Anti-globalization proponents such as Korten protest the inequitable conditions, such as the move to casual and contractor employment in service industries, and purely market-based priorities, those most conducive to laissez-faire capitalism, that their notion of globalization represents. As well as this, the lowering of trade barriers and freer movement of capital represent the ability for global corporations to erode the social obligations of poorer nations and the working conditions of their populations as we have seen. However, despite its economic and trade liberalization, in many ways the European Union works contrary to the fears of anti-globalization proponents. It opens borders when the proponents would prefer them closed, it lowers trade barriers between countries when they would prefer to see them raised and it has a single universal currency that ties together the economies of Eurozone Member States.

As a contrast to neoliberal ideals, the EU actively works to improve social conditions with a number of EU-wide social programs. The aim to is to not only improve living conditions in terms of housing, education, healthcare and social protections amongst others, but also to reduce the disparity between richer and poorer member states across the Union. So far there have been improvements but disparity still exists; for example, in 2003 expenditure on social protection as a percentage of GDP per capita was 33.5% in Sweden, whereas Lithuania spent 13.6%. Average EU-25 spend was 28.0% (Eurostat, 2007(b)).

Unlike neoliberalism, these policies were put in place not to aid business by eroding
labour costs but to deliberately create a more economically harmonious Union; a single internal market and the opposite of exploiting price disparities. As Skrobacki states, “Economic forces did not exclusively create the new Europe; rather, the European Economic Community and today’s European Union have gradually institutionalized the continent-wide market in order to build the community. Equally important, the institutionalization of various forms of integration was done in a specifically European way, with emphasis upon accommodating national differences and, inevitably, cultural diversity” (Skrobacki, 2005:448). This community-building goal and the institutionalization of socially beneficial institutions, especially those that may contradict the idea of completely free and open trade, have never been part of neoliberalism’s philosophy.

Europe’s spirit of political and economic union flies in the face of neoliberalism’s spirit of achieving social and economic benefits through deregulating markets, reducing government power and in general. As Skrobacki explains:

“Neoliberals prescribe a minimal role for government in the interest of emancipating the spontaneous wisdom of the market. They typically formulate the issues in terms of a choice between the “absolute” efficiency of free markets – which seems always to entail curtailment of social welfare programs in the name of lowering labor costs – or else the “absolute” inefficiency of the welfare state. Those responsible for building the European community have never accepted the need to make such a choice” (Skrobacki, 2005:452).

In other words, the EU is built on the requirement for peace and social equity for Europeans; a deregulated market that exists within this framework is seen as the best
way of achieving this end. For neoliberalism, deregulated markets are an end in themselves.

However, where the EU’s function differs to the US, and to laissez-faire globalization in general, is that the EU has been formed intentionally, with a clear charter and purpose to increase economic prosperity, promote peace between Member States and protect social welfare standards. It is not an accident of history. “Whereas Europe has been building integrative institutions for several decades with the aim of consolidating a social and economic community, proponents of Neoliberal globalization see things from a quite different perspective: all that is needed to achieve global integration is to discipline states in their fiscal policy, privatize public assets and, of course, tear down tariff barriers” (Skrobacki, 2005:457).

Europe is deliberate, formed by treaties and cooperation and an aim of common purpose; Globalization, for lack of a better phrase, ‘just happened’ because of more efficient economic and technological variables of transportation and communications, although this is not to say that there is no general direction behind globalization’s accomplishments. The EU developed because of a measured, planned, rational approach; globalization is less regulated. It binds people together with virtual networks and exploits the differences in their nations’ developmental status.

However globalization has a certain inevitability to it, it is a continuum of hundreds of years of trade and technology; from a capitalist point of view it makes sense that the search for new markets or consumers, new sources of natural resources and
inexpensive labour, even more favourable tax structures, regardless of location, would drive organizations to seek situations to increase sales and expand revenues. It is economics that drives this growth and as such it is no longer inhibited by differing adversarial political systems. The EU, on the other hand, is a very deliberate construct, it was devised in part as a reaction to war, internal political struggles and the desire for cooperative economic and political influence (hence the formation of the Benelux group in 1944). The EU could have easily not happened had an overall drive for political cooperation not existed amongst Europe’s member states.

Both neoliberalism theory and the EU group of countries share the idea that deregulated markets require a free movement of capital, but the irony is that Europe has done this through more financial regulation by means of tighter economic benchmarks and adoption of a single currency, replacing local currencies in 16 participating Member States\(^8\).

The single currency process was started in 1979 with the introduction of the Exchange Rate Mechanism (ERM); part of the European Monetary System. The function of the ERM was to align the exchange rates of the various European currencies to the Deutschmark (considered the best benchmark European currency) for the launch of the Euro on 1 January 1999. This was done by setting exchange rate bands; each country was allowed to fluctuate 2.25% (expanded to 6% for some countries) either side of their band rates but no more in order to maintain parity with

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\(^8\) As at September 2009 – this excludes countries external to the EU that have adopted the Euro and EU countries with exchange rates pegged to the Euro.
the Deutschmark. New Member States need to reach economic benchmarks to be in step with established Member States before joining the Union.

This benchmarking creates a certain economic parity that neoliberalism does not produce (or perhaps its proponents do not want). Even though labour rates, cost of living, cost of business can still alter between European states, there is an underlying parity that is controlled by a central body. Even states outside the Eurozone enjoy a type of economic halo effect by virtue of their membership of the EU. Neoliberalism, in its deregulated 'every man for himself' competitive theory, does not promote this type of parity; indeed in terms of labour pricing at least, neoliberalism’s real benefit comes from global disparity, differing economic policies and the search for cheaper costs to transport to more prosperous markets. There would be little benefit in off-shoring product manufacturing or call centres if Bangalore’s labour rates were in parity with California’s.

European companies can and do look to internal emerging markets such as Slovenia or Hungary for cheaper labour and a cheaper environment for business, a product of ‘two-speed Europe’, but in a prosperous single economic system this can only go so far. Tensions exist within the EU between a drive towards neoliberal practices and the spirit of cross-border integration promoted by the EU’s founders and administrative infrastructure. The approach of both ideologies is different: neoliberalism is relentlessly competitive, whereas the European Union, whilst competitive, is internally cooperative. Neoliberalism seeks social improvement as a product of the free market, Europe does so through regulation first, the market
second. This is not to say that the EU is not also internally competitive; it is by no means a cartel, but while neoliberalism calls for the tearing down of regulations, institutions of governance and regulation of trade through economic and administrative mechanisms, the EU has built a superstructure of administration and governance that envelopes the administrative systems of sovereign states. The single market is for the benefit of Europeans, not for the benefit of market mechanisms alone.

In other words, while the single, open market appears to be an attractive proposition for neoliberalism, in reality the EU provides too much parity, regulation and central control for neoliberalism to thrive internally. The same can be said for the ECB; the system that regulates financial policy for the Eurozone provides no mechanism for leverage, no means to arbitrage financial instruments within the Eurozone. The single currency, for example, has eliminated the mechanism for currency trading between the Eurozone Member States.

Freedom of movement, and therefore freedom of labour movement, is naturally an attractive proposition for neoliberalism, but in the EU this freedom of labour movement comes with the regulation of workers’ rights and social welfare (including the right to strike, to healthcare and social security) (Europa.eu, (n.d.)(d)). Again, a lack of steep disparity provides little leverage for companies to increase revenues by means of labour pricing.

The EU also allows for low and high-skilled workers to move freely between member states, the arrangement between the NAFTA nations, the U.S., Canada and
Mexico, does not hold the same benefits for its citizens. It is a trade agreement, eliminating import tariffs, investment restrictions and providing protection for intellectual property. Unlike the EU, there is no supranational government or administration, no overarching set of laws (such as for universal social welfare) that replace sovereign laws. By keeping the borders controlled, unlike the EU, there is a static pool of cheaper labour in Mexico and the opportunity to keep labour price disparity in place. In this respect, NAFTA represents a closer example of globalization that has found advantage in the divided-world labour markets as we have examined in terms of a distribution pipeline. Having a region of high-income, highly-educated workers producing intellectual property; brands, designs, products, and the low-income, unskilled region that turns these intellectual properties into solid objects, very cheaply, for sale back in the highly-skilled part of the world produces enormous capacity for high-profit goods and services. Cheap transportation is the bridge between the two worlds and the fragmentation between the two means the disparity is likely to continue to this system’s advantage.

Whilst there may be a two-speed Europe, an indicator of some neoliberal push within the Union, and a disparity of labour pricing and GDP between countries such as the UK (Gross national income per capita USD 37,740) and the Czech Republic (GNI per capita USD 11,220) (World Bank, 2007).

This disparity is not nearly so great as that between the UK and India, whose GNI per capita is USD 730 (World Bank, 2007). The single EU framework and the Eurozone ensures that this is disparity is not so vast, because it is the very nature of
the union cooperative origins to ensure that it does not. The EU also provides rights for workers and a system of protections such as the centralized court system. As Skrobacki states:

“Economic integration, for the Europeans, has been one of several tools that have been utilized for the purpose of community building. The Europeans did not integrate in order to have a single market; they have created the single market in order to integrate” (Skrobacki, 2005:449).

The theory of neoliberalism thrives on disparity; the European Union’s effect is to reduce it. The two maps in Figure 5 illustrate that while there is a distinct difference between the GDPs of old and new Europe, that these poorer areas are the ones experiencing the most rapid economic growth. Figure 6 illustrates in part how this is occurring; two thirds of spending by EU states is done within the Union rather than...
externally. However, European corporations are not inhibited from using the mechanisms of globalization to remain globally competitive. UK insurance companies use call centres based in Bangalore, French banks have IT outsourcing done in Mumbai; the Europe’s economic union does not reduce the power of the internet or remove corporate pressures to increase profitability outside its internal environment.

Ikea, for example, manufactures its products in factories around the world, sourcing manufacturing, labour and transportation combinations that will fit with a predetermined retail price. Its retail sales formula and marketing is similar throughout all of its markets around the world. Indeed, it is its global manufacturing network and logistics system that allows the company to retail at its low price point.
Because the EU's regulatory framework of social protections does not extend beyond its borders and because of the mechanisms of globalization, European organizations can still exploit pricing disparities throughout the world to produce goods more cheaply regardless of the EU's social policies.

6.3 Social Effects of the Single Currency

As united Europe passes its fiftieth year it is a more stable and politically united entity. However, it is the economic strength of the EU that provided incentive for Non-Member States contiguous with the European continent to seek membership.
The economic environment that contains 493 million consumers is a very attractive economic proposition for smaller states such as Bulgaria and Latvia, providing strong incentives to reach the economic benchmarks required for entry. It is the EU’s economic environment that makes friends of former ideological opponents.

This economic impact has been felt across the EU, not just in new Member States. The whole of what was called ‘Western Europe’ has become a more politically and socially moderate environment in the past 50 years. Ideological opponents such as pre-war Germany, Italy, France and the UK are now countries with strong social, liberal policies with political and economic fortunes that are linked on a macro level.

This relatively moderate political environment is a new paradigm in Europe, the past having been the stage for political and social extremism, with ideologies ranging from Communism to Fascism taking firm hold, creating two World Wars and the extermination of millions of European citizens on religious and ethnic grounds.

The economic and administrative ties have had some effect; for example, today it would seem unlikely, if not ridiculous, that France, Germany, Spain or the UK would go to war over political or economic issues. Monnet’s idea of silent revolution has at least witnessed peace in the past half century, although whether this is attributable to a sense of European community is difficult to substantiate in such a short space of time. It could be accounted for by the loss of Cold War tensions in Europe, the passing of the extremist governments of the early 20th century, or even the development of more pervasive media and communications systems.
Whether it is attributable to a new single currency and the closer integration of economic activity as discussed in Friedman’s ‘Dell Theory of Conflict Prevention’ (discussed further in section 7.3.1) is also difficult to establish. There are however economic impacts of using a single currency across 16 Member States of the Union.

Airbus is an example of this economic integration: the Airbus A380 project used design expertise and manufacturing facilities across four countries – France, Germany, Spain and the UK. This level of integration requires not only tight technical and commercial cooperation, but the political will in terms of trade and intellectual property agreements. An extension of this project is the development of the Eurofighter. Developed by three contractors across three different countries; Alenia Aeronautica in Italy, BAE Systems in Britain and Eurofighter GmbH in Germany. Spain and Austria are also purchasing the fighter and Greece has shown interest in doing so (Eurofighter.com, 2009). This goes one step further in requiring political and military cooperation between these nations, nations that are unlikely to be engaging in war in the future. But 70 years ago it would have been inconceivable that these nations would have cooperated in the development of military equipment, the fact that they are now is an indicator of how far they have come. Over time the cultural ties and political cooperation have worn into the psyches of these countries’ governments and populations; a situation inconceivable in a warring Europe.

Like the other types of EU borders mentioned later in this thesis, the economic border, which distinguishes the 16 countries within the Eurozone and the 11 outside, causes a fragmentation within the EU. The daily lives of those within the Eurozone
are tied more closely economically by virtue of their common monetary policy. For example, if the value of the Euro falls against the US Dollar, all 16 countries are directly affected by pricing changes on imported goods. If the ECB raises interest rates, mortgage payments become more expensive. This tying of economic fortunes is the basis of economically developing new candidate member states wanting to join the EU, the basis of the rigid benchmarking of the Exchange Rate mechanism (itself a problem in the late 1980s and early 1990s) and the basis of nations such as the UK and Sweden joining the system. Indeed, as a wealthy, economically dynamic nation, the UK has been struggling with the proposition of rejoining ERM and entering the Eurozone and tying its fortunes to the continent as a whole.

6.4 Criticisms of the Superstate – Engaging with Europe’s Citizens

As we have discussed, a commercial brand has the role of engaging with its customers, and potential customers, in order to build a positive relationship with them. The anticipated outcome of the relationship for a commercial brand is, of course, for the consumer to make a purchase of the product that the brand represents. The stronger the connection a brand makes with consumers, the more the consumer will identify with the brand, the more faith the consumer will have in the product (Pavitt, 2001:80). This is the theory at least, but it highlights the importance of the brand-consumer relationship.

The EU brand has stakeholders both inside the Union and in the rest of the world. Inside the Union its stakeholders are its population, both those from ‘Old Europe’
and the newly joined Member States. For the rest of the world the EU’s brand comes across in articles such as its foreign relations policies, its economic relationships, and its cultural and industrial output.

For the brand of the EU to firmly take hold and carry Europe’s population, it needs to build a relationship with them, engage them in the brand building process. Economic unity is one important factor in engaging with its citizens; it reaches the bottom line of every citizen, affecting how they live and what they purchase. Political integration is important too; it ties the laws and social experiences of Europeans together to a certain extent. But the ability of Europe’s brand to engage the population is what prevents these political and economic measures from being met with cynicism and causing psychological, if not political, fragmentation in the Union.

Needless to say, not all parties agree with the benefits of the creation of the EU. Concerns of a European superstate rear their head when another piece of national sovereignty is surrendered to Brussels. Tabloids in particular criticize the EU for a variety of social changes from the required conversion to the metric system in the UK (Calvert, 2005) to the law making it a requirement for all EU countries to make genetically modified food (GMOs) available in all Member States (Rosenthal, 2006). In true tabloid style, each of these issues is whipped into a type of nationalist outrage, spun with the bias that an invasion is happening by stealth, pieces of national identity are being removed slowly by the conspiratorial superstate. It is played as another example of how Brussels is imposing a standard set of bureaucratic rules to homogenize the 27 European identities into a characterless
European bureaucracy. This view has been shared by a number of political figures throughout the development of the EU, including, most vehemently, Margaret Thatcher. She saw the EC as an opportunity for European nations to benefit from a free market but rejected the idea of ceding sovereign power to an EC bureaucracy. In 1988 she said:

“It is ironic that just when those countries such as the Soviet Union, which have tried to run everything from the centre, are learning that success depends on dispersing power and decisions away from the centre, some in the community seem to want to move in the opposite direction"

and

"We have not successfully rolled back the frontiers of the state in Britain, only to see them re-imposed at a European level, with a European superstate exercising a new dominance from Brussels."

In response to this, a senior commission official commented:

"We want to see more power passed down to ordinary people, in the regions and the communities of the EEC…but would Mrs. Thatcher support giving, say Scotland or Wales, the right to negotiate directly with the community on economic and social aid, for instance?" (Palmer, 1988)

The practice of misunderstanding the EU’s legislative role and perpetuating misinformation in the media is not limited to any particular countries; it is widespread and relatively commonplace, so much so that the website for Europe has
a list of such published stories, along with the facts that contradict them (Europa.eu, (n.d.)(e)). This reflects one of the challenges in the development of the European Union; taking the populations of European countries along with the idea of economic and political union in exchange for a certain loss of political sovereignty. Despite the appeal of the benefits of what the union could bring, Europe has always had a history of political rivalry.

There is a disconnection with the European Union, through the voting process for the European Parliament. Voter turnouts are low for European parliament elections; across the whole of the EU voter turnout was 49.4% in 1999 (in the UK it was a mere 24%) (UK Office of the European Parliament 2004). Judging by these figures alone, the UK seems to be the most apathetic about the European political process; compare the 24% turnout figure with the 61.4% voter turnout for the 2005 British general election (Electoral Commission UK 2007).

Indeed, this seems to echo Thatcher’s comments on the troubles with a Central European government. Without a more dispersed European administrative process, voters have felt out of touch with the European brand, as the voting figures illustrate, and the rejection of the constitution by France and Holland, two of the EU's founding members, seem to echo this sentiment. Yet the alternative is difficult to imagine; as Palmer said, the UK itself has a centrally based administrative process. Despite the relatively recent devolution of the Scottish, Welsh and Northern Irish national governments, which itself represents a break up of the national brand of Britain, central policies such as the setting of interest rates, the creation of annual budgets
and immigration policies, among many others, are still developed and administered in London. The administration of local policies such as management of healthcare provision is decided by devolved national parliaments. Nationalist sentiment by the UK’s individual nations was a catalyst of devolution of parliament and with these parliaments in place the mechanism for greater independence now exists. Moves such as the call for Scottish independence by members of the Scottish Parliament are not warmly received in the rest of the UK, despite the UK’s own similar arms-length relationship with the rest of Europe and its cultural brand.

6.4.1 Rejection of the Constitution

A key part of the process of European Integration has been the development of a European Constitution. Although the development of the Union’s laws, administrative bodies and economic mechanisms had been developed over five decades without a single constitutional document, its unification of these various treaties into a single ratified constitutional document is considered the next obvious step towards unification.

On 29 October 2004, the heads of all EU Member States signed a treaty that established a European Constitution and most of these Member States decided to ratify the constitution by parliamentary vote rather than by referendum, but two countries decided to pursue the referendum option: France and Holland. In 2005 the European constitution was rejected by voters in both France and Holland; on May 29, 55% of French voters rejected the constitution and three days later, 62% of Dutch voters rejected it. This effectively put the process of passing the constitution into
action on hold, as it remains today. It cannot go into effect until it is ratified by all 27 Member States.

The rejection of a constitution by any country would normally be a significant event, effectively the rejection of the spirit and laws; the very *raison d'être* of a country. It was in part misunderstood as a document to strengthen the EU’s powers over the sovereignty of Member States, to create a ‘United States of Europe’. This is in fact not the case. The ‘Treaty Establishing a Constitution for Europe’ states that it takes its cue from the Member States. For example:

“*Under the principle of conferral, the Union shall act within the limits of the competences conferred upon it by the Member States in the Constitution to attain the objectives set out in the Constitution. Competences not conferred upon the Union in the Constitution remain with the Member States*” (Title III Union Competences Article 1-11 Paragraph 2)

and:

“*Under the principle of subsidiarity, in areas which do not fall within its exclusive competence, the Union shall act only if and insofar as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level.*” (Title III Union Competences Article 1-11 Paragraph 2)

In other words, the powers of the EU fall within the framework that Member States
have determined, and the EU acts only in matters that are at that global level and not in matters of local or state significance that can be determined by that particular government. Its powers are both determined and limited by Member States, not the other way around. The constitution also changes the balance of voting powers of Member States (e.g. more powers to object to bills but no powers to veto them), development of common defence and foreign policies, as well as the formalization of a number of Intra-union powers and policies (BBC News, 2004). Yet despite this umbrella structure of binding a common set of rights, presenting a common ‘brand’ of policies in Europe’s interaction with global affairs and not acting in matters of local significance, for some reason many Europeans still have a resistance to buying into the idea of the EU.

The constitution is effectively the amalgamation of existing treaties into a single document. The Economist describes the development of the constitution process as “By means of endless compromises, it sought to organize disparate treaties into a single document and to commit members to stewardship under a single president as well as to common policies of defence and immigration” (The Economist, 2007). Considering this structure of power and the level of compromise, it can hardly be considered the surrender of national sovereignty in the face of a relentless superstate.

The European Presidency, technically the Presidency of the Council of Ministers and the European Council, also suffers a disconnection from the European electorate; the likely reason being that there is no direct election. The Presidency actually consists of two posts; the country’s Foreign Minister becomes the President of the Council of
Ministers while the Head of Government becomes President of the European Council (Bainbridge, 2003:428). The President of Europe is not directly elected by the citizens of Europe but rather takes their turn on a rotation system, which means that each country’s head of government will only ever be EU President for 6 months per half generation. This system of Presidency has attracted criticism; Valéry Giscard d’Estaing has stated "When you have a rotating presidency every six months, nothing happens" (BBC News, 2005).

In the case of the Europe, the President has the unusual, contradictory role of being the representative of the largest economic trading bloc in the world, without undermining the power of leaders of Europe’s sovereign Member States. There is no question that Europe needs a single leader to represent the group on the world stage, to provide a single focus for foreign relations and cohesiveness of EU government. It is perhaps more accurate to consider that the office of the President is more significant than the leader filling the role. It is perhaps also more accurate to think of the office of the President as being more significant to foreign affairs than internal affairs of state.

There are a number of reasons why the President cannot be popularly elected. For one thing, a general election is based on a popular vote, and popular votes favour more populous nations, which would mean that the President would always tend to be from France, Britain or Germany (all countries with populations over 60 million), and rarely, if ever, from Malta or Cyprus, which have populations well under a million. It is not hard to imagine that this would lead to the dramatic reduction of the
24 nations’ ability to participate in the Presidential process. Ironically, this means that only a minority of Europeans, the populations of Germany, the UK and Metropolitan France total 204 million in 2007 (CIA, 2008(a)), would ever have any real power in electing the Union’s leader, with the majority, 289 million Europeans, having little influence.

The office of EU President has more significance externally a representative of the EU than internally, which correlates with the external/internal view of a corporate brand. Should a popularly elected President come from the more populous Member States this would indicate that the nation brand is more important to voters than the EU brand.

So the rotating President is the current solution and the public election of Presidents is an option that is off the table, but this still leads to the President elected by minority. For example, if the President is Norwegian, this means that the leader was elected only by a majority of Norwegians, not the majority of Europeans. In this respect, the European President can never be truly representational of internal European politics; he or she can only be a figurehead, representative of the EU to the outside world. A President of the EU will never have the political mandate that the President of France does. It means the European Parliament behaves more like a committee than a national government. However, plans for an elected European President have been drawn up in the Lisbon Treaty at the 2007 EU Treaty Summit in Brussels. The new post will not only be popularly elected throughout Europe, but the duration of the presidency will also be extended to two and a half years (BBC News,
As of September 2009 the proposition has progressed no further due to a number of member states failing to ratify the treaty and Ireland rejecting the treaty in a referendum. It seems that a union of a large number of different nation states leads to minority representation. This gives the sense of Brussels remaining at arm’s length from everyday European life. European regulations such as the law making it a requirement for all EU countries to make GMOs available in all Member States are made from what is, to most Europeans, a foreign country. Whether these issues are significant to national culture of sovereignty or not, they are featured by politicians, activists and the press in various countries as an example of loss of sovereignty and an example of the potential threat that Brussels represents. Such issues can be made amusing, if not big news in a tabloid newspaper, but they are not major political events; they are more symbolic. However, with each symbolic event an obstacle is placed in the way of bringing Europe’s population along with the growth and development of the Union.
7 Europe’s Brand Identity
The brand of Europe cannot exist without the cultures of its member states; without them, it is simply an economic treaty consisting of a legislative body and economic unity. NAFTA (North American Free Trade Agreement) represents such a treaty; it has no overarching governance or administrative bodies. The concept of a united Europe is also much older than NAFTA which was signed into law in 1993. Not only has NAFTA suffered political criticism through socio-economic problems over its lifetime; it has also received declining popular support since its inception. Polls among Americans reflect this decline in support:

“In the June 2005 PIPA poll, 46 percent said NAFTA has been good for the United States, 40 percent said it has been bad for the United States, and another 12 percent said it has been neither good nor bad. And feelings about NAFTA are downright negative when it comes to effects on American workers and jobs. In the 2004 CCFR poll, the public, by a 60 percent-to 25 percent margin, said that NAFTA has had a bad effect on the job security of American workers. By 56 percent to 31 percent, respondents to the same poll said NAFTA has had a bad effect on U.S. job creation”

(Trixeira, 2007)

Because of its more pervasive presence with instruments such as the replacement of
some local laws economic changes such as a common Central Bank and currency, the European Union potentially affects the daily lives of citizens more than NAFTA does, so it needs to engage its populations even more than NAFTA. It needs to bind the imaginations and the shared fortunes of Europeans together to gain a sense of shared identity, a sense of community, and to build a sense of optimism for the Union’s future. If the original motivation for the EU was to create a peaceful Europe, providing them with a focus of shared responsibility and shared benefits becomes important.

Even before the political concept of the European Union was a consideration, European countries have had strong individual cultural brands. These have not been lost with the formation of the EU; in fact, apart from a change in banknotes, life for the visitor continues very much as normal. As Skrobacki states:

“Clearly, building the Union has not involved “removing” the national elements of the European community. National governments have served as important institutions in the community-building process” (Skrobacki, 2005:450)

This differs to the neoliberal view that national identities are arbitrary when observing economic systems. The national identity of McDonald’s or Starbucks is believed to be less relevant as trans-national expansion occurs; these are promoted as global brands, not American ones. This also contradicts Levitt’s theory that in order to sell identical products across multiple, global borders it was necessary to have a single, unyielding cultural message for the products brand, and that a corporation that was willing to divert from this, to defer to any number of local habits, tastes or
preferences could be considered an “unmitigated failure” (Klein, 2000:115). (see Globalization chapter).

The *sui generis* nature of the EU’s structure, its supranational government, makes Europe’s brand uniquely contradictory to neoliberal protagonists’ ideas of transnational expansion, and complex for its sense of self. These nations are not simply global brands, and they’re not a part of a 'United States of Europe'. It is the individual nations of France, Germany or Italy that tourists come to see on trips to Europe, not an abstract concept of a united Europe.

Smith describes that “There is a more fundamental reason for the current interest in the cultural impact of European unification. It lies in the problem of ‘identity’ itself, one that has played a major part in European debates over the past 30-40 years. At issue has been the possibility and legitimacy of a ‘European identity’, as opposed to the existing national identities. For nationalists, the nation is the sole criterion of legitimate government and of political community” (Smith, 1992:50). Europe’s citizens do not hope to surrender their nationalities for a stake in the broader united Europe; they want to retain their national identities within the union. Europe’s sense of identity needs to accommodate all of these contradictions within its unique political and cultural structure.

Again, Smith describes the discrepancies between European and National identities: “At the conceptual level, however, the contradiction between a European identity and existing national identities may be more apparent than real. It rather depends on the nationalist doctrine held. If we hold to a Romantic doctrine and view the nation
as a seamless, organic cultural unit, then the contradiction becomes acute. If on the
other hand we accept a more voluntaristic and pluralistic conception and regard the
nation as a rational association of common laws and culture within a defined
territory, then the contradiction is minimized” (Smith, 1992:56)

It could be argued that Smith’s assessment that the voluntaristic concept of the
European identity is more of an intellectual view of the concept rather than a cultural
one. If we return to De Cillia’s definition that nations are closer to imagined
communities, ones held together with cultural and historical ties rather than national
boundaries, then it seems to me that the historical animosities between the EU’s
nation states play just as important part in the vision of national identities as the
newly created open borders. In this respect, nationalists have little to fear from
European unification.

7.1 The Struggle for Europe’s Sense of Brand Identity

As well as the differences in language and cultures, Europe’s disconnection from the
European presidency and parliamentary processes also affects its sense of self. It has
a complicated administrative structure that sits as a layer on top of regular sovereign
government. Without a visible, straightforward governmental process that involves
all Europeans at a grassroots level, the sense of government representation becomes
disconnected. This goes some way towards explaining low voter turnouts, the
rejection of the constitution, the opt-out of the Euro by the UK and Sweden, and its
rejection by Denmark. It could be that these measures are considered irrelevant to
these populations, part of a larger bureaucratic machine that now works
independently of the people it is meant to represent. The UK had to pull out of the Exchange Rate Mechanism after the pound was devalued on Black Wednesday (as was the Italian Lira), but Swedes and the Danes wholly rejected the single currency in national referenda (BBC News, 2003; CNN.com, 2000).

Friedman discusses this sense of local relevance and Norway’s rejection of the ‘superstate’ identity that the EU had to offer; Norway’s membership made economic sense but the proposal to join the EU failed the popular vote in a referendum. Friedman characterizes the decision: “Now let me get this straight. I am supposed to take my Norwegian identity and deposit it into a Euro-Cuisinart, where it will be turned into Euromush by Eurobureaucrats paid in Eurodollars at the Euro-Parliament in the Eurocapital covered by Eurojournalists? Hey, no, thanks. I’d rather be Sten from Norway. I’d rather cling to my own unique olive tree identity and be a little less efficient economically” (Friedman, 2000:35).

The French and Dutch rejected the Constitution in national referenda; both outcomes were considered surprising and all the more powerful because both nations were not only founding members of the EU, but both had historically championed the benefits of membership. There is speculation that the French rejection was done in protest to the local leadership of President Chirac. As for the Dutch, the speculation was that voters feared interference by Brussels in their more liberal national policies on soft drugs and gay marriage, as well as disillusionment with the single currency (BBC News, 2005 (a)). However, a prominent feeling amongst these elections was the feeling that Brussels does not listen to European citizens (Mulvey, 2005). In both
cases, there was a sense of dissatisfaction with what is seen as the “European Elite”; those in Brussels who develop and pass the laws that shape the future of Europe from the top down.

When discussing the EU it is important to remember that, despite its size, its countries’ long histories and their similar views on socialist governance, the union is comparatively new. The EU’s existence as a union has been shorter than the reign of Queen Elizabeth II, and newer than the age of television. It still remains experimental, because with each new treaty, each new expansion and each addition of law, it has adjustments to make. EU15 was only in place for a short number of years before the single currency was introduced; this in turn lasted only two years before EU25 was born, then EU27 shortly after that. Because the criteria for entry are largely economic, the criteria being price stability through controlled inflation rates, controlled interest rates, low national budget deficits, controlled public debt and exchange rate stability (as detailed in section 6.1.1, Economic and Monetary Union) this growth also indicates growing prosperity and fiscal stability in the region.

Each development represents a major social, economic and political step; the inclusion of new member states stretches the experiment further and in effect makes for a new federation. In other words, Europe’s brand identity changes as new cultures and sovereign nations are included into the mix.

Entrance of these economies into the Eurozone also shifts the balance of the Eurozone economies; despite the adoption of economic benchmarks by these new member states, the overnight inclusion of a greater and more diverse population into
the Eurozone mechanism has an impact on monetary policy for all members of the Eurozone.

Even the shift of populations outside the Eurozone changes Europe’s social and economic balance. For example, in 2006 the UK took advantage of the transitional arrangements in the EU’s Accession Treaties (Hinsliff, 2006):

“During a transitional period of up to 7 years after accession of 10 member states to the EU on 1 May 2004 (Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, Slovakia) and of 2 member states on 1 January 2007 (Bulgaria, Romania), certain conditions may be applied that restrict the free movement of workers from, to and between these member states…These restrictions only concern the freedom of movement for the purpose of taking up a job and they may differ from one member state to another.” (Europa.eu, (n.d.)f)

They effectively placed immigration restrictions on citizens of the 2 new member states Romania and Bulgaria, limiting their ability to enter the workforce in a similar way to immigrants from countries outside the EU. The fear was that the sudden influx of unskilled labour would have dramatic negative effects on the UK economy, but the same could of course be said for the economy of these member states when these same workers emigrated. These population movements and the expansion of the Union to include new member states affects EU’s sense of its own brand. The effect is that populations become more multicultural, but unlike standard immigration programs, population movements within and between EU member states are, under normal circumstances, unregulated. Freedom to move, live and
work in any EU member state is the right of every EU citizen. The economic integration of these states and inexpensive transport also aid freedom of population moments, and with movement of populations within the union comes a greater sense of integration and multiculturalism.

This movement of people also affects the brands of individual member states. In fact, whilst the overall population and composition of the EU remains the same, this cannot be said of individual member states. The rapid increase of Polish immigrants into the UK, for example, has an effect on the social structure, housing levels, housing prices (because of increased market demand) and employment levels, among other factors. Whilst no official embarkation figures are kept by the UK on EU citizens, between Poland’s membership of the EU in 2004 and the beginning of 2008, 274,065 Poles had signed up for work permits in the UK (Martin, 2008). Naturally, the effects are reversed in Poland when this same population emigrates. For example, skilled labour emigrants such as doctors, teachers and engineers create a vacuum of these skills in Poland when these workers move to the UK to seek higher wages or better living conditions. Of course economic based immigration can reverse as well when circumstances change. This had since happened in the UK, with an 18% slump in the Polish immigrant population as of the last quarter of 2007; “A combination of tightening economic conditions in this country, a comparatively weak pound and an unprecedented [sic] surge in the Polish economy has made it unattractive for Poles to remain” (Martin, 2008:1).

Political leaders have on occasion tried to make political capital by discussing withdrawal from aspects of the Union. Italy’s Silvio Berlusconi discussed dropping
out of the Euro and reverting back to the Lira in 2005. While this idea echoed the opinions of nearly half of Italians who blamed the Euro for Italy’s economic problems, Berlusconi himself admitted “it would be both impossible and inconvenient to revert to the Lira” (Harrison, 2005). While these are economically-based threats, the importance of tying the Union together by considering the needs of all member states is important for the political, social and geographical definition of the Union; after all, four of the G8 nations are European, and the loss of any of these member states would have dramatic consequences both economically and on the political stage.

7.2 The Identity First, Then the Brand

The European Union has a unique set of challenges when it comes to a “national” identity, and indeed a brand identity. They primarily come down to a matter of diversity; diversity of language, of culture, and of history. The diversity runs deeper than most single countries experience; in almost every metric, European member states span a spectrum of cultural, economic and political history. As Ridderstråle and Nordström (2000) describe, “The difference in the US is that diversity is largely a matter of colour – in Europe it is a matter of culture. The new melting pot is Europe.”

Many countries have a history of multi-culturalism; the United States are a good example. A nation of immigrants, the United States in a way finds its identity in its cultural diversity and this is especially true in a city such as New York. But a key difference from the European experience is that with these culturally diverse origins, immigrants to the US identify with the notion of becoming American, becoming part of a single national identity. Europeans remain tied to their home country, they do not give it up to become citizens of Europe. Indeed, the EU was never intended to
replace cultural identities, to become a 'United States of Europe'; the focus has been on the formation of a community, and national cultural identities run too deeply for this option to be considered seriously.

The multiple culture/multiple language issue is part of the very fabric of European culture. Its official motto, *In varietate Concordia* (united in diversity), reflects this notion. In other words, although we are dealing with an enormous economic and political power, we are still dealing with 27 smaller nation states. Diversity is considered one of Europe’s cultural strengths but equally, a measure of integration is considered important to create a united economic and political focus. To reiterate Skrobacki:

“Economic integration, for the Europeans, has been one of several tools that have been utilized for the purpose of community building. The Europeans did not integrate in order to have a single market; they have created the single market in order to integrate.” (Skrobacki, 2005:449)

For all of this, for Europe’s brand, its image of itself and its relationship to foreign cultural products, there seems to be an overall lack of a single, focused brand identity. In cultural terms, the notion of ‘one Europe’ must necessarily come second to the cultural identity of a European’s own country. In this respect, the brand identity of the European Union is synonymous with the government of the European Union: it lies over the top of sovereign entities, blanketing them as a unifying power, but not so much as to replace any part of the national identity.
7.3 Four Borders

For all the positives to be gained from diversity, it naturally produces a somewhat fragmented identity. In its unification, a number of different types of Europe become apparent.

Just as with commercial brands, the brands of the nations of Europe have economic and social roles. There is an economic rationale; for example, when it comes to tourism, beautiful architecture, good wines and food symbolize France, fine chocolate, beautiful mountains and skiing symbolize Switzerland, beautiful Mediterranean beaches and a laid-back lifestyle signify Spain. Each of these countries has elements of each of these qualities, they are brand features which these nations can capitalize on.

Also, as with commercial brands, brand loyalty is enormously important; it is boosted by things such as international sporting events, promotes civic pride and responsibility and ultimately it rallies citizens to go to battle to protect the nation, its people and its culture.

With 493 million people (Eurostat, (n.d.)(b)) based in countries with very different political backgrounds and cultural histories, it perhaps makes sense that the overall brand message of “Europe” becomes confused and diluted. Up to the late 1980s the notion of Europe (at least Western Europe) stopped where the Berlin Wall began, the Cold War created a strong, clearly-defined division that defined Western and Eastern Europe politically, economically and ideologically. Because of the fall of the Iron Curtain and the ensuing expansion of globalization since, this is a situation that has changed dramatically.
With economic and political integration, the lack of adversarial Cold War tensions and the development of virtual networks, the map of the European Union changes depending on how it is defined; economically, socially, geographically or politically.

Each of these different definitions, themselves types of borders, provides a context for Europeans to identify with the brand of Europe. As illustrated in the original figure below, the differences occur because of political or monetary exceptions (such as the UK’s defiance of the Euro), differences in economic conditions and differences in political histories, amongst others. But perhaps a common sense of what Europe is comes in the definition of what it is not. During the Cold War, Europe was not the Soviet Union; politically, ideologically, and even militarily, Western Europe was defined as the opposite to the Soviet Union’s power.
The following are examples of how Europe’s borders change depending on which definition of Europe is used. As well as defining the ‘edges’ of Europe’s influence, it helps illustrate the diversity amongst Europe’s member states:

### 7.3.1 Economic Borders

Economically, member states are linked by being part of the broader European economic mechanism, a single market. Thirteen of the 27 member states share a common currency and are subject to the policies of the European Central Bank. This
Europe’s Brand Identity

is effectively an economic brand, providing not only the same banknotes in people’s pockets but affecting broader economic similarities such a common interest rate through the European Central Bank. For the time being, the majority of member states fall outside the Eurozone, but they are still closely linked by free flow of capital, common VAT mechanisms and the Common Agricultural Policy. Europe’s economic identity has a filter-through effect with the integration of European populations and in that respect citizens of Germany share more with those of France than do those of Britain.

In a broader sense, a single currency, a single central bank and single overarching monetary policy has a fundamental effect on the lives of many Europeans. For example, a centrally-determined base interest rate affects the affordability of housing, the rate of inflation and hence the price of everyday goods. “In line with Article 4.2 EEC, its ‘primary objective [is] to maintain price stability’ and its basic tasks are to ‘define and implement’ monetary policy, to conduct foreign exchange operations, ‘to hold and manage the official foreign reserves of the [participating] member states’” (Bainbridge, 2003:189). The ECB effectively ties the fortunes of people in the Eurozone together in a discreet but fundamental way. This is what Monnet and Schuman meant by the tying together of European states to bring about a long term-peace; in theory, the follow-on effects of tied economies makes it unlikely to bring about the political battles that lead to war. To extend the point, a war within a closely tied economic and political union could be compared to a civil war.

On a macro level, the EU is a worthy opponent to the US in terms of international commerce, financial markets and trade agreements. Along with the larger

Global brand design and its interaction with cultural and national bias. | 222
population, the EU outranks the US in terms of exports of goods (19.2% of world exports versus 14.4%) (Schäfer & Bautier, 2006; Schäfer, 2007), GDP of €11.5 trillion (USD15.0 trillion) (Eurostat, 2007) and there are now more Euros in circulation than there are US Dollars. This collective unity provides strength that European countries did not experience as individuals in the 20th century. While France, the UK, Germany and Italy have been members of the G7/G8 since its inception in 1975, none was by itself sufficiently strong to match the economic power of the US.

This interdependence echoes Friedman’s ‘Dell Theory of Conflict Prevention’, the fortunes of one European member state rely on the political cooperation and economic health of the whole. Each country is part of a team that can negotiate as a dominating force with the world’s largest single economy, a situation that could never have occurred before. And this economic strength applies not only to the G8 members, but also to countries such as Denmark, which had never before been on the powerful side of such influence.

7.3.2 Social Borders
Socially, from the north of Sweden to the south of Italy, there is a rich diversity to European identity, but there is an underlying commonality to European society, a brand than encompasses religion, a basic understanding of social equality and intervention of the welfare state. Religiously speaking, the countries of Europe are predominantly Christian, either Catholic, Protestant or Orthodox.

As subscribers to the broader idea of the welfare state, Europeans have built secular social structures that observe democratic rule and the separation of church and state;
even Italy and France, strong centres of Catholicism, are secular republics with strong constitutional barriers to ensure of separation of powers.

This religious commonality provides an underlying binding force for European identity in the form of shared historical ties as well as broader social beliefs such as women’s rights, consumption of alcohol, welfare laws for children, rights to democracy and freedom of assembly. Indeed with colonization of other countries and cultures by European powers these components of religious and social identity have been transplanted around the world, not always to the benefit of local cultures.

The fear of the new is perhaps attributable to the apprehension of Europeans to accepting the first predominantly Muslim nation into the EU. Even though Turkey already shares many of the values of the Christian western Europe (indeed prevention of religious rule over government is part of Turkey’s legal framework) as we examine later, there is still hesitation by the people of the EU in its current incarnation to stretching the social borders that form part of its identity to include a totally different religious culture.

“There is a deep anti-Turkish feeling in the debate over the E.U.,” said Haci Karacaer, the director of Ayasofya. “They say that Turkey is too big, too Islamic, too poor, too undemocratic, too Asian to join Europe.” (Sciolino et al. 2004)

This effectively means that socially speaking, Turkey appears to have become the new East Germany; a social and religious buffer zone between European norms and a group of countries with often largely opposing views, just as East Germany buffered political and military opponents. Whether these fears are unfounded or not,
the inclusion of Turkey in the EU is seen by some as having implications greater than simply admitting a Muslim state into a group of Christian ones.

7.3.3 Geographic Borders

Europe has gone through an immense amount of political change throughout history, its internal borders have changed radically as empires have been built and fallen, as military battles have been won and lost and different religions have spread across the continent. Some disputes still occur today, such as the Turkish occupation of northern Cyprus, the recognition of Basque Country independence from France and Spain and, until recent years, the political struggle and military occupation of Northern Ireland. From a continent that was often in a state of internal political and military struggle, there is now a relatively peaceful union of cultures and peoples that are united by economic unity, political agreements and social reforms. These changes have had an effect on Europe’s geographical map, changing its shape and its borders. Effectively, the EU’s map changes as other aspects of its brand changes, and these aspects of its brand in turn change as the map changes to encompass a more diverse population.

Geographically, the EU has expanded since its inception, but it still keeps mostly to the long established idea of what continental Europe is. Ending from the Mediterranean at the south the Scandinavian countries to the north, from Portugal to the west and Greece to the east, Europe occupies the same culturally comfortable geographic area. This goes some way to explain why Poland and Estonia were accepted as EU members but Israel and Morocco retain the status of 'Neighbour' under the European Neighbourhood Policy, as will be discussed later.
Europe’s most recent expansion was into territory that was dominated by the Soviet Union’s influence a little under 20 years ago. This part of Europe effectively formed a political buffer zone between two political ideologies during the Cold War; needless to say, such expansion would have been materially impossible before the fall of the iron curtain. It is these countries that have undergone the most rapid change from their circumstances during the Cold War to their current political environments and a broader membership of the EU. Historically, Central and Eastern European countries such as Hungary, Poland and Czechoslovakia have been considered European countries. These new member states were communist for much of the latter half of the 20th century: the Baltic States occupied by the Soviet Union (Estonia, Latvia and Lithuania), those countries signing the Warsaw Pact (Romania, Bulgaria, Hungary, Poland, Slovakia and the Czech Republic) and Slovenia, once part of Yugoslavia, which was communist but neutral from both NATO and the Warsaw Pact.

Despite these political divisions there was a sense that these countries remained tied to Europe culturally. Turkey, on the other hand, has never been considered part of Europe by Europeans. Despite Atatürk’s campaign of ‘Europeanization’ of Turkey after the formation of the Republic of Turkey in 1923, as well as other political initiatives such as the joining of NATO in 1952 and the signing of the Ankara Agreement (a customs union with the EEC) in 1963, Europeans have rarely viewed it as a part of Europe, considering it instead a type of political ally. Most of Turkey lies in what is geographically the Middle East, and as such it currently provides a geographical buffer to this politically unstable region. It is these factors which form part of the debate over Turkey’s accession to the EU; including Turkey means a
direct border with a region that has long-held political tension, a less culturally and politically comfortable concept for current EU member states. The founding principle of the EU is to bring about a long-lasting peace after centuries of war.

7.3.4 Political Borders

For most of Europe’s citizens, the seat of European government lies in a foreign land. The notion of a parliament in Brussels legislating over the many laws affecting these citizens can give the sense of being ruled by a foreign government, one that has little to do with everyday local politics. The EU has been used as a political football with local political parties using the potential threat of dilution of sovereignty by the EU as a fear tactic to win office and tabloids such as The Sun using it for political debate. An example being their headline EU ‘to KO Made in UK label’ (The Sun, 2004:2). Claiming that Brussels was going to ban 'Made in Britain' labels, replacing them with a ‘Made in the EU’ equivalent. The effect, it argued, would dilute national symbols such as Rolls-Royce automobiles, Scotch whisky and Savile Row suits. The Evening Standard ran a similar story with “Euro bureaucrats plan to axe ‘made in Britain’ label” (Evening Standard, 2004:2).

The European Commission saw it rather differently, stating “The European Commission recently produced a document entitled "Made in the EU Origin Marking – Working Document of the Commission Services". As the name suggests, this is not a proposal, but merely a consultative document looking at the pros and cons of products being marked with "Made in the EU". It does not contain any plans to ban "Made in Britain" labels” (Europa, n.d.(j))
Europe’s Brand Identity

Despite its being a part of any member state’s legislative body, a cooperative force to tie the union together, it is convenient for antagonists to view as a type of foreign entity and another costly layer of bureaucracy.

Politically, it blankets its member states with a new layer of legislation, and where standards governed by treaties dictate, EU laws override the laws of member states where a conflict occurs, effectively taking control of these laws out of the hands of sovereign member states. Curiously, this type of ‘brand merger’ by the EU is seen as a kind of hostile takeover by long-established European states, particularly and most obviously Britain, as the misleading newspaper headlines from The Sun and the Evening Standard above illustrate, yet new and aspiring member states apparently view this as being of little threat to national sovereignty at all, let alone a hostile brand merger.

Politically, the EU still has the ideals and defining structure that has been built over the last 50 years since the Treaty of Rome, as we have examined in chapter 6. It is this common politics that gave birth to the possibility of the EU in the first place. Of course there are still divisions and differing views between countries and political parties within those countries (for example, it is still reasonable to expect Spain could have a strong conservative government while France has a strong liberal leadership), but this could be compared to individual states having differing political biases within a country with a strong overall sense of political identity.

These borders can have a type of ‘halo’ effect, the journey to accession focuses governments of candidate states to reach European benchmarks for membership. This improvement in economic and social conditions benefits the population in
advance of membership, even if membership is many years away. In this respect, Europe’s borders can expand in a *de facto* fashion; including countries that are not yet officially in the EU, but participating in the benefits that EU benchmarks bring. As the *Economist* observes, investment in ex-communist economies is often bolstered by that nation’s future integration into the Eurozone: “The ex-Communist states’ wobbly finances are propped up in part by the financial markets’ confidence that they will join the euro eventually. If that belief erodes, the halo effect of proximity to rich stable Europe evaporates.” (The Economist, 2007 (b))

### 7.3.5 Not the United States

Today one of the defining characteristics of the EU is that it is *not* the United States. Whilst the EU has not been built on the notion of being the antithesis of the United States, a number of social, economic and geo-political policies, whether through the Union as a whole or through independent member states, have made independence from the US a part of its identity. Socially, through ideas such as the welfare state, and economically through the EU’s enormous collective economic strength, Europe stands as a political and economic alternative to the US. Its mild, mainly socialist political environment stands as a contract to many conservative Republican ideologies of the US.

As a simplification, social issues such as abortion rights, gun control, universal health care and government-subsidized university education are basically settled principles that form part of Europe’s social framework, but are still fiercely debated issues in the US. The contrast likely comes from the difference in expectations that Europeans have from government compared to their American counterparts. France for example is a modern market economy with a strong *dirigiste* structure. There is an
expectation that companies in major industries such as SNCF can be nationalized, that public utilities can be provided by the government and that the state has a role in ensuring the basic health and wellbeing of the individual. Therefore the question of state-provided healthcare is a matter that would now face a great deal of inertia against change.

During the Cold War, Western Europe’s political identity, its brand, was more easily recognized by virtue of a more polarized global political environment. Add to this its proximity to the Soviet Union and the advantage of political affiliation with the United States was clearly evident. The political and military associations with NATO also gave military security. The brand of Western Europe was effectively a sub-brand of the European/US/NATO conglomeration (or ‘The West’), defined as much by its adversary as its allies.

However, once The Wall had been removed from the middle of Europe and the EU began the process of enveloping former central European countries into its framework, was there any need for the binding and fraternal political associations with the United States anymore? There was no ‘us versus them’ ideological battle on Europe’s doorstep anymore, so without a politically aggressive ‘them’ there was less need for an ironclad ‘us’. This marked a turning point in Europe’s brand identity, and the beginning of questions about what the EU’s brand stands for.

7.4 Two-speed Europe; Expanding the Brand Portfolio

The brand of Europe is stretched further still when we consider the disparity between Old Europe and New Europe; that is the long-established common market
countries and the newly-integrated additions from the former Eastern Europe. In 2004, the EU underwent its largest single expansion, making members of 10 new countries, expanding the Union from 15 to 25 member states. In 2007 it included 2 more countries; Bulgaria and Romania. These 12 new countries, with the exception of Malta and Cyprus, had formerly been communist countries during the Soviet era.

Twenty years ago they were a part of a block of nations that posed a political, ideological and military threat to Western Europe. The division of Europe was severe; so severe that the symbol of the division, the Berlin Wall, bisected the city in two with a solid, physical symbol of political division. The fall of the Berlin Wall, the break-up of the Soviet Union and the beginning of the formalized European Union meant that these small, former communist states were keen to unite with an economically powerful democratic power; it made more sense to be inside the Union than competing against it. A more thorough history of the events leading to a single Europe can be found in Tony Judt’s “Postwar” (Judt, 2005).
This did of course have a precedent; East Germany had to be absorbed into West Germany several years earlier, but this is not a direct comparison. Whilst it is true that the East German economy and political structure was in a similar state to these new EU member states, East Germany had to be more closely economically integrated with West Germany to make a single country and a single economy. Also, for all the political events of the previous four decades, East Germans were still German. Even the name of the new country (translated as German Democratic Republic) effectively presented East Germany as an alternative (presumably a superior alternative) to the West; it also retained an important psychological connection to the ‘other’ Germany. The wall had divided families, isolated daily life from the west and separated the economy, but the wall was in existence for 28 years. The reunification was seen as just that; reunifying what had been broken several decades before.

The EU has, on the other hand, been absorbing new states from a former different political ideology, and more practically, states with a different set of economic circumstances. These states, for a while at least, would be working at a different speed to established Europe, meaning that Europe’s brand would need to stretch to a new definition; no longer was it purely western, economically powerful, NATO-allied nations; it was becoming a newer, broader type of Union. Because of the comparative newness of the EU it is perhaps too early to determine progress or success. Certainly the old EEC, that of the original 6 members (‘The Six’), was easier to define because it was less diverse in terms of economic, social, geographical and political criteria.
Europe’s Brand Identity

**Fig 9: Seven expansions of the European Union**

<table>
<thead>
<tr>
<th>Year</th>
<th>Countries Joining</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>Belgium, Luxembourg, Netherlands, France, Germany*</td>
</tr>
<tr>
<td>1973</td>
<td>Denmark, Ireland, United Kingdom</td>
</tr>
<tr>
<td>1981</td>
<td>Greece, Portugal, Spain</td>
</tr>
<tr>
<td>1986</td>
<td>Austria, Finland, Sweden</td>
</tr>
<tr>
<td>1995</td>
<td>Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia, Slovakia</td>
</tr>
<tr>
<td>2004</td>
<td>Bulgaria, Romania</td>
</tr>
<tr>
<td>2007</td>
<td></td>
</tr>
</tbody>
</table>

*East Germany joined in 1990 after German reunification*

Because of the European Union’s unique status as a supranational political entity, an economically-linked trading bloc and a geographical area allowing free movement for citizens, it has unique issues in discovering its identity and developing its brand portfolio. In corporate mergers or commercial brand acquisitions there are cultural and economic considerations when considering the fit of a brand portfolio; in the EU’s case, there are individual histories, cultural pride and political affiliations in the mix when discussing Union’s ‘brand portfolio’. As described in the discussion on brands (see Brands section), Europeans, as its consumers, need to own the brand of the European Union in order for it to be accepted in its market. Politically speaking at least, there was an ownership of this concept amongst ‘The Six’ to create the conditions for the Treaty of Rome in the first place. The same can also be said for Benelux. A common ideology and a close, economically-based, vision of the future took these countries from original talks through to final agreement based on the advantages of political and economic unity.
The old Europe, typically the countries that constitute the original European Community (France, Germany, Holland, UK et al.) (Fig 9), was effectively a collection of mature economies that are at economic cycles similar to Canada, the US or Japan. In new Europe, those countries that were once behind the iron curtain, have new developing economies and cheaper labour, and in this respect they have some similarities to growing economies like China and India, although the disparities between the two Europe’s are far fewer.

This situation places an economic divide into the Union, old Europe has high labour costs and low economic growth rates, whereas new Europe has lower wages and economies that are growing rapidly (Schäfer, 2006; Schäfer, 2007). This two-speed growth sees companies in old Europe export production work to the new ‘low wage’ Europe in a similar way that countries such as the United States export production to China, India and South-East Asia. Renault did this by opening production plants in Slovenia and Romania to handle production of smaller models with cheaper labour. However in 2009 Renault was called into question by the EU’s competition authorities for shifting some production back to France from Slovenia to create 400 French jobs due to France’s economic and labour problems. The move, backed by Nicholas Sarkozy, led to accusations of protectionism (Vandore, 2009)

As well as the economic divide, two-speed Europe could also represent a cultural divide in the EU. Evidence of cultural differences in the EU’s ‘corporate merger’ have already been made evident. In the first decade of the European Union, shortly after the European Union’s expansion to 27 member states, there is some doubt on a political level about the effectiveness of the European Union superstate. Some examples of this doubt are the rejection of the European Constitution and the debate
surrounding the inclusion of Turkey into a future expansion of the European Union. The rejection of the constitution is seen by Eurosceptics and anti-Europe publications as a reaction to the perceived failing of the EU to engage fully with local issues and concerns of member states; in other words, the EU was perceived as building a political superstructure without consultation with the people of Europe, leaving the people and issues of Europe behind. Former German Chancellor Helmut Kohl said “We must acknowledge that many Europeans doubt that Europe is able to answer the urgent questions of the moment...The crisis surrounding the ratification of the European constitution must not become Europe's general crisis” (Naughton, 2005(a)).

Ironically, the EU’s overarching legislation on human rights provides advantages to those who best represent the sovereignty of individual member states. One example is the marriage of Prince Charles to Camilla Parker-Bowles. Objections to the wedding had been officially filed for reasons citing British Law, namely, that an heir to the British throne (and also to the Church of England) could not re-marry if divorced and that an heir could not be married in a civil ceremony. Under a sovereign British law, the 1949 Marriage Act, this was under dispute by legal experts, but under Article 12 of the European Convention on Human Rights the marriage was legal. “The use of the European Convention of Human Rights to support the Prince’s marriage has caused some raised eyebrows, as the Prince is the staunch opponent of the convention” (Booth, 2005).

If we examine Holt’s description that “More generally, cultural icons are exemplary symbols that people accept as a shorthand to represent important ideas” (Holt, 2004:1) it becomes apparent that the marriage held more cultural significance than simply two people becoming married. As a member of the family whose matriarch is the head of
her nation’s church, seeking an overriding judgment from a supranational government had great cultural significance.

Holt goes further in his description that “The crux of iconicity is that the person or thing is widely regarded as the most compelling symbol of a set of ideas or values that a society deems important” (Holt, 2004:1). This being the case, it could be argued that Prince Charles’ act of seeking a judgment over the laws of his own nation, regardless of their comparison to other standards of human rights, was un-British. This presents an interesting situation for a future British head of state.

Because of Britain’s membership in the EU, a law that arose from hundreds of years of political history has been usurped by a broader requirement for equality in social and human rights. If one member state follows it, all must follow it; it is an equalizing and democratizing force.

7.5 Brand Message

In conventional practice it is important to establish what a brand's values are, whom it is talking to and what it is trying to communicate about those values to its chosen audience. A brand works to clarify and strengthen an identity; a good brand becomes the identity, echoing Aaker’s definition that it is a "symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or that firm’s customers” (Aaker, 2002:7). In the case of the European Union, do we have a single idea of what Europe means? Is it possible to feel European in the way it is to feel British, French or American?
National identities consist of languages, histories, ethnicities and geography. The recent history of British citizens is quite different from the recent history of Italians or Greeks. Their political histories, economic events and cultural heritages, whilst allowing them to be allies and Union partners, do give them a stronger sense of difference than similarity. The sense of union takes time to settle in the minds and histories of these various citizens. As each expansion occurs, the definition of Europe changes.

During the Cold War, the political term ‘Western Europe’ was a unifying force, as we have examined. This united non-Communist and NATO nations together against a common, close-proximity ideological adversary. This gave a strength of identity to the European brand in terms of politics, social structure and geography, making the Western European brand portfolio neat and relatively easy to define. However, the brand identity goes beyond this basis of political aggression. I would argue that in terms of social values, Europe had a brand long before the EU was developed. If we look at the EU as a series of treaties and co-operation in social and economic policies, these could only have come about in an environment where participants have a common vision of social justice and a common view of the future; in other words, an environment where participants have strong cultural similarities. These similarities have come about by virtue of a strong historical intermingling of political, religious and cultural identities; a small continent with a population spread amongst a large number of relatively compact nations inevitably produces a kind of cultural ‘bleed’ across borders.

Politically, the European map has changed with the rise and fall of various empires, the border changes following wars and alliances. Even though continental countries
such as France and Italy have been central to the shared cultural heritage of Europe, even relatively isolated countries such as the UK have been part of the shared European heritage.

It is because of this shared heritage that the EU has a footing for common union; such a union is less likely to have happened between Egypt and Holland or China and Sweden for example. Apart from the geographical differences, social, religious and economic differences would provide little common ground for the establishment of a union. While it can be argued that the UK and Hong Kong or Spain and Mexico share a common cultural history because of colonization, geographical reasons exclude these nations from consideration.

For all the countries keen to become members of the EU, there have been some countries that have rejected the idea. Switzerland, Iceland and Norway have rejected membership, despite their economic and cultural qualifications for instant membership. They do however fall within the European Economic Area\(^9\) (EEA), a mechanism developed as a way for these EFTA\(^{10}\) countries to participate in a loose way with the single market without the need to join the EU formally. In terms of treaties and customs unions, the EFTA more closely represents NAFTA, that is to say, a bloc of nations with trade agreements but without an overarching governmental structure, central bank or common currency. Without a popular push or referendum to become a full EU member, there seems to be no material incentive

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\(^9\) The EEA covers the 27 EU member states, Norway, Iceland and Liechtenstein. Switzerland remains outside of not only the EU, but also the EEA.

\(^{10}\) The European Free Trade Association (EFTA) was created in 1960 as an alternative for European countries that were unwilling or unable to join the common market. Originally 7 countries, membership is now down to 4 with many of the original member countries having joined the EU.
to join, which goes some way to explaining the membership of Norway and Switzerland since 1960 and Iceland's membership since 1970 (EFTA, 2009).

In a way, the EEA is a type of ‘endorsement’ for these countries, a way for the EU to proclaim “We approve of you and would like you to join us”. Perhaps the best way to describe these countries is that they are considered, for economic, cultural or political reasons, European, but refuse to join the club. However, this offer is not consistently open to all nations in the region. Several countries lying outside the current borders of continental Europe have had applications to join the EU denied over the decades. Morocco and Israel have both applied for membership in past years, both without success.

The only material condition laid down by Article O of the 1992 Treaty on European Union (TEU) is that a nation that applies for EU membership is required to be a ‘European State’; there is no more definitive interpretation of the condition. Morocco’s application to join the EEC in 1987 was rejected by the Council of Europe on the grounds that “Morocco was not a European State” (European Council Decision of 1 October 1987, cited in Europe Archives, Z 207) (European Parliament, 1998). It is interesting to note that Britain’s membership was also rejected twice prior to 1973, with economic and political reasons being cited. In the case of both Israel and Morocco, there are undoubtedly concerns regarding cultural differences, national borders, and human rights that come into play, as they do with consideration of Turkey, but none are listed as a requirement for application. There is perhaps no single consistent, singular perception of what Europe is, but there does seem to be a perception of what Europe is not.
In the place of full membership the EU has developed a program called the European Neighbourhood Policy (Europa.eu, 2007(a)). This program is one of incentives that builds cooperative relationships with countries that include Belarus, Georgia, Armenia, Azerbaijan, Moldova and the Ukraine to the East, the North African nations of Tunisia, Morocco, Egypt, Libya, and Algeria, and the Middle Eastern nations of Israel, Jordan, Lebanon, Palestinian Authority, and Syria.

“The central element of the European Neighbourhood Policy is the bilateral ENP Action Plans agreed between the EU and each partner. These set out an agenda of political and economic reforms with short and medium-term priorities. Implementation of the first seven ENP Action Plans (agreed in early 2005 with Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine) is underway and that of the latest to be agreed (with Armenia, Azerbaijan and Georgia) is about to begin. Lebanon will follow shortly and the EU-Egypt ENP Action Plan is nearly agreed. Implementation is jointly promoted and monitored through sub-Committees.” (Europa.eu, (n.d.) (c))

While the ENP is not a step towards full EU membership for these nations, it offers “serious incentives for reforms that will bring benefits in terms of economic and social development, even apart from the benefits of greater trade and other access to the EU” (Europa.eu, 2007(f)). I would argue that by offering such an incentive program that specifically states no offer of EU membership, the EU is in fact building a type of economic moat around its borders. In other words, where the ENP zone begins is where the question of EU expansion ends.
7.5.1 The Trouble with Turkey

The future inclusion of Turkey into the EU is often a controversial topic. It has been accepted as an official candidate for membership, but faces a number of obstacles. It would be the first Muslim country to be included, altering the Union’s predominantly Christian identity, it lies mainly outside contiguous Europe and its inclusion would mean the EU would border directly with the Middle East, a cause for possible political problems. There are also doubts as to whether Turkey could reach the EU economic benchmarks required for membership.

Clearly religion and social values are as important as economics for inclusion to the EU. The new states, despite most being formerly communist, have been Christian with secular states; they have essentially shifted political and economic status in recent years but culturally their European heritage remains true. As illustrated by the ‘Four borders of Europe’ the predominant religions of EU member states are Christian, whether Protestant, Catholic or Orthodox, signifying that Christianity forms a significant part of the EU brand. For these new member states, their relatively recent emergence from behind the iron curtain and their economic hunger to catch up to established EU members puts them at a different level to economic giants such as France and Germany.

Turkey however represents a somewhat radical shift from this overall brand. This degree of brand extension would possibly give the world a new perspective on what Europe is. How would the countries of the Middle East see it? How would the US see it? If Iran and Syria were to go to war, how should Portugal and Ireland react? After all, these countries would at least politically be engaged should war occur on Europe’s border.
For now Europe’s expansion has halted. The current EU27 model has no definitive schedule to expand further and there are currently no countries due for immediate accession to the Union. The new member states are due to join the Euro as their economic conditions allow.

There is perhaps some time needed for citizens of Old Europe to become accustomed to the idea of the newest 12 states being equal members of the Union and not smaller former communist economic states. There are however three countries that have sought membership to the EU for some time in the future. These three are Croatia, The former Yugoslav Republic of Macedonia and, what appears to have become a culturally challenging application, Turkey.

Croatia and The former Yugoslav Republic of Macedonia are both part of the former Yugoslavia and these applications have been relatively low-key in the press, what has attracted a higher profile and some criticism for a number of reasons, is Turkey’s application. Turkey has had a long and unconventional relationship with Europe since WWII. It is a member of NATO, a member of the council of Europe, an associate member of the EEC and has joined the EU customs union. It many official ways it has been not only an ally of Europe but a functioning part of it.

Politically speaking, with 70 million people Turkey would have the second largest population and therefore the second largest voting majority in European Parliament. By 2020 its population increase would make it the most powerful voting member (The Economist, 2007(C)). Voting in the European Parliament is generally weighted proportionally to population numbers, although in detail there is a more complex
system of apportionment to determine this weighting; more information can be found in Jacobs et al (2007).

Geographically the country, including its capital, lies mostly within the Middle East and borders the nations of Syria, Iran and Iraq. There is also dispute with its occupation of northern Cyprus and it has also to fully meet the Copenhagen criteria, described as “stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; … a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union; [and] the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.” (Bainbridge, 2003:96). This is the groundwork required for new member states to join the Union, laid down by the EU.

These are political, economic and statistical arguments that underlie the fact that culturally speaking, Turkey is perceived as simply not being European enough, despite Atatürk’s efforts in ‘Europeanizing’ the nation; such as education reform, introduction of the Turkish alphabet and even the introduction of the 1925 ‘Hat law’ to phase out the wearing of Fez’s by the nations men (Republic of Turkey Ministry of Culture & Tourism, 2005). Europe still sees Turkey as ‘too foreign’ and remains ambivalent about its inclusion into the EU. Naturally this is a fear raised by far-right political forces such as Jean-Marie Le Pen’s National Front Party in France, who also have their own political agendas.

Former French President Valéry Giscard d’Estaing has been an open critic of Turkey’s inclusion, however the European Commission has distanced itself from his
comments. As well as concerns over Turkey’s status as a Muslim nation, he has alluded to concerns over its high birthrate it had "a different culture, a different approach, a different way of life." He also stated "Its capital [Ankara] is not in Europe, 95 percent of its population live outside Europe, it is not a European country" and claimed that if Turkey’s admission would clear the way for applications by other Middle Eastern and North African states.11

Giscard d’Estaing also claimed in an interview with Le Monde "In my opinion, it would be the end of Europe." (Fuller, 2002). Which Europe does Giscard d’Estaing mean? Does he refer to the political Europe? The social Europe? No doubt it is reference to the fact the Turkey is a Muslim country that borders with the Middle East, but little reservation seems to have been had for admitting former Warsaw Pact countries, or accepting countries such as Finland which bordered the former Soviet Union; these have potential political implications, but are still essentially secular Christian states.

Giscard d’Estaing is not alone. In 2005, leader of Germany’s centre-right Christian Democratic Union Angela Merkel (now Chancellor) said:

“"The capacity of the European Union to integrate would be overstretched if Turkey were offered full membership. We want friendly relations with Turkey but, mainly, we want honest relations.” (Dempsey, 2005)

Could Turkey represent the end of practical expansion for the EU? After all, if Turkey is included, there is no real reason not to include Russia, Syria, Iran, Israel or

11 Comments made while chairman of the EU’s constitutional convention 2002. (Fuller 2002)
Morocco. Each of these are geographically close to the EU just as Turkey is, and each is also culturally and historically quite different to western European countries such as Ireland and Holland just as Turkey is. No doubt Turkey’s occupation of Northern Cyprus does little to convince detractors on a political basis. Similarly, Turkey’s denial of the Armenian genocide causes issues with France having made such a denial criminalized under French law.

In October 2006, in reference to Turkey’s inclusion, President of the European Commission José Manuel Barroso stated: “We are concerned about Turkey because the pace of reforms is rather slow from our point of view. I believe it would be great to have Turkey if Turkey respects all the economic and political criteria.

“This is not yet the case. It is a country that comes from a different tradition. There are efforts in the right direction but nowadays there is news that is not encouraging in terms of them coming closer to us.” (Charter, 2006)

If expansion were to continue eastward indefinitely then the EU would eventually encompass Pakistan China, and Singapore. If those in the UK question their cultural and political similarities with Poland now then the effect would be an order of magnitude different if South-East Asia were included. It is understandable that these cultural changes occur as one travels eastward, so there is a natural tipping point; one where the changes are so great that the rational expectation of cultural union breaks down. It has to occur somewhere.

This geographical boundary is where EU’s brand identity comes into play; where the border of Europe stops can be largely attributable to where Europe is culturally (as
well as politically and economically) comfortable in expanding. The line on the map is arbitrary, it simply follows the bounds of Europe’s brand identity. For example it is not unreasonable to imagine Russia having inclusion in the EU in the future, extending the EU’s border to the Bering Strait. However, enormous differences rule out stretching the border to India. For example, cultural, ethnic, economic and language qualities of the two regions differ vastly from each other, therefore the concept of a geographical border is created by virtue of these differences.

If EU citizens feel an ownership of the Union to the point where there is objection to the inclusion of Turkey becomes an issue then perhaps this represents that cultural tipping point. This is nothing new however, political, economic and cultural resistance has occurred at previous stages of the EU’s expansion, for example French President Charles de Gaulle vehemently opposed the UK’s accession to the Common Market, vetoing it twice before it eventually joined in 1973. De Gaulle questioned Britain’s commitment to the European idea and in 1976 he claimed:

“The recent report of the Brussels Commission had shown clearly that membership of the EEC was incompatible with the economy of Britain, with her chronic deficiency in balance of payments. It was also incompatible with the British tradition of obtaining cheap food from all parts of the world.

It was incompatible with restrictions on the removal of capital from the country and with the state of sterling, which had been thrown into prominence by the devaluation and the loans which had proceeded and accompanied it. All these things prevented Britain joining the solid, interdependent and assured society of the EEC” (Roberts, 1967)
Although the UK was finally accepted into the EEC and many other states have joined since, this debate from over 30 years ago illustrates how Europe has, over the decades, had to come to terms with a changing definition of Europe since the inception of cooperative union.

### 7.6 How Globalization Affects Europe's Identity

Twenty-first century Europe faces two forces of economic integration; the integration of the EU and the integration with the global economy. For older EU states like France and Germany, economic integration into the EU was a problem resolved in the early 1990s through the Exchange Rate Mechanism; a process of common economic benchmarking. The process of integrating with globalization was in part created by these same powerful European economies; as we have examined, this was in a way an opposing force to a process of more regulated European integration. Newer member states face both problems simultaneously as they enter their membership of the EU and their economies strengthen.

East Germany was the first example of this economic and political catch-up. A member of the Warsaw Pact, it was a small territory in a large ideological socialist federation. Although it was an economically stagnant, politically oppressive environment, it was a closed economic system; it did not need to be competitive. Daily life had certainty, jobs were secure, the state controlled many aspects of daily life and even produced many of the goods East Germans purchased.

Then in 1989 the wall came down and East German life became less certain as the former communist regime was absorbed into the West German economy. Several
years later the EU was officially formed and shortly after that the Internet began to impact business models by increasing the effect of globalization. For East Germany the economic playing field went from a small closed society in Central Europe to a leading G7 economy, the European Union, then finally the Globe in less than a decade. For this country, two-speed necessarily meant FASTER speed.

Two-speed Europe already acts like a smaller version of globalization economically as old Europe exports labour to the new. New European economies are growing faster than old Europe’s, with Germany and France both at slower growth (2.8% and 2.0% respectively) while Estonia and Lithuania have faster growth (11.4% and 7.5%) (Eurostat, n.d.(a)).

However as these new states play catch-up, they do so within the broader EU economic framework. They are in a way ‘ring-fenced’ within the EU’s physical and economic borders. There is less economic disparity in the EU than under pure neoliberal theory; before joining the Union for example, new member states are required to meet benchmark economic standards, two of which are that their total government debt must not exceed 60% of GDP and the annual budget deficit must not exceed 3% of GDP (Pinder, 2001). Neoliberalism discourages this sort of economic benchmark just as it discourages of any type of regulation. By having no minimum standards, neoliberalism must inevitably devolve into a ‘race to the bottom’, as discussed in the previous chapter, as pricing and profitability become the main drivers. While the overall establishment of initiatives such as an economic framework; that is, the establishment of the European Central Bank, the introduction of the single currency, with Harvey’s definition of neoliberalism (Harvey, 2005:130) the imposition of economic benchmarks across the whole of the EU, including the
newer, smaller member states, begins to resemble the ‘state interventions’ that he detracts. However, in building this type of ‘artificially’ regulated environment, the EU has created an environment of integration and the “removal of barriers to free trade and the closer integration of national economies” which is conducive to globalization. (Stiglitz, 2002, cited in Harvey, 2005:118).

Because of its deliberate, legislated origins, the EU has been in the position to include cultural imperatives into its legislative framework. One way it does this is through the encouragement of cultural product and activities through state subsidies as well as the use of economic and political mechanisms such as import tariffs, legal quotas such as France’s Toubon Law, and protection of cultural ties to regional food products through the Common Agricultural Policy. This range of exclusionary policies creates a situation that is sometimes critically called ‘Fortress Europe’.

The Toubon law creates an interesting paradox in terms of cultural imperialism as we discuss in the next chapter. It effectively bans the use of languages other than French for official documents, packaging and advertising among others. Civil servants are also required to use specifically French terminology such as ‘courrier electronique’ instead of ‘email’ in official documents. It actually carries fines and prison sentences for its contravention. This has been a political response to what is regarded by the French Government as cultural Imperialism, a dilution of the local culture. But what is seen as American cultural imperialism can in fact be seen as brand expansion. Although the Toubon law’s origins may have been developed as a protectionist measure against Anglo-Americanization of French culture, to some extent it flies in the face of cultural cooperation within the EU itself. This will be
discussed more extensively in chapter 8.

7.7 For and Against Brand Europe

The boundaries of Europe’s brand identity can be established by what nations object to in rejecting it and the actions they take to join it. There are two examples of this – the rejection of membership by the EEA nations (Switzerland, Iceland, Norway and Liechtenstein) and Turkey’s continuous process of Europeanization since Atatürk.

There have been various inclusions and exclusions of the European brand by member states since its development after World War II, a situation which has caused a number of different borders as discussed; Britain’s rejection of the Schengen agreement and the Euro, Denmark’s rejection of the Euro, as well as Holland and France’s rejections of the constitution, to name a few. But it is the EFTA nations, those that already qualify for instant membership should they want it, which are of interest. Unlike smaller, newer member states such as Slovakia and Romania which, after the end of the cold war, made efforts to link up to the strong economic and political union that they neighboured with, the EFTA countries have simply shunned membership despite the opportunities of membership. There has been something about their national characters and the perceived conflict of these with the EU’s brand which have caused a conflict, making for an unappealing option.

The reasons behind a popular vote for not joining the EU can be traced to fears over a loss of independence; it is likely a perceived loss of independence that is responsible. In terms of economics and policy, there are strong ties between the EU and these
states, with free movement across borders, unrestricted access to trade and the EU’s reliance on Norwegian natural gas (Van Oudenaren, 2005:275), the reasons appear to be cultural. Switzerland has historically had a policy of independence, remaining neutral in European conflicts and policy making, to this day maintaining a standing army consisting of citizens to defend this independence. Van Oudenaren discusses this phenomenon:

“Given the high degree of integration that already exists, Norway and Switzerland both could at some point revive their applications for EU membership. In Norway this would only happen if the government were confident that popular attitudes had changed significantly to ensure that there was little risk of a third rejection. At present, Euroskeptism remains high in Norway, where it has been fueled by the intra-EU splits over the war in Iraq and the Stability and Growth Pact and bolstered by the rejection of the Euro in neighbouring Sweden and Denmark. In Switzerland, business and government elites are worried about isolation in Europe and for the most part favour membership. The EU remains unpopular with many voters, however, particularly in german-speaking Cantons, and a future referendum on accession might not succeed.” (Van Oudenaren, 2005:277)

However, a smaller nation with more fragile economies such as Iceland would surely benefit, if only economically, from membership. The tiny nation with a third of a million inhabitants has witnessed the fragility of its economy and how susceptible it is to the actions of a relatively small number of market players. However, once again, its relatively recent independence from Denmark perhaps gives its people a sense of independence that it is hesitant to relinquish, despite the practical benefits it would
bring, and joining the union that includes a nation it spent so long to break free from no doubt brings unsavoury connotations.

Yet despite this historical hesitation and because of its recent financial upheaval involving intervention by the International Monetary Fund, Iceland, has now sought a merger with Brand Europe with its application to join the EU being made in July 2009. However this application appears to have been made out of economic necessity rather than a newfound desire to become a part of the European experiment.

Turkey on the other hand, despite its many efforts, seems to have had little success in convincing Europeans that it has an economic, political and social place in the Union. As discussed, its process of Europeanization began in the 1920s, long before the birth the EU, and it has since had a political development that has in many way run in parallel to Europe’s. It has been a member of NATO since 1952 (NATO, 2002), despite France having been absent from full NATO membership since 1966; France later announced re-entry in 2009. (Cody, 2009). Indeed it has NATO’s second largest army. It is a secular state, its constitution demands equal rights for men and women, irrespective of language, race, colour, sex, political opinion, philosophical belief, religion and sect. (ICL, 2007). Indeed there is little that distinguishes the general principles written in the Turkish constitution to distinguish it from generally held European principles. It has compulsory military service, but this is also to be found in Germany, Austria, Greece and Denmark.

Economically, in the past decade Turkey experienced relatively rapid growth but its economy remained fragile, with high unemployment and a rapidly shrinking
economy, a situation not helped by the recent global economic crisis. (Economist, 2009)

However, its situation is nowhere close to approaching the meltdown experienced by Iceland (a nation whose membership is under consideration) and its economic status does not prevent it from joining the EU, a more stringent economic test is given if it wants to join the Euro. Almost half of those nations participating in Brand Europe fall outside the Eurozone.

It is difficult to ascertain Europe’s hesitation in giving Turkey membership, but there does seem to be two key points that provide barriers; one being political, the long-running territorial dispute with Greece (a member state) over Northern Cyprus (Cyprus too is a member state) makes membership difficult on the basis of politics; one of the key goals of the EU’s development was peaceful union after all. The other is religion; despite its constitutionally decreed secularism and its understanding of democratic, European principles, it is perhaps fear and ignorance on the part of Europeans that prevents a predominantly Muslim state from entering the EU easily.
8 Cultural Imperialism
Having examined brands, globalization and the brand identity of the European Union we turn to the concepts of cultural imperialism and Americanization and their relationship to brands. It is Banerjee and Linstead who argue that “globalization is a direct consequence of European expansion beginning from the era of colonization, entrenching itself during the post World War II era of colonial development and emerging in the latter part of the century as a ‘world-wide’ phenomenon” (Banerjee and Linstead, 2001:690). As such, it is perhaps unsurprising that the notion of globalization is linked with western culture and commerce. Globalization brings with it political and cultural consequences considering the economic relationships that are built between different nations in a time of ever closer integration. Rothkopf describes this struggle:

“Globalization has economic roots and political consequences, but it also has brought into focus the power of culture in this global environment – the power to bind and to divide in a time when the tensions between integration and separation tug at every issue that is relevant to international relations” (Rothkopf, 1997:39)

The benefits of exports match the downsides of potential flooding of local markets with imports, displacing local industry. The benefits of new products, new global brands, unique services and entertainment are weighed against the sense of loss of control over local cultural environments. Friedman asserts that globalization means
no single nation states, in other words superpowers, are in charge; that globalization is built around three relationship balances, the traditional balance between nation states, the balance between these nation states and global markets (controlled by individual investors) and the balance between individuals (empowered by networked communications) and nation states (Friedman, 2000:13).

“Today, globalization often wears Mickey Mouse ears, eats Big Macs, drinks Coke or Pepsi and does its computing on an IBM PC, using Windows 98, with an Intel Pentium II processor and a network link from Cisco Systems. Therefore, while the distinction between what is globalization and what is Americanization may be clear to most Americans, it is not—unfortunately—to many others around the world. In most societies people cannot distinguish anymore among American power, American exports, American cultural assaults, American cultural exports and plain vanilla globalization. They are now all wrapped into one. I am not advocating that globalization should be Americanization—but pointing out that (this) is how it is perceived in many quarters” (Friedman, 2000:382).

Although the quote is a little dated, the symbols described by Friedman and their cultural implications remain true; networked computer access, fast foods, consumer goods and the brands that accompany them, as well as being cultural symbols, are also symbols of economic growth. Their development and manufacture originated in the United States, but their use, almost impossible to avoid in the case of computers and networked communications, does not automatically imply buying into American culture. However the conflation of the two seems to imply American imperialism for those outside the United States. Mendis describes this conflation of the two:
“In many ways, globalization is an extension of Americanization. Our American experience presents a set of powerfully positive features that can transform other countries, but also detrimental forces that negatively impact traditional cultures and their human conditions. For example, our promotion of democracy around the world causes many of the global citizenry to want democracy and freedom as preconditions for their economic development” (Mendis, 2005:2).

This statement seems to imply that the United States the key promoter of democracy, ignoring the many nations around the world that have maintained strong democracies without the need to rely on help from the United States at all. It also makes a typical negative perception of Americanization more problematic. However, it does help make the argument that values such as democracy, equality and economic growth are indeed values shared and promoted by the United States, but in this respect criticisms can be made that to adopt these values is also adopting the values of the United States; in other words, to somehow become Americanized.

Banerjee and Linstead (2001) argue that globalization brings about the effect of seeing different cultures through the prism of globalization; in other words, how these different cultures relate to a type of universal American culture. This reflects Pells’ statement that “Europeans have adapted American culture to their own needs, tastes and traditions” . The teenager who connects to globalized cultural products such as sportswear brands, entertainment websites or social networks like MySpace also takes the incorporation of global culture, including American culture, into his own national culture, or in this case, the brand of Europe. The result becomes a type of global culture, even if many of the artifacts in the form of brands and intellectual
properties originate from America.

The debate over homogenization through globalization is discussed by Banerjee & Linstead (2001) who argue that “the successful management of diversity, presented as the new prerequisite for sustainable competitive advantage, effectively continues global colonialism … despite the rhetoric of celebrating difference, multiculturalism does little more than facilitate assimilation within the dominant ideology”. Even Levitt, in The Globalization of Markets, claimed that "The world's needs and desires have been irrevocably homogenized", but his argument is that corporations that recognize the opposite to this were a failure (Levitt, cited in Klein, 2000:116). However, Levitt published The Globalization of Markets in 1983, long before the development of the World Wide Web, so he was unable to take into account the power of online media to give consumers their own voice and the ability to more directly shape brands through direct communication, while global media allows companies to reach a mass audience, online media allows them to respond”

It can be argued that these brands, Burger King, Nike and others, became targets because of their global success. They have built strong emotional connections with consumers and in many respects have come to act as flagships for the industries they participate in. However, it is not only individual protesters in Seattle who have concerns about the empire-building and cultural effects of globalization. Brand Europe has examples of pushing back perceived American imperialism through the legislation of cultural protectionism, and the most vocal and active member state to do this is France. Because of this, it is the French market that we will examine here,
although such resistance is by no means limited to France.

The global and homogenous growth of organizations such as Starbucks and McDonald’s means that the brands are available in stores are similar in countries all over the world. It can be argued that as new markets have been sought to capitalize on brands, retail and cultural landscapes have become more homogenous across these markets. Anti-globalization fears are often focused on a perceived agenda of empire-building by the United States and such fears can be expressed both through protests such as Seattle in 1999 and Genoa in 2001. American brands such as Nike and McDonald’s became the focus of sometimes-violent protest, as if these were blows against some sort of corporate cultural cartel. As well as street protests, Nike has undergone a number of different protest methods by those critical of its practices. These include the hijacking of the Nike website to direct visitors to the s11.org protest website (Dworkin, 2000) as well as protests from Nike chairman Phil Knight’s alma mater University of Oregon. These same protests led to his withdrawing a USD 30 million donation to the University (May, 2000).

The conflation of globalization and Americanization is particularly resonant in France. In a SOFRES poll taken in France the response showed “a particular concern that globalization will come in the form of Americanization: 65 percent of the French see “excessive” US influence on French television, 57 percent on French cinema, 37 percent on French music, 34 percent on the French language, and 34 percent on French food” (SOFRES poll cited in Gordon and Meunier, 2001:2).
In this case, it is American culture that seems to be the specific target for Brand Europe rather than the potential imperialism of other European nations. However, former French Foreign Minister Hubert Vedrine made the point that it is the “vast internal market” and “huge resources” that gives the American film industry the economic capacity to “flood markets abroad” (Gordon and Meunier, 2001:5). He goes on to add that the "desire to preserve cultural diversity in the world is in no way a sign of anti-Americanism but of antihegemonism, a refusal of impoverishment. American cinema has been enchanting viewers around the world for nearly a century, and that will continue. This is no reason for others to disappear" (Vedrine, cited in Gordon and Meunier, 2001:5).

It is unlikely that it is other European member states that the French fear when they impose imported media tariffs and put up protectionist measures for cultural materials. Despite the EU’s increased size, America still represents a significant power politically, economically and culturally to the EU as a whole. Compared to individual EU member states, the US still outweighs them in all of these respects. With these three forces combined it is natural that the threat of ‘Americanization’ comes to the fore; the economic power and huge cultural output of many American corporations, combined with the political pressure of allowing free trade between the EU and the US, means that US cultural exports have a force behind them to drive them into local European marketplaces.

Pells argues that the popular notion of wholesale Americanization of European culture is a myth. That whilst there may be a visible presence of American commerce in terms of retail signs and cinema marquees, Europeans have adapted this presence to suit their own cultural environment:
“[Europeans] often complain about America’s cultural invasion of their countries. Intellectuals are alarmed by the preference their fellow citizens show for American movies and television programs. But what Europeans fear most is that the standards, customs, languages and cultural identities of all their countries are being undermined by the intrusion of homogenized American habits and tastes. Yet American culture is not homogeneous, nor is its effect on Europe uniform. It is instead the product of multiple influences. Millions of immigrants, first from Europe and now from Asia and Latin America, have shaped America’s movies, television shows, music, food, dress and language. And American universities, the Broadway stage, publishing houses and magazines have been affected by European intellectuals, artists and entrepreneurs.

Drinking a Coke, devouring a Big Mac, or spending a few days at France’s Disneyland Paris does not mean that Europeans have adopted the American way of life. There is no automatic connection between what you eat and what you think. Nor are European audiences a collection of zombies, spellbound by the images transmitted by the American media. People everywhere are affected not just by the media, but by their childhoods, their parents, their spouses and friends, their experiences at work and at home. These varied influences enable people to resist, or at least reinterpret, the media’s messages. Far from being empty vessels, Europeans have adapted American culture to their own needs, tastes and traditions. The ‘Americanization’ of Europe is a myth” (Pells, 1998:1)

To go further still, Epitropoulos & Roudometof (1998) illustrate that Europeans themselves have not only identified with American cultural imagery, but have used it to market products to each other:
“In the late 1980s, a boom in the use of U.S. imagery occurred in European advertising. Levi-Strauss, the jeans maker, started the trend in 1986 when its London ad agency, a branch of the New York-based Bartle, Bogle & Hegarty, made the first of an award-winning series of ads picturing young Levis wearers in old Chevy trucks in U.S. southwestern desert landscapes. American settings, character types, and English language slogans were soon used by other European agencies to sell a variety of goods – Dutch radios, French TV, Italian jeans, razor blades, gasoline, candy bars, even European beers. In an obvious saturation, Europeans were using American themes and images to sell their own products to each other” (Epitropoulos and Roudometof, 1998:157)

In ‘American Studies: on the Margins in Europe’, Pells describes how there is a type of snobbery by European academics in relation to the clash of European and American cultures:

“…there is a deep-rooted snobbery in Europe toward the American past--its alleged shallowness, its lack of cultural or social complexity, its naïveté about the impact of time and tradition. In short, the argument runs, Europeans revere their history, and maybe Asians do too. But Americans don’t respect anything that is ‘old.’ They are addicted to ‘progress’; they build skyscrapers rather than preserve the relics of their past.” (Pells, 2001:B11)

If it is the case that such a ‘New world vs. old world’ cultural snobbery still exists, it goes some way to explaining why an influx of American culture could be perceived as a threat more pervasive than its commercial offerings.
If it is an argument that America’s economic power is the reason for its cultural inroads into European cultures then the same logic does not follow through to other economically powerful nations. If the spread of cultural product were based purely on economic size, then in addition to American culture, Europe’s brand would also be dominated by German culture; that of its economically largest and most populous member state. As the figure below illustrates, Germany is by far the most powerful economy in the EU; certainly larger than the twelve smallest member state economies combined. Should the argument of economic power be valid then both US and German cultural products should be dominant, with French running a third place. Fear of cultural domination of these member states should logically be as great.

Fig 10: GDP at current market prices (Schäfer, 2007)

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Cultural Imperialism

Global brand design and its interaction with cultural and national bias.

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8.1 Networks and National Borders

With the cheap, often instant distribution of intellectual property, the instant transfer of capital and the ability to create borderless social networks that the Internet has delivered, the transportation of culture and ideas is all the more rapid. In effect it removes opacity between national borders and cultural identities. The movement of people is also followed by the movement of their ideas and cultural attitudes, the distinct, border-bound separations between cultures slowly melt away as new cultural ideas are examined and shared.

Banerjee & Linstead discuss this movement of people and cultures and how this movement is linked to the character of globalization. They cite the observation by Classem & Howes (1996) that “the globalization process is not all one-way traffic, and that global products are absorbed into and change western life; including such
phenomena as Latinization (of parts of the US) and Japanization (of European and Mexican industry). Cultural production and reproduction in a global economy transcend national boundaries, as does ownership of the means of production.” They also cite Howes comments that “Cultural boundaries are being transformed from barriers into junctures’ by cultural two-way movement and that ‘postcolonial subject positions are being constructed” (Banerjee and Linstead, 2001:700).

Cultural intermixing can be interlinked with the movements of brands and products as well as peoples. Along with the economic and socio-political concerns of globalization comes a concern about cultural imperialism by virtue of open trade of goods (along with their brands) and cultural products across national borders. Again, Classem & Howes describe that cultural imperialism through this means is not necessarily as straightforward as a chain of financial transactions. They state that “transnational companies often have to make considerable efforts to adapt and market many products in different ways according to local sensitivities to indicate that Coca-colonization is not unproblematic, they do at least leave the question open, allowing that it may not be cultural difference but an illusion of cultural difference that is preserved” (Classem and Howes, 1996:184 cited in Banerjee and Linstead, 2001:699)

Movement between national borders and the intermixing of different cultures has of course been feasible throughout Europe’s history, long before the development of the EU and the expansion of globalization. Geography and the proximity of cultures have, in theory at least, provided a relatively simple mechanism for the exchange of cultural material and the development of Europe’s cultural brand. Examples of this
include the spread of humanism during the Renaissance, the spread of both Catholicism and Protestantism, even architectural and musical styles. However, national and cultural borders are still firmly in place, which goes some way towards illustrating that cultural roots are deeper than recent technological developments or changes in global economic patterns.

Wellman’s theories of networked individualism (2002) illustrate that social and cultural environments are no longer necessarily connected by geographical locations. He argues that the world is not made of groups, but rather of social networks; his work describes how these networks have stretched out from closely-knit, geographically-based networks, where people may work at the same factory or go to the same places to socialize, to widely-based virtual communities of people who communicate by telephone and other virtual networks. He calls this ‘Networked Individualism’.

People of similar cultural persuasions may exist all over the globe, connected by their cultural identities through networks around the world. Because of this, a complexity is added to the argument about globalization’s impact on cultural identity; no longer is it necessarily true that a cultural force can take over another culture by virtue of its infiltration of the geographic environment. Wellman’s networks show how cultural imperialism can still be an effective force on culture, but that culture may exist in any place, or in many places, all at once.

Networking websites such as Facebook are an example of how this can occur. In theory, anyone in the world can make a Facebook account and can attract friends
who share similar cultural connections, and the number of connections is increasing; as of September 2009 there were 250 million active users, each with an average of 120 friends on the site and 5 billion minutes are spent on the site per day worldwide (Facebook, 2009). These cultural connections are no longer connected to specific cities, regions or nations; they can easily be spread across a wide geographical area.

The member states of the European Union have a politically and legally binding obligation to allow free, unrestricted trade of goods and services within the union. They also have the same obligations to the unrestricted movement of people within the union. Both of these free-movement obligations, plus the geographical proximity of European nations, should in fact allow for an easier spread of cultural products and, presumably, some sort of cultural spread, neither of which necessarily equate to cultural imperialism.

Europe's open internal market, without its import tariffs and political barriers, seems ideal for the flooding of products, cultural or otherwise, into a variety of small markets by any given member state. New member states are aware of these obligations and presumably the mechanisms in place that could lead to a dilution of their cultural heritage before signing up to become full members of the union, yet still they join.

When focusing on cultural imperialism through cultural products, we look to media and communications that operate in a one-way distribution system such as broadcast television or print publishing, or a two-way distribution such as the Internet. The Internet, in theory, at least allows for the sharing of culture and ideas in both
directions. However, these same two-way channels of the Internet can also be used to develop cultural connections that defy conventional ideas of cultural boundaries.

It is this two-way communication channel as well as the ability to duplicate digital products perfectly and infinitely that makes the national border, and therefore the cultural border, more porous and less relevant in the sphere of cultural product.

“The Internet’s decentralization is more developed than that of the telephone system since it avoids the controls of a circuit-switched technology and private ownership. It improves on television’s broadcast model because it is a many-to-many, interactive system in which a message sent to a large number of participants may be responded to by an individual or by many individuals. In addition, the digital form of information on the Internet provides the advantage of virtually costless copying, storing, editing, and distribution.” (Poster, 1999:235)

Poster also demonstrates the Internet’s power to disrupt the concept of national cultural boundaries, contrary to the spirit of the cultural protection laws like the Toubon Law as we discuss later. Poster states:

“The digital form of Internet communications is crucial to the complications it poses for the nation-state. One may hypothesize that the nation-state’s ability to interpellate individuals into beings with a national identity is possible only in an analogue media system. How is this so? In principle, digital information enables infinite, costless, perfect reproduction. National laws governing culture presume a material form that limits reproduction to the presence of an original. In order for
national laws to control culture (intellectual property), there must be an original object, which exists in a material form that cannot easily be reproduced. Yet once digitized, the original cultural object loses its privilege, its ability to control copies of itself, escaping the laws that would manage it.” (Poster, 1999:253)

Khiabany discusses that while national boundaries may be more porous because of these two-way networks, the mere presence of these networks does not mean that distance is meaningless and cultures are homogenized:

“Geographies are not merely physical space, but symbolic, social, political and cultural constructions. Instant recognition of the White House and Hollywood across the globe does not mean leveling and homogenization of our sense of place. In our greatly divided and polarized world, places, social relations within and between places and the internal and external divisions across class, gender and race does matter, and perhaps even more than before as the flow of images makes the comparisons a much easier [sic] task” (Khiabany, 2003:150)

In fact, the concept of attempting to impose national boundaries on porous networks is reminiscent of Williams’ discussion on the spread of literacy. In what he described as “uncontrollable opportunities” he stated “For there was no way to teach a man to read the Bible which did not also enable him to read the radical press. A controlled intention became an uncontrollable effect” (Williams, 1974:125). When applied to our discussion, this could be reframed to state that information distribution and access is limited to a person’s curiosity and interest rather than the nation in which they happen to live. Once the opportunity is available, the outcomes cannot, in theory, be controlled.
8.2 Protectionism and the Cultural Exception

It is fair to say that France perceives the potential risks of US cultural imperialism, whether real or otherwise, more greatly than other EU member states. This is evidenced by defensive stances such as the development of the Ministry of Culture, the Toubon law, and its development of the concept of ‘cultural exception’ to trade agreements on the basis that national culture is not the same as goods and services (Gordon and Meunier, 2001:25).

In the 1987-1993 Uruguay round of GATT talks, the exclusion by the EU of cultural goods from free trade agreements was done to protect European cultures from the influence of globalization. French campaigners won a victory in having an exemption for cultural goods from free trade placed into the agreement. This means that unlike other industries, France, or any other nation which is part of the agreement, can protect their own cultural industries (most notably the film industry) by imposing quotas and tariffs on foreign media and subsidies for their own. (Riding, 2003). While this can apply to any and all foreign media, it is generally recognized that this is squared towards the huge volume of American imports.

However, while the focus had been on cultural goods and media, Gordon and Meunier state there is now a realization that French culture is threatened not only by the trade in cultural goods, but also from trade in general (Gordon and Meunier, 2001:3). Replacing a Parisian café with a Starbucks or opening a Wal-Mart in Nice can have a similar effect as replacing French cinema with American, because culture is in part the very stuff that surrounds us, it is the environment we live in, the food we buy and the cars we drive, as well as what we read or what entertains us. This being
the case, the only real way to protect culture would be to also ring-fence the country economically by mechanisms such as limitations on foreign imports and foreign company ownership. Of course, this poses potential problems when trying to export local goods to these same foreign countries, so the cultural protection measures could lead to economic stagnation.

For a country such as France, globalization has occurred with resistance, some nervousness, and the compulsion to take the cultural and economic changes on under its own terms. With moves such as its successful lobbying for the cultural exception in 1993’s GATT conference (Gordon and Meunier, 2001:3), France in particular has become an emblem of resistance once again, resistance which is perceived as being towards Americanization, if not globalization as a whole. France’s argument that cultural goods are unique and need to be protected by tariffs and quotas contradicts, in a way, its historical position as champion of European integration. After all, to ‘protect’ French culture (and by default, European culture) from foreign influence surely means ‘protecting’ it from German and British culture as well as American, yet since the Schuman Plan and the Treaty of Rome, France has championed the very integration that could lead to internal cultural imperialism. France saw the closer integration of Europe and in turn, European culture, as a valuable proposition, championing the process at every stage, right up to full integration in 1993.

So if France is a campaigner for Europe’s own form of market integration, it can be argued that it is perhaps the perceived dominant American aspect of globalization
that the nation objects to. These objections are reflected in relatively recent French legislation:

“Such fears have spawned a slew of legislation in recent years intended to protect France’s language and entertainment industry. French is now obligatory for advertising and labelling every product and service sold in France; television and radio commercials cannot be aired in a foreign language.

Government commissions preside over an ever-growing list - currently standing at almost 120,000 words - of English terms that may not be used in official French documents. At least 40% of programming shown on television must be of French origin, and an additional 20% must come from other European countries.”

(Henley et al. 1999)

In terms of Americanization of European media, evidence shows that there is very much a one-way relationship between US and EU product. According to the Observatoire Europeen de l’audiovisuel (Gordon and Meunier, 2004:3) the economic balance is skewed almost ten to one. US ‘audiovisual goods’ sold in the EU (cinema, video rentals and television) totaled USD7.4 billion in 1998, the reverse was only USD706 million (European Audiovisual Observatory, 2000). Furthermore, the research indicates that the disparity has been increasing, the US market share in the EU increasing from 56 to 70 percent between 1985 and 1999 (European Audiovisual Observatory, 2000:110-114). CNC Screen Digest quotes an even higher figure of 75% (CNC, Screen Digest, Eurostat cited in Ridderstråle and Nordström, 2000:120). Gordon and Meunier’s research also shows how the US is staunchly defiant in
reciprocating the relationship; 1 to 2 percent of cinema translated from a language other than English and very few European films are broadcast on television (Given, 1995 cited in Gordon and Meunier, 2004).

The disparity is made all the greater when considering that a greater number of films are produced annually by the EU as a whole than are produced in Hollywood, yet despite the various protections and government funding, US films still hold a majority share of the European market.

The French Government protects its cinema by both subsidies and by placing quotas on imported media. This approach works, at least in terms of numbers. According to Gordon and Meunier’s research, 100 to 150 French films are produced per year, making it the most productive cinema industry in Europe; in 1999, 38% of French cinema receipts were taken by French films, compared to 14% for German films in Germany and 18% for British films in the UK (Fraser, 1999 cited in Gordon and Meunier, 2004). As well as a 10% cinema tax, one of the mechanisms the French government uses to subsidize French cinema production is to effectively tax the pay television system. According to its charter, 12% of revenues from French cable television company Canal Plus must be put into the production of European cinema, 9% alone goes to subsidizing French cinema. In effect, every Canal Plus subscriber is subsidizing French cinema by 2.50 Euros per month (Johnson et al. 2003:104).

What is interesting, however, is that for the loss of market share of French films in France, the French film industry is in fact growing in terms of production numbers, not shrinking. The number of French films produced increased from 95 in 1995 to 181
in 1999; a better than 190% increase. Through its insistence on the cultural exception, its subsidies and tariffs, the French government has indeed been very successful in increasing supply, but not demand; American films still win the audiences. They originate from a different culture, are filmed in a different language and are taxed rather than subsidized, yet imported American films are beating their locally-produced French counterparts in terms of popularity among French audiences. The debate over why this may be the case has continued over recent years; French directors have argued that American films have gained from better marketing and distribution, and they have also accused French film critics of being over-critical of French cinema in an attempt to somehow kill the industry (Riding, 1999). Many French critics, on the other hand, have claimed that American films are simply better than their French counterparts, with one critic accusing French directors of being “spoiled children who enjoy government subsidies and a protected market and expect to be applauded simply because they are French” (Riding, 1999).

It is not only media that has felt the sting of French protectionism, but also language; it is in its institutionalized protection of the language that France is unique. As English has become the Lingua Franca of post-war Europe, France has done more to protect French. The Academie française, originally created in 1635, was set up to define the rules and usage of French, maintaining its purity. However, in 1975 France controversially introduced the Bas-Lauriol law and its successor, the more severe Toubon Law, both of which effectively banned the use of languages other than French for official documents, packaging and advertising among others.
The Toubon law carries fines and prison sentences for the use of non-French language in advertising, which, although extreme, provides a type of glocalization by legislation. In the passing of such an extreme law it is difficult to assess the motivations; whether it is truly for reasons of protection of cultural heritage or for more extreme reasons of cultural isolationism. According to Mohammed, the aim of the law is “to prevent the use of foreign words in France, particularly in matters relating to advertising, communications, conferences, labour relations and the like. It also seeks to protect the interest of the consumers who need to be sufficiently informed about the contents of the contracts” (Mohamed, 1999:206).

This French approach to protecting culture seems a little old-fashioned when you consider the spread of culture across the Internet. Regardless of any regulations, limitations, media tariffs or laws requiring French translations, little can be done to prevent the products of other cultures crossing the borders, just like the flood eventually caused by a leaky tap. The Toubon law is powerless to prevent French citizens from reading the CNN website in English.

In this regard the Toubon law is useful only for physical goods, cultural goods delivered in physical formats advertising printed on paper, reels of film delivered to cinemas, programming on video tape broadcast from television transmitters. The online world, where many cultural networks are created, the law becomes ineffective.

If France were more hard-line about the protection of local culture it would perhaps do the same thing as China in limiting and monitoring internet traffic. Were it
ultimately serious and rigid about this protection it would perhaps close off all Internet network communications, as Myanmar did in October 2007 (Mydans, 2007) to create a cultural island. Unless it does this, France necessarily has to enter into the global exchange of cultural information and the Toubon law, eventually, becomes surplus to requirements.

So if we have a healthy stream of European, and particularly French, film subsidies, an increase in the number of film productions, co-productions, media import tariffs and the cultural exception in GATT, perhaps it would be safe to say that the popularity of US films indicates that cultural protectionism at a broader governmental level is ineffective, the imported products it aims to keep out of the local market retain their popularity.

Globalization itself poses a threat to regional uniqueness; as the quote suggests, Coca-Cola is basically the same across the globe. The need to produce and sell the product and its brand around the world in effect makes it a type of commodity because of its disconnection with a particular region; Coca-Cola manufactured in Germany or Poland could easily be imported to replace locally produced Coca-Cola in the UK (which does happen in practice). Roquefort, on the other hand, can in fact market its uniqueness; its region, quality and character of the cheese itself is the brand. This regional uniqueness in itself provides the protection for the brand; Roquefort cheese cannot be produced in Virginia or New York simply because they are not Roquefort-sur-Soulzon. By means of legislation, sourcing of local ingredients

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12 The sugar level in fact varies slightly as countries use different recipes. (Gordon and Meunier, 2004)
and often even traditional manufacturing methods, the region of manufacture is part of the brand and makes the product unique.

Another example is that of Harris Tweed. Whilst it is entirely possible to manufacture cloth from the same woolen fibres copying the same colours and pattern anywhere in the world on more efficient machinery, laws determine the specific conditions and locations that must be adhered to in order to use the Harris Tweed brand, it is a cultural brand owned by a region and culture rather than a commercial one owned by a single commercial entity. Because BMW own their own brand, determine the values of the brand and manufacture products from commodities such as steel that are readily available anywhere, it is they alone who determine and control their own authenticity.

Although the Roquefort brand is not as economically powerful and not recognized to the same breadth of global demographics as Coca-Cola, for those familiar with both brands it can be argued that it carries just as strong a brand image. I would argue that it would, ironically, lose its brand strength were it to be manufactured in Romania, Fiji or Canada, in addition to its native France. A product with such strong cultural ties to France loses these ties, and hence some of its appeal, when it is produced in another culture, regardless of the product quality. The same can be said for the difference between Champagne and sparkling wine; the product is basically the same but Champagne, with its regional and cultural connections, rings more loudly of prestige and romance. Sameness is not always an economically powerful factor.
The European Union helps protect this brand by assigning it ‘protected designation of origin’. This is part of the EU’s Common Agricultural Policy, it means that manufacturers in other parts of Europe are of course allowed to produce similar products, but these cannot be called ‘Roquefort’; in this way a protected designation of origin is similar to intellectual property regulations such as trademark law. No amount of globalization will change the character of these regional products; if anything, their premium could increase because of their uniqueness in an increasingly similar market.

This circumstance of French cultural exception demonstrates that glocalization is all-important in entering the European market, if for no other reason that there is not one large market but 27 smaller proudly sovereign cultures. Cultural differences, language differences, different commercial landscapes and regulatory frameworks all make it a more expensive environment to dominate commercially. This is not only true for those outside the EU but for European countries as well. Despite the deliberate creation of a commercially open marketplace and a level playing field for all European competitors, a British or Spanish corporation has the same challenges in entering multiple European markets for the same cultural and commercial reasons as an American corporation. The fifty states in the United States are significantly closer culturally than the twenty-seven member states of the EU, and a big part of this is of course linguistic; a single message in a single language is generally ineffective in such a diverse fragmented environment. America’s brand is culturally based, whereas the European Union’s brand is more politically based.
8.3 The Lingua Franca

The conflation of globalization and Americanization also comes to the fore in the spread of English as a global lingua franca. This comes about in terms of cultural products such as cinema, but it is also the product of economic growth. Certainly Europe’s 23 official languages provide a barrier to the smooth transfer of cultural materials across borders; in this respect there are *de facto* cultural silos across the Union. As an example of the logistical issues this causes, the EU’s central website, europa.eu, offers all information in 23 official languages, each requiring a unique translation. To do the same for every piece of popular media would be prohibitive. Half of the EU’s population speaks more than one language (Associated Press, 2005).

This question of language has ramifications on the brand of Europe. In single nation brands such as the United States and Australia, not only the ease of internal communications amongst citizens but also cultural output such as literature is characterized by the language of that nation. Not only the official language, being English in the case of these two nations, but the variations of the language; the specific dialects, slang terms, figures of speech, add to the character of a national brand. A cultural brand with 23 languages makes the cohesion and acknowledgement of a single cultural identity, both for its citizens and the outside observer, all the more difficult.

The question of language cannot be underestimated in the transportation of culture; both within the EU and exported from it. Berns (1995) describes the acquisition and development of English as a lingua franca amongst the world’s nations as fitting into three different developmental or usage stages – Inner Circle, Outer Circle and
Expanding Circle. In the case of European Englishes, the Inner Circle consists of nations of native English speakers (The UK and Ireland), Outer Circle consists of nations with a historical closer link to English (Germany, Luxembourg, Netherlands) and the Expanding Circle, which consists of nations more distant culturally or geographically to native English (Belgium, Denmark, France, Greece, Italy, Portugal and Spain).

According to Piepho (1988:19), until now those learning English have had to adopt part of the English culture with the language, being required to “relocate themselves in some fantasy world when they are asked to hear, see, and imitate English dialogues” (Piepho 1988:19). Berns (2005) states that “The Inner Circle … and its particular cultural identity … are presented as inextricably linked. Thus, English means British English, literature means Shakespeare, the cultural monuments are those of London, Big Ben and the Beefeater guards, and the daily life of native speakers consists of tea-time and its components – tea cosies, scones, and lemon curd. In fewer cases it has been acceptable to read Edgar Allen Poe, take an imaginary trip to New York to see Central Park and its homeless denizens, appreciate the national costume of T-shirt and jeans, and catch glimpses of an everyday routine of shopping at malls and eating fast food”.

She concludes that “Users of Expanding Circles varieties are coming closer to acceptance of their rights to be linguistic deviants. As more research is conducted and more studies made of the sociolinguistic reality of English across Expanding Circle contexts, it becomes increasingly difficult to take seriously the charge that the Englishes of this circle are products of poor teaching and learning. In fact, current activity among the users of Expanding Circle
Engishes in language policy and planning and in language teaching pedagogy and practice evidence the irrelevance of purist and elitist positions. So does the small, but fast growing body of research and scholarship discussed above, that strongly suggests this is the dawning of the age of Expanding Circle Engishes” (Berns, 2005:92).

So whilst English may grow to become Europe’s de facto lingua franca, it does not necessarily follow that those in the expanding circle will experience any Anglo-Saxon cultural domination as a result. Use of English as a tool does not mean adoption of English as a culture.

The EU has been careful to respect the use of the 23 languages of Europe in its administrative affairs, it even has a Commissioner for Multilingualism. But if an organization wants to encourage open, effortless and universal communication, it does not do so by promoting 23 different languages; this is an impediment to smooth communication.

With English being the lingua franca of Europe (and indeed the world) as well as the native language of American media, there is far less cultural resistance to the importation of American media to European countries than there is for media produced in one of the 23 European languages into the US. France’s Toubon Law aims to hold back the tide of English language cultural product, but there is a question of its effectiveness if the demand for English language product is strong and the teaching of English as a second language is relatively commonplace.

So, the imbalance of cultural economies could be produced by motives no more
sophisticated or underhanded than difference in language. If we assume a playing
field consisting of the United States and the European Union, between them we have
a collection of people who total approximately 793 million. Of these, if we assume
the number of first-language English speakers in the US, UK and Republic of
Ireland\textsuperscript{13} totals approximately 364 million of these people, this leaves the remaining
people speaking 22 native languages between them. Team this with the fact that
many of these same people can speak English as a second language.

Out of 28 domestic markets, this creates a very large market of consumers available
to consume to English language media and 22 much smaller markets with native
language media that is basically limited to each of these markets. The English
language market, being commercial, naturally expands in economic power, while the
smaller markets become less economically muscular and, in many cases, turn to
subsidies to survive. It is an economics-based on language; I would argue that the
consumption of foreign cultural products works hand in hand with demand for
foreign media products. These media products provide the introduction to a new
culture and the context with which to consume its products. It seems likely that, in
terms of cultural products at least, cultural imperialism by the United States may not
be a case of brute commercial force as much as the audience’s acceptance and
dexterity of English and its desire, like much of the world, for a greater range of
entertainment product.

To conclude, legislation such as the Toubon Law acts in a similar way to national

\[ \text{Gaelic was officially recognized as Ireland’s official language on January 1, 2007} \]
trade barriers; as an artificial impediments to the exchange and interaction of global participants. It is difficult to see how this can prevent from being ultimately circumvented just as it is difficult to see how all global cultures will homogenize into one through branding and media. It seems that cultures thrive on being unique, whether for economic reasons such as Country of Origin products or cultural reasons as maintaining a local film industry, no matter how small. Simply learning English or using a global brand such as Coca-Cola is unlikely to break down any national culture.
9 Conclusion
This thesis has proposed that commercial brands, no matter how global, are at the mercy of consumer desires. Regardless of the age or origination of a commercial brand, whether a product or service, a luxury or utility brand, its role is to create some level of emotional connection with consumers, whether the consumer is a person buying in a store or using a free service on the Internet or a business giving to a charity. By making this connection, commercial brands can create additional value for organizations by creating predictability in demand and the possibility of increasing revenue through increased profit margins.

The greater public exposure created by commercial brands provides imperatives to ‘behave’ in the eyes of consumers. Should companies be seen to behaving in a way that is contrary to the ideals of consumers, for example in the case of Nike’s exploitation of low paid workers, then the company suffers financially. In the short term and perhaps, something more damaging for these companies, suffers in the long term from lack of consumer confidence or public boycotts.

There are also concerns by commentators such as Kroes that global commercial brands can move into a local culture and effectively ‘take over’ a local market culturally as well as commercially. This criticism seems mainly directed towards
American brands, the fear being that through these brands and other cultural products a type of ‘Americanization’ is offered in all nations; in the case of this study, European nations in particular.

The thesis has also examined how globalization is a potentially loaded term that applies to a wide range of experiences; economic, cultural and political among them. It has argued that globalization has been a steady process, not simply starting from the fall of the iron curtain and the development of the Internet, but rather one that has developed over time from before the period of the industrial revolution.

While authors such as Klein and Kroes have examined the impact of branding on culture, there was little discussion on how this process operates inside the wider dynamics of globalization. This study focused on the relationship between branding and globalization and how this relationship operates within the environment of the European Union, presented here as a microcosm of globalization.

Views on the effects of globalization vary widely and because of the emotional nature of the subject they tend to be substantially biased towards or against its benefits. However, fundamentally, globalization is based on market forces that, because of cheap communications and transport, are no longer restricted to national borders. The combination of developing strong, trusted global brands, the movement of services, developing offshore production bases and virtually costless transportation is a way of reducing production and service costs. This combination makes for increased profit margins for a premium brand such as Nike or lower retail price points for a discount retail brand such as Wal-Mart. This essentially forms the
Conclusion

Global brand design and its interaction with cultural and national bias.

Basis of globalization’s growth and gives a rationale as to why it is unlikely to relent anytime soon.

This thesis has investigated globalization and branding through a case study of Brand Europe and has demonstrated that the neoliberal argument that globalization, together with laissez-faire economics at the expense of robust government regulation, is the only way forward is a flawed argument. Brand Europe represents a way for a duality to occur; the development and enforcement of a social welfare framework combined with free internal trade. With this duality in place, Europe still remains highly competitive in the global economy. There is the question of whether Brand Europe represents a small, self-contained version of globalization, or whether the reduction of internal trade barriers, the adoption of a single currency as well as cheap transport and communications, themselves qualities of globalization, create a ‘working model’ of the broader globalization that the rest of the world is experiencing.

The combination of laissez-faire economics, weakened government regulation and more globalized financial markets have also proven their weaknesses in combination during the global economic crisis that came to a head in 2008. The market that had thrived on a more laissez-faire system was unable to sustain itself without the intervention of Government and in fact called upon government for bailouts. Of course the economic problems were not localized to the United States, European markets were affected as well as many others around the globe, but the crisis has gone some way to illustrating that the laissez-faire approach is unsustainable in of
itself; the moment that banking institutions approached the governments whose intervention they had previously opposed for financial bailouts, they had undermined the credibility of this belief in laissez-faire approach. In short, as we have examined in this thesis, neoliberalism and its laissez-faire mechanisms simply act as no serious substitute to more regulated social and financial frameworks in the real world.

We have examined how, while globalization is nothing new or sudden, events such as the fall of the Iron Curtain, the emergence of ever cheaper transportation and cheaper, instant communications in the form of the Internet have conflated to create an environment that is in many ways very different to that of two decades ago. A young European person of 12 or 13 growing up today has lived a life where the Internet is not something new; instant communications, ubiquitous sources of news and entertainment are commonplace, taken for granted. They have never known a world that does not have mobile phones and laptop computers, and have never known a Europe that is not unionized, a cooperative political body with open borders and free passage across them. It is likely that he or she has never known of a Europe without cheap air travel and the ability to talk to friends in the US or Australia for less than the price of a postage stamp.

In five or six years’ time this young person will be an adult and will have a perception of Europe as a united political and economic force. The idea of a Europe with adversarial political figures and military aggression will be all the more foreign because of the environment that has been formed by these unifying, globalizing
experiences, because he or she has never known any different. It is likely that this person will see their own country’s identity in the context of an assimilated, globalized culture, just as Banerjee and Linstead describe, because their cultural experiences have been formed by this same globalness. Because these global cultural connections are made instantly and taken for granted as part of normal communication, it is likely that is will not be seen as globalized culture or Americanized culture, but simply culture; not subtractive from their own national culture and environment, but rather additive.

The same can be said for global brands; to this same young person, a brand such as Google is ubiquitous, but like the discussion about culture, the use of this brand that originates from the United States is additive to that persons same local culture. It doesn’t erode the local culture, it is additive, it is simply a brand.

The lack of equal and reciprocal cultural exchange on the part of the US can be construed as cultural imperialism; the desire to export cultural product without the obligation to import it. In a global market that is so readily connected with instant communications, distribution channels and cross-border television networks, it could be concluded that every culture-producing nation that exports its media beyond its borders is open to the same accusations of cultural imperialism. Acceptance of parts of another culture means that, like brands being accepted by consumers, there are features of the new culture that mean something and fulfill cultural needs.

It is however difficult to see an alternative to the importation of US (English language) product to European markets for two main reasons; the first being the
economic might of the US media production industry. Just as Australia has an enormous industry in primary production and Germany has an enormous, well-established industry in heavy engineering, the US media industry is also large and well established. Not one that relies on government support or co-productions with other nations for financial viability, the US industry behaves much like any other industry area, dominated by large commercial operators and financed by profitable ventures. Much like other industries, once its home market is provided with product, it makes economic sense to seek foreign markets to fuel growth, and because the US can recoup its production costs in the domestic market by virtue of its size, it can export its products cheaply.

The second main reason is that the language the US produces this cultural product in is the same lingua franca that European populations are adopting. Audiences who learn English in schools, listen to music in English and read English language magazines are naturally receptive to English language films and television. It is not unusual that English language cultural output should be received openly in English speaking nations and it follows that with the US is the largest producer of this content its product should be sought after. No amount of enforcement of the Toubon Law or economic tariffs will succeed in curbing such cultural curiosity.

The European Union is deliberate and regulated, formed by treaties and cooperation and an aim of common purpose. Globalization is the combination of commercial imperatives, the development of more efficient variables of transportation and communications and the commercial desire to reduce costs and increase profits.
Neoliberalism in particular involves the erosion of regulation and relies on the market to create order.

The EU developed because of a measured, planned, rational approach over decades, it is deliberate, devised in part as a reaction to post-war political issues, and it could easily have not happened had an overall drive for cooperation between European forces not existed. Globalization, on the other hand, has a certain inevitability to it, it is a continuation of hundreds of years of expanding trade and technology; it is pure capitalism at work.

The difference between Brand Europe becoming a successful, unifying cultural identity and a politically motivated economic trading bloc like NAFTA is determined by how Europeans embrace the brand emotionally. To many Europeans, the governance of the EU is seen as being done at arm’s length, in a foreign country, by foreign bureaucrats. Issues such as the recent expansion into Eastern Europe and the future possible inclusion of Turkey have prompted fears that Brand Europe is expanding too quickly, becoming too diverse. Whether this perception is accurate or not, two of the EU’s founding nations, France and Holland, have in part rejected the progress of the Union by rejecting the European constitution, the very foundation of the brand, in their referenda.

While this study has begun an analysis of some of the complexities branding in the context of discourses around the EU, there remains more work that can be done. A future possibility for research is a large scale interview project that to canvasses the views of citizens across several nations such as Norway, Switzerland and Iceland to
assess their relationship with the EU. What is needed now is an explicit focus on how the brand of Europe operates across national boundaries.

The brand of the EU is a new and artificial construct that adds a layer to old, well-established cultures; it is not a country, it is not a unique culture and does not have a unique language. The question of ‘Brand Europe’s’ cultural impact within Europe will in time be determined by the EU’s ability to make an emotional connection with Europe’s citizens. In this respect it is no different to other commercial brands that have an audience that spans a number of cultures. Without the buy-in of its ‘target audience’, the brand risks being irrelevant.

This is where a problem of losing its target audience can become a potential issue, because whilst a definition of what the European Union appears to be is difficult to establish succinctly, the definition of what it is not appears to be well understood. For ‘Old Europe’, the original members from the days of the EEC, the composition of the EU now is quite different to what it was at its Cold War inception. Indeed many of the new member states were behind the iron curtain less than two decades ago. Political resistance and popular opinion seems to indicate that Europe is now ‘big enough’.

However what is more controversial, a more definite psychological limit for Europeans, is the inclusion of Turkey. Religious, geographic and economic differences affect the populations perception of Turkey and its potential to make a fit with the European brand. This is despite its founding member status of the UN, its long memberships of The Council of Europe, NATO and its secular, constitutional
government that is arguably more secure than those of many other European states. Even the very pro-European, former French President Valéry Giscard d’Estaing has been outspoken against expansion into Turkey, so it seems that, for now at least, Europe’s brand has definition when it comes to further expansion.

In its current incarnation, the European Union is comprised of nation states that hold value in the ideals of humanist principles and separation of church and state. This is Europe’s brand, the diversity of language, the multiculturalism brought about by open borders, internal rivalries; this is what makes Europe unique. Rather than homogenizing the cultures, it provides an umbrella of economic and political strength against rivals such as China and the United States, and it defines its borders with a single name, a single overarching political identity.

The Future of Brand Europe

It seems difficult to imagine a Europe with a homogenous cultural face, for a number of reasons. Firstly, there is no official lingua franca (and therefore no single media market big enough to support broad media output). As described, when we look at the EU as a whole, this has the effect of creating cultural ‘silos’ as cultural output is produced that is relevant to a local culture but unintelligible to the others.

Perhaps most importantly, there is no intention to create a single European experience; this is not what the European Union is for. Germans have no desire to become more French; the British no desire to become more Spanish. Had this been the case, many centuries of history, cross-border movement and geographical proximity would have made it so before the 21st century. Europe is a trading bloc,
and a political body unique in its acknowledgement, even its celebration of its diversity; it has multiple languages, fragmented histories, and various cultural paradigms; this diversity and fragmentation is a major part of its brand. Tourists from various parts of the world take vacations throughout Europe precisely to visit the various cultures.

While the EU has enhanced the movement of citizens across borders, there is no political or ideological intention to create a homogenous European experience. I acknowledge that there is a relatively large movement of people across borders, such as the many Britons who emigrate to France and Spain, and that these settlements do have a cultural effect, especially if the numbers of immigrants are significant in the make-up of smaller villages. However, despite these movements, Spain continues to remain Spanish, France is still France. The overall cultures of these nation states remain intact.

There are a number of facets of Europe’s brand that are in development because of changes in the world around it. Economics is probably the most visible aspect of this, with hard statistical evidence to illustrate the state of European economic influence on the rest of the world and the change in relationships it is building with other trading partners.

Whilst the EU is a larger trading force than the US and the Euro is a larger, more powerful currency, it also finds itself as a dominant world force in regulation of corporate behaviour; its long-running court actions against Microsoft being a good example. This combined with regulation such as the protection of citizens’ data (data
protection directives) (Europa.eu, (n.d.)(k)), it has the economic heft to impose consumer protections and social welfare priorities in the face of increasing globalized trade. As these protections and regulations are formed at the supranational level, applying equally to all nation states, it is difficult to see how they can be circumvented and therefore broken down. In this respect, Europe’s brand is fixed by legislation on the face of globalization.

As we have examined, arguments by neoliberal protagonists have stated that the most efficient model for competition in increasingly globalized economies has been the removal, or at least the significant reduction, of regulation by national governments. This theory has in many ways been contrary to the socio-economic environment of the EU. But far from being inefficient and anti-capitalist, Europe’s model of a more socialist form of economy, whilst still competing with other global economies, has interestingly been adopted in the recent global economic crisis, even if out of necessity rather than preference. State nationalization of private corporations brings with it the implications of the state owning the means of production, a basis of socialism, so its implementation has been shunned by economies such as the US. However the recent global economic crisis has meant that the US and Government had to effectively nationalize part of Citibank, becoming its largest shareholder, as well as, together with the Canadian Government, nationalizing General Motors with a majority ownership in the reincorporated company (Kuhnhenn, 2009). The UK, having previously had its own objections to state intervention had to nationalize the whole of the bank Northern Rock to prevent its collapse as well as offering bailout funds to eight other financial institutions (The Telegraph, 2008).
Although not covered specifically in this thesis, the global economic crisis is an example of how a degree of state intervention, if only in the form of greater regulation, can be beneficial to market economies. In an atmosphere of panic and in a situation with limited time and options, economies ranging from the very laissez-faire United States, deregulated radically under a Republican government, and those more socialist such as France and Germany, saw the sense and necessity of allowing state intervention to rescue capitalist organizations for the benefit of all. Shunning state aid and embracing complete deregulation no longer made sense.

The economic crisis has forced the US to behave in a more socialist manner in the form of bailouts of banking institutions. For example government ownership of Citigroup (Keoun and Vekshin, 2009) means that for a period of time at least, a part of the banking industry was nationalized in order to protect the domestic economy. This is considered a move of necessity rather than ideology, especially in the United States, but it illustrates the importance of regulation, the benefits of working with the state and that complete deregulation, or at least as close as these organizations in the banking industry came to it, is incapable of controlling its own interests and the larger interests of its customers, their broader economy and the governments charged with managing them; in short, the market simply cannot operate in a vacuum, independent of the government and social frameworks it operates within.

Economically speaking, the euro provides a larger economic bloc to increase the influence of the nation states within it. Despite protestations of minority political groups to pull out of the Euro, an idea that persists as long as political nationalist
sentiment exists, it is difficult to imagine the benefits to a single member state to remove its economy and go it alone. It is even more difficult to imagine the decades of economic and political integration involved with developing the Euro being unwound, let alone how the 16 disparate Eurozone economies would benefit from its dissolution.

In fact, as times have become more difficult during the crisis, the Euro has found favour in places that were unlikely 12 months previously. Iceland is an example where, because of its overall economic meltdown, has after many years made a formal application to join the EU (CNN.com, 2009). Iceland’s national character has historically given it an arms-length relationship with the Union, as its membership of the EEA will testify. In this call, a number of Icelanders see a future of economic stability when tied to a much larger economic entity, which also goes some way to explaining the enthusiasm to join the Eurozone by newer EU member states.

The hesitation to enter the Eurozone by the UK, and the use of its potential future membership as a political football, comes more from the standpoint of culture, its mixed relationship with the Euro such as its forced exit from the ERM on Black Wednesday and from its position of great economic strength in comparison to other member states. It could be said that as a nation it can afford to be indecisive about entry because political arguments, be they correct or otherwise, can be made about the potential economic liabilities of membership, whereas no such grey area of debate exists in a damaged economy like Iceland’s or a smaller, newer member state economy such as Slovakia’s.
Brand Europe, as a single political, legal and economic entity, is still very much in progress. It has taken many decades to develop, from two world wars, a cold war, regional conflicts, dictatorships, vastly differing political ideologies, alliances with superpowers outside its own borders, economic disruptions, developments and growth all happening concurrently with massive technological developments and the onset of the rapid integration with the rest of the world in the form of globalization. There has never really been a prolonged period of settlement where Europeans, nor the rest of the world, have had time to become accustomed to the idea of a united Europe and its implications for its citizens.

In this development there have naturally been growing pains, anxieties, political debates, concerns about the encroachment of European power, the affect of this power on national sovereignty, the interactions with former enemies, and the variations of nationalist sentiment that have resulted. There have also been economic concerns; the meshing together of former debt-laden economies of World War II victors and its formerly poverty-stricken losers is one of them. Added to this is the integration of smaller economies that have had their own massive and rapid growths from former communist states to modern market economies, and the national anxieties of handing over well-functioning sovereign economies to an enormous conglomerate of national economies managed centrally from a central bank that is, for most of the population, outside their national borders. This anxiety still persists to this day in nations such as the United Kingdom, a nation which has political, social, historical and perhaps slightly xenophobic reasons for not participating.
Because of these teething pains, Brand Europe is not one that is still not entirely understood by Europeans, as the rejection of the European Constitution illustrates, and it may not be understood for some decades. But regardless of these disputes and anxieties, Brand Europe was created by some external political or economic force, it was created, very deliberately and specifically, by the people and the cultural attitudes that make Europe’s brand. It was created from the bottom up, not the top down. It seems that Europe does have a brand, one created over hundreds of years of cultural and social development, not by a new flag or a decade-old integrated monetary policy. However as to the question of its precise definitions and limitations, the experiment is still continuing.
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