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THE EURO CRISIS 2010–2014 THE CHANGING ROLE OF THE EUROPEAN COMMISSION

Discourse Analysis of the Commission's Policies and Communication during the Years of the Sovereign Debt Crisis, and the Impact of the Debate on the Future of European Integration

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ABSTRACT

This paper first analyses the historical context of the creation of the European Monetary Union and the unstable political and economic situations in Portugal, Italy, Ireland, Greece, Spain and Cyprus in the run-up to the euro crisis that made them the epicentre of economic and social turmoil. Second, the thesis focuses on the historical context, structure and communication of the Barroso II Commission and briefly introduces the European Union media in Brussels and its link to member states. Using an argumentative discourse analysis, the empirical analysis focuses on defining the discourses that illustrate how, when and why the European Commission's role changed during the years of the euro crisis, 2010–2014, and what the impacts were of its transformation. The hypothesis of the study was that the evolving and strengthening role of the Commission had a long-standing impact on the debate about the future of European integration. The study is an interdisciplinary analysis drawing on both political science and political history.

For the study, an analysis was conducted of statements and speeches given by the Commission's representatives, with the aim of reviewing the institution's communication in relation to the wider social contexts in the crisis countries. The main fundamental questions were raised by statements concerning supranationalism, moral hazards, austerity, sovereignty, lack of democracy, lack of a European public sphere, the legitimacy and justification of the actions taken and the existence of the euro as such. These fundamental questions and discussions are framed within the wider discourses on trust, power and solidarity.

The study concludes that the role of the Commission evolved remarkably, becoming more political in both its behaviour and communication. The Commission became an inseparable part of macroeconomic policymaking in the euro area. As a result, most decisions on the euro area's economic governance came to depend on the Commission that also designed and implemented new euro area procedures. The Commission was deeply involved in national economic policies as a coordinator and supervisor in the financial sector. The Commission's authority in setting the agenda and in the implementation of crisis-related measures, along with its role as an advisor to member states on economic governance, increased its status as a political and supranational institution.

KEYWORDS: euro, euro crisis, euro area, European Union, European Commission, solidarity, power, distrust

TURUN YLIOPISTO
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TIIVISTELMÄ

Tämä tutkimus alkaa analysoimalla Euroopan unionin talous- ja rahaliiton rakentumisen historiallista kontekstia sekä poliittisesti ja taloudellisesti heikkoa ja turbulenttia tilannetta Portugalissa, Italiassa, Irlannissa, Kreikassa, Espanjassa ja Kyproksella, jotka olivat vuonna 2009 alkaneen euroalueen talouskriisin keskipisteessä. Seuraavaksi tutkimus analysoi Barroso II -komission historiallista kontekstia, rakennetta ja viestintää. Tässä yhteydessä esitellään lyhyesti EU-media Brysselissä sekä sen yhteydet jäsenvaltioihin. Käyttäen menetelmänä agumentatiivista diskurssianalyysia tutkimuksen empiirinen osio keskittyy analysoimaan määriteltyjä diskursseja, joiden narratiivien avulla kuvataan miten, milloin ja miksi komission rooli muuttui eurokriisin vuosina 2010–2014 ja mitkä olivat muutoksen vaikutukset. Tutkimuksen hypoteesi on, että Euroopan komission kriisin aikana vahvistuneella roolilla oli pitkäaikainen vaikutus keskusteluun euron asemasta ja EU:n tulevaisuudesta. Tutkimus on valtio-opin ja poliittisen historian poikkitieteellinen tutkimus.

Tutkimus analysoi komission lausuntoja ja puheita narratiivien löytämiseksi ja keskeisten diskurssien määrittelemiseksi sekä tarkastelee sen viestintää suhteessa laajempaan sosiaaliseen kontekstiin kriisimaissa. Narratiivien keskeiset teemat koskivat ylikansallista päätöksentekoa, moraalikatoa, budjettikuria, itsemääräämisoikeutta, demokratian ja eurooppalaisen julkisen tilan puutetta, tehtyjen toimien legitiimiyttä ja perusteluja sekä euron olemassaoloa. Nämä perustavanlaatuiset kysymykset määritellään tutkimuksessa laajempien luottamusta, valtaa ja solidaarisuutta koskevien diskurssien alle.

Tutkimuksen johtopäätöksenä todetaan, että komission rooli kehittyi merkittävästi kasvaen poliittisemmaksi sekä päätöksenteoltaan että viestinnältään vuosina 2010–2014. Suuri osa talouspolitikan uudistuspäätöksistä riippui komissiosta. Sen rooli uusien euroaluetta koskevien menettelyjen suunnittelussa ja toteuttamisessa oli keskeinen. Komissio koordinoi kasvavassa määrin myös kansallista talouspolitiikkaa, tarjoten tukea rahoitusvakaudelle ja valvoen rahoitussektorin toimintaa. Komissio alkoi myös antaa suosituksia ja toteuttaa tarvittaessa korjaavia toimenpiteitä talouskriisin hallitsemiseksi euroalueella. Komission aloiteoikeus, rooli agendan määrittelijänä ja täytäntöön panijana sekä toiminta neuvoa- ja suosituksia antavana elimenä olivat tekijöitä, jotka lisäsivät sen asemaa poliittisempana ja ylikansallisena instituutiona kriisin aikana.

AVAINSANAT: euro, eurokriisi, euroalue, Euroopan unioni, Euroopan komissio, solidaarisuus, valta, epäluottamus

Acknowledgements

Over a decade since the beginning of the crisis, the European Monetary Union is still not complete and resilient enough to survive future economic turmoil. The question of European sovereignty fuels the debate and divides countries and politicians. At the time of writing these lines, I have been sitting at home for almost a full year and counting, working remotely from our spare bedroom and using my weekends and holidays for this thesis. The COVID-19 pandemic is still in its acute phase, and we have only a bleak idea of the upcoming economic struggles as the world tries to recover from this crisis. The European Union's (EU's) unanimity has been tested once again, and the old wounds and dividing lines have been decorating the newsstands, reminding us of decades-old discussions about solidarity, the role and power of the Commission and trust. Member states have closed their borders, and the aftermath of the negotiations on the economic rescue package has been characterized by each country's claim on their fair share. While Europe is yet again consumed to the core by an acute crisis, structural reforms for the long-term viability of the Union are lagging, and the European Central Bank's role and actions are again being debated. There is still no European public sphere. Even the EU elite are struggling to find a replacement for their economic bible, the British *Financial Times*. Analysing changes in the EU institutions while writing this thesis in the heart of the European Union in Brussels and looking at the EU as an outsider working in the private sector, I have understood that perhaps the EU finds in its diversity both its strengths and weaknesses.

The idea for this study was born before I introduced it to my supervisor, adjunct professor Kimmo Elo, in 2017. I worked from 2014 to 2020 in the Commission as a temporary agent and political adviser, serving the vice-president of the Commission and the president's in-house think tank (the EPSC). Changes in the institution during the Juncker Commission aroused my interest in more deeply understanding the root causes of the euro crisis and the role of this powerful EU institution, which does not have the direct approval of EU citizens as a basis for its authority. I had studied EU integration as part of my bachelor's and master's studies at University of Helsinki and Leipzig University in Germany, and I had given lectures on the European economy and the future of Europe at several universities, including Harvard. I had

also been a candidate in the European Parliamentary elections in Finland in 2014 and in 2019, in addition to having been part of the party leadership in one of the biggest parties in Finland, the National Coalition Party. Studying the evolving role of the Commission during the years of the euro crisis appeased not only my academic curiosity but also my long-term interest in the development of European integration, particularly from an economic point of view.

This path that took me through the digital archives of the Barroso II Commission speeches and statements, media outlets of different EU countries and reflections and opinion pieces in international media strengthened my belief that creating a genuine European public sphere is required if sustainable public acceptance and support for European integration is to be built. As I mention in my conclusions, the euro crisis has shown that when the goal of the EU is to quickly implement reforms, as during the euro crisis or the COVID-19 pandemic, wider public recognition is more an impediment than an accelerator. Transatlantic trade negotiations (TTIP) are another good example. The lack of Europe-wide media fragments argumentation and ties discussions on the EU to national and local political battles. One of the findings of this study is that it supports the argument that the EU is reforming itself through crises. My conclusions add to this observation a new dimension by pointing out that these reforms are completed most efficiently when done quietly. Democracy, however, dies in darkness, and in the case of the European Union, trust perishes in silence.

I would like to express my sincere thanks and appreciation to my instructor and supervisor, senior researcher at the Centre for Parliamentary Studies, adjunct professor Kimmo Elo, who has tirelessly given me academic guidance, enlightened me with most relevant counterarguments and who also shares my passion for researching the European Union. My enduring gratitude for their invaluable instructions go to professor Louis Clerc, assistant professor Markku Jokisipilä and adjunct professor Heino Nyyssönen.

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through the dark clouds. I would also like to thank all my dear friends and colleagues, who had the patience to listen to my journey of finalizing this chapter in my life. Work for a better-functioning European Union continues.

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Aura Salla

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1 Introduction

The euro crisis was not just a financial crisis but a group of interrelated multi-year debt crises, as well as political turbulence, that fundamentally changed the policies and politics of the European Union (EU). The crisis was the result of a sequence of events, each with its own triggering mechanism, that led to a near collapse of the banking system. Global financial crises spread across Europe in 2009 and hit the common currency area to the core when the EU recognized that one of the euro area member countries, Greece, could default on its debt. And it was not the only member state facing deep economic and financial difficulties. In 3 years, the crisis had escalated to the point where there was the potential for sovereign debt defaults in several euro area countries, particularly in Portugal, Ireland, Italy, Greece, Spain and Cyprus. In these member states, there were several factors contributing to the escalation of the crisis: governmental fiscal policies related to state revenues and expenses, high public and private debt, an unhealthy banking sector, international trade imbalances and real estate bubbles. In addition, the common currency was not supported by a full-fledged monetary union that would have taken into account the member states' different economic and social models. The financial crisis in European states affected the financial conditions of European banks and holders of European debt all over the union and the world. Negative reactions not only infected European economies but contributed to the accumulation of distrust, feelings of injustice and inequality and people's negative opinions of the EU as a whole.

Even today, in 2021, the scars from the euro crisis have not fully healed despite a period of economic growth for all of the EU member states. Furthermore, there have been several new crises shaping the EU and its politics and policies. New turbulences seem to open the old wounds. Distrust and cleavage that developed during the euro crisis between so-called creditors and debtors remain profound, as does the division between sceptics, defenders and opponents of the euro area and the whole Union. After the COVID-19 crisis spread through Europe in the spring of 2020, questions of solidarity and cooperation within the EU were again voiced.

When talking about the EU, there are various actors to focus on. Based on previous studies, it can be said that the role of the European Commission (EC) evolved remarkably during the euro crisis, but it has not been the main focus of researchers (Bauer and Becker 2014; Haverland et al. 2018; Leino and Saarenheimo 2017; Warren 2018). However, although the EC is not one of the legislative institutions in the EU, its role as agenda setter and implementer is among the most crucial. The EC can be recognized as one of the power players in the EU's economic governance, and its evolving role makes it an interesting subject of study throughout one of the biggest crises the EU has faced since it was established. While the Council's role as an agenda setter can also be seen as significant during the years of the crisis, most decisions related to economic governance were dependent on implementation. This role and use of power are not typically highlighted, and this factor makes it even more interesting for a researcher. Was the EC´s possibly stronger supranational role developed in the shadows of intergovernmental crisis management? And can we find evidence from evolving discourses and trajectory building during 2010–2014 that the role of the EC was fundamentally changing, at least to some extent, alongside the evolution of the crisis?

Since the creation of the euro area, many member states have been in conflict with the financial guidelines laid out in the 1992 Maastricht Treaty (the Maastricht criteria), which established the EU, together with the first principal Treaty, the Treaty of the Functioning of the European Union, or the Treaty of Rome (1958). These requirements include the maintenance of annual budget deficits that do not exceed 3 per cent of the gross domestic product (GDP) and that public debt shall not exceed 60 per cent of the GDP. Greece joined the common currency in 2001, and as it was later seen, the country consistently topped the annual budget deficit limit. The lack of any actual punitive enforcement mechanism meant that countries had little incentive to abide by the Maastricht guidelines, and these were the restricted premises where the crisis was built.

The situation and ground where the international financial crisis landed in Europe was significantly distinct from country to country. Each of the so called PIIGS countries—Portugal, Ireland, Italy, Greece and Spain—succumbed in turn to a crisis brought about by different things: slow economic growth in Portugal and Italy, a shattered domestic banking sector in Ireland, ineffective tax collection and an undeveloped public sector and economy in Greece and the burst of a housing bubble in Spain, among other factors. They all presented a threat to the survival of the euro, and for that reason, they have been selected as the subjects of research in this study. In Greece, the crisis also mounted to become a long-term political crisis. In Cyprus, the crisis hit the worst in 2012–2013. It was an economic crisis caused mainly by problems in the banking sector, which was overloaded with loans from local property companies. The Greek government debt crisis also critically affected Cyprus, and in addition, the Cypriot government's bond credit rating was downgraded to junk status by international credit agencies. As also happened in most of the crisis countries, Cyprus could no longer secure lending from the international markets. (Brunnermeier et al. 2016, 9–10, 181–182; Pisani-Ferry 2011, 17–18, 95–96)

Joseph Stiglitz argued in his book *The Euro and Its Threat to the Future of Europe* (2016) that there are three different explanations for why the euro failed: (i) the failings of individual countries, (ii) the failings of politicians and (iii) an insufficient design of the common currency. Stiglitz favoured the third option (2016, 6–8). The obstacles that the EU and the euro area were—and still are—facing had mainly to do with its competences and political will as well as unanimity. When it comes to EU decision-making, the will to act does not always help to overcome shortcomings due to the way the Union is designed.

One of the fundamental problems with the euro was that it removed the exchange-rate adjustment procedure. Compared with the US dollar, in which the procedure was adopted to eliminate the valuation effects arising from movements in exchange rates from data expressed in a common currency, the absence of this possibility for the euro was not replaced with anything else. The euro area countries ended up borrowing in a currency that was not under their control, and the financial stability was unbalanced by countries with a significant surplus, such as Germany. In addition, when the institutional setup could not prevent the decimation of the banking system, the contamination that occurred with the crisis became inevitable. (Stiglitz 2016, 272–296)

Based on previous studies (Holst and Moodie 2015; Picard 2015b; 2015a; Spanier 2012) communication of the crisis by the EU institutions was interpreted differently in national media due to a wide variety of background knowledge and lack of understanding about how the EU actually worked, as well as the widespread inability to distinguish between the various institutions and actors. The media has a tendency to focus attention on certain events or issues—in this case, the euro crisis—and then place them within a framework of a specific purpose. During the years of the crisis, media reactions and public debate were not only concerned with the economy of the euro area but induced much wider debates on the existence of the common currency, the role and power of the EU institutions and questions around topics such as moral hazard and sovereignty. One telling example used by Hepp et al. in their study 'The Communicative Construction of Europe' (2016) came from the *Financial Times* 26 June 2012, where an article by Peter Spiegel claimed that any EU country giving their fiscal sovereignty away without democratic legitimacy was asking for trouble. The wider analysis in Hepp et al.'s study concludes that, particularly in the context of the euro crisis, the blame was put on not only political and economic actors but also on entire nations. The scope of the crisis escalated some fundamental questions around the justification of the EU.

EU institutions such as the EC played important roles not only as policymakers but also as communicators of the evolving crisis. On the receiving end, the European media had a central role in shaping public perceptions of the crisis. In this study, the aim was to review the communication of the EC in the years 2010–2014 in relation to the wider social contexts in the crisis countries. The purpose was to study statements and speeches given by the EC to frame discourses through which we can analyse changes in the EC's policies and communication that presumably reveal the changes in its role and public debate about the future of the euro area and the EU.

Reading into the history of the EU, the conclusion we can draw is that fundamental reforms in the EU have required a crisis or some culmination point. Implementing the reforms required strong characters and institutional leadership. Over 10 years since the beginning of the euro crisis, the Economic and Monetary Union of the European Union is still not complete and resilient enough to survive inevitable economic turmoil. The question of European sovereignty fuels the debate and divides countries and politicians. However, the reforms made during the euro crisis were significant, creating new levels of actors and decision-making in the EC, strengthening the role of the Eurogroup as a temporary use and creating the Troika that included the International Monetary Fund (IMF), the EC and the European Central Bank (ECB). The term 'troika' was used broadly during the crisis to describe a grouping of these three organizations to establish the conditions and monitor the use of financial assistance provided to the crisis countries.

Studying the euro crisis, it is essential to take into account the role of the Council, the IMF, the ECB and the Eurogroup. However, this study will focus on analysing the crisis from the EC's perspective. Referring to previous studies of the crisis, the EC played a core role in setting the agenda at the EU level, designing the new rules and instruments of the economic governance trying to solve the crisis and building a more stable economic environment, including shelters for the future. The role of the EC was emphasized due to the speed and unprecedented nature of the crisis. Its role has also been criticized as growing too strong during the years of the crisis, despite the member states having the legislative power to make those decisions. However, the EC had the staff and mandate to form and implement new proposals to the decision-makers in the Eurogroup, the Economic and Financial Affairs Council (ECOFIN) and the heads of the states, as well as being one of the key institutions in the European Troika. (Haverland et al. 2018, 329–33; Savage and Verdun 2015)

Communications from the EU institutions, including the EC, have been criticized in media studies and publications for being limited, overprotective and not enough tailor-made to member states' and their citizens' needs during the crisis (Haverland et al. 2018, 333–343; Holst and Moodie 2015). However, studies so far have not extensively covered the development of the EC's communication, together with its policies, over the course of the crisis and the impact on its role and overall evolution of the separation of powers and the debate around the fundamental questions on the future of the euro area and the EU.

Media reactions and reporting during the crisis took shape under tight schedules and with limited knowledge. The media relied heavily on anecdotes, and there was a clear lack of an overall picture explaining the social effects of what was happening, some of which proved to be irreversible. (Spanier 2012, 112–117) The politicians involved had to make decisions of an unknown character, without any precedents or assessments of long-term impacts. Uncertainty in policymaking is not uncommon and happens regularly, particularly in times of crisis. (Dijsselbloem 2018; Heazle 2016, 10–13, 34, 135; Minz 2004)

Here, the knowledge and information held by the EC during the crisis can been seen as a power asset in its role as a communicator. The financial crisis turned out to be a test case for not only the currency itself but also for the political institutions, rules and politicians governing them, as well as for the credibility of the euro area and the EU's entire existence.

The period from 2010 to 2014 can be seen as chronicling the most challenging parts of the sovereign debt crisis in Europe. From 2009 to 2014, the challenges in member states' public finances and economies were revealed and accumulated, causing instability and high-level risks in the whole euro area (Frankel 2015). Decidedly, the crisis did not accumulate and progress in different countries at the same time. For example, in the Irish case, the banking crisis had already hit in 2009, and in Greece, the crisis continued much longer than in other member states. However, when studying the role, policies and communications of the EC, the period 2010–2014 can be construed as the core time when the crisis escalated and evolved in the crisis countries and influenced policymaking and debate around the future of the EU.

When looking back at the years 2008–2014, the focus of decision-making during that acute period of the crisis was mainly on the immediate means of trying to resolve the banking, debt and currency crises. However, many political decisions made at that time had far-reaching consequences for not only the economies in Europe but also for the ways the Union reacts, acts and tries to adjust its discrepancies. The European constitutional project that reflects the ideas of the 'euro elite' who adhered to the concept of an 'ever-closer union' was, in many ways, out of touch with the reality of citizens trying to adapt their mortgage payments and find a job in an economic downturn and amid uncertainty. The EU institutions in Brussels are far from the reality in Greek villages. Nevertheless, in order to follow its own values by stressing the importance of free democracy, the aim of the Union should not be to bolster its communication to the elite but to shine a light on the processes and discourses that possibly gave more power to the undemocratic and supranational institutions of the EU—intentionally or not.

It can be argued that the EU lacked the competences to bring necessary harmonization to national economies during the euro crisis. However, building a more harmonized economic system would have required a treaty change, and following immediately after the ratification of the Lisbon Treaty in 2009, this option was not on the table. Jürgen Habermas, in his book *The Crisis of the European Union, A Response* (2012, 1–14) analysed the relationship between political power and law. In Habermas's view, constitutional states have transformed citizens into democratic national citizens. The establishment of international organizations like the UN and the EU has brought about new levels above national democracies. This development has not only stretched our idea of national sovereignty but also built new supranational decision-making institutions far from European citizens. Was this development an evolution and necessity in order to build peace and some sort of global order after the World Wars and during the acceleration of globalization? In the context of the EU's development, could there have been a way of doing this with the broader support and understanding of the opinions of European citizens? Mirroring previous studies, the euro crisis can be seen as a stepping stone to a deeper integration questioning the existing law and order in the EU without full transparency and the consent of EU citizens (Bauer and Becker 2014; Haverland et al. 2018). One of the aims of this study is to illustrate how this became possible by finding discourses that were formed through the narratives and policymaking—even politics—by one of the main institutions of the crisis, the EC. It is said that democracy dies in darkness, but deeper integration of the EU can be seen flourishing in its long shadows.

In this paper, I first discuss my studies of the historical context of the creation of the Economic and Monetary Union of the European Union (EMU) and the political and economic situations in the PIIGS countries and Cyprus that made them the epicentre of the economic and social turmoil. For this analysis, I used previous studies, academic articles and media publications. Second, I will introduce my research interests and questions and describe the discourse analysis I used as the method for this research. Third, I describe my study of the historical context of the Barroso II Commission and describe how it was structured and how it communicated. To understand the receiving entity or intermediary (the media) of the Commission's communication, I provide a short introduction of the EU media in Brussels and its link to member states. In chapter 4, I will also add a description of other key institutions: the ECB, the IMF and the Eurogroup, drawing on previous research on the topics.

For my primary source, I used the EC's agendas, press releases, speeches by the commissioners and other press statements published by the EC during 2010–2014. My aim was to understand the purpose of the EC's policymaking and communication during the selected time period. Why did the institution use the selected arguments, and who was the target audience the institution was trying to influence, and how? To frame the discourse, my aim was to categorize narratives and arguments with common denominators.

For the historical, political and social context, I studied background changes in the national politics via elections and changes in political (parties) and governmental power, along with shifts in decision-making concerning the management of the crisis. In addition to elections, I used opinion polls and Eurobarometers to study changes in public opinion, as well as consulting previous studies, academic articles and media publications, particularly in the PIIGS countries and Cyprus, but also international media articles (e.g. from *Financial Times*, Reuters, *Economist*, *Washington Post*) and publications in Germany.

Finally, I analyse the discourses defined in the study, aiming to find the determining denominators of how and why the EC's role changed and what the impacts were of the transformation. It is also relevant to find out if the EC's communication caused reactions in other actors involved in the EU, media or member states. However, the hypothesis of the study, made based on previous studies, was that the evolving role of the EC had a long-standing impact on the power balance of the EU and the debate on the future of European integration.

As a background, I served as a temporary agent in the role of political adviser in the EC from 2014 to 2020. I was hired to work in the cabinet of the newly appointed Commissioner for Economic and Monetary Affairs and the Euro, Jyrki Katainen, during the final months of the Barroso II Commission in August 2014 and continued in my role in the Juncker Commission in November 2014, when Katainen was appointed as Vice-President for Jobs, Growth, Investment and Competitiveness. Katainen is the former chairman of Finland's National Coalition Party (2004–2014) and Prime Minister (2011–2014). After serving as a member in the Katainen cabinet in 2014–2016, I moved on to work as a political adviser in Jean-Claude Juncker's in-house think tank, an advisory service supporting the President's and his cabinet's work, serving as a temporary agent until March 2020. One of the priorities I focussed on was the EC's white paper on the future of Europe. This period gave me first-hand and practical information, as well as an understanding of how the EC is structured and manages its daily work. However, my time in the Barroso II Commission was too short to understand all its overtones. For background used in this study, I have had engaging discussions with my former colleagues and my experience from the inside of the institution can be seen as an advantage for understanding the written and verbal nuances behind the political speeches and publications of the Commission I studied. This research focused on the years 2010–2014, before my time in the EC. After leaving the EC, I have had an opportunity to study the behaviour of the institution again from the outside. While I was writing this study, I was giving lectures at universities such as Harvard in the United States, École des Ponts Business School in Paris and the University of Helsinki, Tampere and Turku, with a focus on economics and the future of European integration. One of the aims of this research was to reach the root causes of one of the most revealing crises the EU has faced thus far and understand the role of the agenda-setting executive body of the Union, the EC.

2 Historical Background of the Crisis

The creation of the common currency was not a short-term project. It required years of preparation. The crisis encouraged the member states and EU governing bodies, including the EC, to undertake several reform steps. Because the crisis had its origins in member states and the reforms required mainly unanimous decisions by the member countries, understanding the situation during the Barroso Commission can only be achieved if the historical background is explained. To understand the historical trajectory and complexity of the project, it is key to analyse member states' economic situations because the euro was created without integrating the wider economic policies of the member states.

The euro crisis cannot be profoundly studied without also turning the focus to the member states. The Greek crisis was the longest and most difficult crisis the EU had faced, lasting more than 8 years. As a result of the combination of high public debt and banking troubles, several EMU countries had to ask for external assistance, creating a series of different types of crises. In the initial phase of the crisis, there was a lot of speculation on the perspective of countries in trouble leaving the euro area. (Howarth and Verdun 2020, 288) This created more political and economic pressure to secure the common currency as well as European integration as a whole.

The economic and socio-economic benefits from being part of the EU and euro membership have been questioned and studied throughout the existence of the integration. Campos et al., in their study 'Institutional Integration and Economic Growth in Europe' (2019, 89) concluded that the benefits of different member states through joining the EU have been analysed to be generally positive and widespread. However, as their analysis unsurprisingly describes, there is heterogeneity across the different member states. In addition, it is not easy to calculate and analyse direct and indirect benefits, and there has also been quite a bit of variation in the time, economic situation and institutional and political circumstances of the countries joining the EU.

2.1 Creation of the EMU

Jacques Delors became the EC President in 1985. As a former finance minister in France, he had fought to get the French left to resist inflation and brought the country's economic policy closer to Germany's. This was a vital development for the creation of the EMU, as was the political background and weight Delors brought to the EC. After becoming the president of the EC, Delors pushed the EMU towards the EC's agenda, despite resistance from the UK's Prime Minister Margaret Thatcher. At the heart of Delors's agenda was the establishment of the European Single Market. The EMU commitment was inserted in principle into the Treaty framework with the Single European Act and the Delors package of 1988. In 1989, the Delors Committee (set up in 1988) finished its work on a report that provided the basis of technical legitimacy for the EMU and the framework for new Treaty negotiations. The Delors Report was submitted in April 1989, following approval from the EC. It delineated three conditions that had to be fulfilled in order to create the European Monetary Union: the establishment of the free movement of capital, full and irreversible convertibility of national currencies and irrevocable fixed exchange rates between them. These steps would precede the adoption of a single European currency. In addition to setting out these measures, the report also defined the transfer of sovereignty some of the acts entailed. Implementation of the Single Market required some unification of structural and regional policies between member states, but harmonization of economic systems and fiscal and budgetary policies was largely left undone. The bedrock of the common currency was built without the support structures or proper intentions to unify the different social and economic models of the countries that would participate in the EMU. (Chang 2016, 13–16; Dyson and Featherstone 1999, 691–746)

After decades of discussion about how an economic and monetary union could be created, the agreement was signed by European leaders in 1992 in Maastricht. In the long and arduous negotiations leading up to the creation of the euro, historians have recognized the significance of Germany's agreement in return for France's acceptance of the reunification of Germany. (Stiglitz 2016, 6) For its advocates, a common European currency was also seen as a way to support peace and an ever-closer European integration. The common currency required some new permanent legal and institutional features to function. Following the Treaty of Amsterdam and succeeding the European Monetary Institute (EMI), which was formed to handle transitional issues related to adopting the common currency and adoption of the European System of Central Banks (ESCB), the ECB was created in 1998. Since its founding, the ECB's primary task has been to maintain price stability and safeguard the value of the common currency. Price stability is defined by the Governing Council as inflation of under or close to 2 per cent. The European Council also approved the creation of Eurogroup, an informal body bringing together the finance ministers of euro countries. The first Eurogroup meeting was held 4 June 1998 in Luxembourg. (Dyson 2000, 11–65; Puetter 2006, 54)

However prominent a symbol of European integration the common currency was, it did not narrow the economic and political diversity of participating member states. Despite some scepticism, the EMU became reality in January 1999 with a group of 11 EU member states adopting the euro for financial transactions and later replacing their national monetary units with the new common currency. Euro coins and banknotes were launched 1 January 2002 in 12 EU countries. For countries such as Germany, that were in a strong economic position and acted as creditors in international financial markets, the appeal of building a monetary union lay in the idea of depoliticizing the adjustment process. For weaker countries, the main attraction was the credibility enhancing mechanism of the euro that would lower their national borrowing costs. The EMU began in the aftermath of an era of capital market liberalization. In terms of capital movements, the euro's creation allowed account imbalances to build up on a much larger scale. After a diverse debate on whether a monetary union without convergence of fiscal or budgetary policies would be durable, Europe's policymakers were convinced that a monetary union would still help to avoid risks of periodic crises and instability in member states that could threaten the EU's developing internal market. Price stability was built into the EMU as one of the main objectives of the ECB. However, a common fiscal policy has still not been agreed upon in the euro area. (Chang 2016, 5–10; Harold 2012)

Following the establishment of the EMU, the ECB was tied to equal treatment of all bonds issued by member states. The involvement of monetary authorities in government finance was forbidden by the articles of the Maastricht Treaty, which prohibited the ECB from buying member states' government bonds. This was a crucial part of the no-bailout idea written in the Maastricht Treaty (Article 104/1 of the Maastricht Treaty, Article 21 of the ECB statute, and Article 104/1 of the Lisbon Treaty). In comparison, the mandate of the US Federal Reserve involves measures for dealing with unemployment, growth and economic stability. Although the single currency requires a fixed exchange rate and a single interest rate, taking into account the economic diversity in the euro area, there should have been support systems and institutions in place before launching the euro (Stiglitz 2016, 8). One of the lessons learnt from the crisis is that some flexibility in rules is needed when navigating in such a diverse environment (De Grauwe 2016, 233). However, the currency area's founding principles and governing rules should not have been flexed without an understanding of their consequences.

One of the root causes of the euro crisis had built in November 2003, when, in order to counter recession, France and Germany suspended their implementation of the Stability and Growth Pact that set clear limits for member states' budget deficits and national debt levels. The two biggest countries of the euro area got their way: EC President Romano Prodi called the Pact 'stupid', and the European Council agreed not to put forward the deficit procedure against them, even though this was in clear violation of EU law. Afterwards, in 2005, the disciplinary mechanism was softened, and many processes became discretionary. New procedural provisions made it more difficult to take action against non-compliant member states. (Bordo and Harold 2013, 21, 22; European Council 2005)

The overall ratio of foreign debt in euro member states increased rapidly after the introduction of the common currency. In 2008, half of Spanish and Greek debt, three-quarters of Portuguese debt and over two-fifths of Italian debt were held by foreigners. Also, a remarkable amount of debt was held by banks, particularly the debt of Greece, Portugal and Italy. Despite this increased exposure of European banks to risks in other member states, no adequate provision for banking regulation and supervision existed. As with fiscal policy, this was left under the responsibility of rather diverse national authorities. The increased ability for international borrowing supported by trust in an implicit government backstop stimulated economic growth in countries like Greece, Spain and Ireland. Although there were concerns about asset price inflation, again, there was no EU-level mechanism for controlling the explosive growth of bank credit. The bank expansion was finally reversed when government debt management no longer looked credible after global financial turbulence hit Europe in 2008 and political turmoil started in Greece after elections in October 2009. By that time, it was too late to make fundamental changes to the rules and principles governing the EMU in order to avoid a full-blown financial, economic and political crisis. (Bordo and Harold 2013, 22, 24; Chang 2016, 34–49)

2.2 Economic Fall and the Political Situation in the PIIGS Countries and Cyprus

The term PIIGS countries was often used in a derogatory sense to describe the group of euro countries with the weakest economies during the crisis. As a term, PIIGS can be seen as offensive and feeding into the divisive narratives cultivated during the crisis. The acronym ‘PIGS’ originated in reference to the economies of Portugal, Italy, Greece and Spain—all southern European countries. The crisis added Ireland to this group of those unable to refinance their public debt or bail out over-indebted banks on their own. After the adoption of the common currency in 1999, profits on government sovereign debt issued by individual member states began to converge. This meant that financial markets perceived the risk of lending to countries like Ireland or Greece almost the same as lending to Germany. When the global financial crisis began to emerge during 2007 and 2008, it became clear that some countries had used their increased credibility in the financial market to substantially expand their borrowing. In the run-up to the crisis, almost all euro area countries were violating the currency area’s deficit-to-GDP requirement at some stage. It eventually became clear that PIIGS countries could not have made the necessary corrections without EU–IMF bailout packages. (Godby and Anderson 2016, 75–121)

The PIIGS countries and Cyprus were selected as the main research subjects of this study to provide material and examples for the analysis of the evolving role of the EC. Based on previous studies and the body of literature, the national politics of the crisis countries were fundamentally shaping the broader debate and development of the euro crisis as a whole (Bastasin 2012; Conti et al. 2018). In addition, it is paramount to compare the developments in those countries hardest hit by the crisis to the reactions of the so-called creditor countries such as Germany, France and the northern states, including Finland. When the public backlash occurred, it took the form of rejection, particularly in the PIIGS countries and Cyprus. What made the euro crisis so fundamental was that it was not only an economic crisis but also a crisis of social instability and European solidarity and a crisis that ultimately questioned the existence of the common currency and unity of European integration. Increased social tension was a consequence of increased unemployment and untenable levels of household debt. On top of the personal suffering of citizens, widespread bankruptcies further eroded political stability in Europe.

The EU needed to build a roof over a leaking shelter in the middle of a storm. Dangerously, the European elite also blamed democracy itself for the difficulties of making European cooperation work. Already before the euro crisis, Luxembourgish Prime Minister and former Eurogroup chair Jean-Claude Juncker had famously stated that ‘we all know what to do. We just don’t know how to be re-elected once we’ve done it’ (the *Economist* 2006). By using as a main source for this study the media outlets in the PIIGS countries and Cyprus that covered the development of the crisis, my aim was to understand and shed light on the role of one of the most undemocratic of the EU institutions, the EC, in governing the crisis in the shadow of elected politicians. For background, in this chapter, I will set the historical context of how the crisis developed in the PIIGS countries and Cyprus and what brought these countries to the centre of the blame game seeking culprits for the crisis.

2.2.1 Portugal

The Portuguese economy was in serious trouble quite some time before being severely hit by the global financial crisis. Serious macroeconomic imbalances were obvious in terms of both persistent large external deficits and budget deficits. Portugal also experienced low rates of economic growth, and the country was missing any factor productivity for a long period (Laffan 2014). We can point to several chronic problems that hampered the Portuguese economy in the time just before the crisis hit. The human capital investment and different skills available in the Portuguese labour market were both low. There had been no real investments in education in the country for a long time. Portugal had one of the lowest rates of educational achievement in comparison to other OECD countries. That translated into low productivity growth. (OECD 2014)

National elections in Portugal were held in September 2009. The Socialist Party, led by incumbent Prime Minister José Sócrates, lost the overall majority the party had gained in 2005 but won the greatest number of seats and ruled the second government. The fact that the country was facing high public deficits and growing debt, as well as a lack of competitiveness, overshadowed the negotiations. Sócrates's political aim was to modernize the economy, from low-cost manufacturing to more knowledge-based industries. However, at the same time, Portugal was entering a period of hard financial turmoil, and new austerity measures became a necessity to stabilize the economy. (da Costa Cabral 2020)

Portugal did not have a housing boom like Ireland and Spain or an uncontrolled increase in public debt, as in Greece. Politically, the country was more stable than, for example, Italy. The particular failure of the economy in Portugal concerned the allocation of capital, and an increase in taxes led it to collapse. At the same time, there was a large amount of external debt. Banks in Portugal were at the centre of the capital flows, and that is why they were the most affected by the capital reversal. In 2010, they accounted for approximately half of the net foreign debt. As part of the Troika package, three of the four largest banks were recapitalized with public funds. Two features of Portuguese banks were shared with other European banks, but not with American counterparts. The principal Portuguese banks are big when compared to the size of the economy. As a result, when a severe banking crisis occurs, the already revenue-strapped government's ability to rescue the banks comes seriously into question. (Reis 2013, 32)

Looking at times before the crisis escalated, Portugal had failed to modernize its economy. The root causes of Portugal's initial imbalances and need for assistance were the low GDP and low productivity for more than a decade. In the country, there were high levels of household, corporate and public debt. This, together with subdued implementation of structural reforms, created the long-term problems that were revealed after the crisis spread in Europe. Rating downgrades and deterioration of confidence provoked rates incompatible with long-term fiscal sustainability. The banking sector lost access to international market financing and became reliant on the rest of the euro area for funding. (DG ECFIN 2009–2014; European Commission 2009–2014; Pisani-Ferry 2011, 51, 53)

The *Economist* published an opinion piece on 22 April 2010 whose anonymous author stated that at that stage of the crisis, it was important 'not to be like Greece' and pointed out that Portugal, in particular, was trying to persuade markets that it was doing better. As the paper analysed, Portugal's biggest problem was not primarily fiscal; it was lack of growth. Although Portugal had avoided a disastrous property bubble burst like what occurred in its neighbouring country of Spain and in Ireland, its competitiveness had dropped tremendously since it had joined the euro area. The country had lost export market share to the new member states and emerging economies that produced similar low-value products as it had. In Portugal, labour costs had risen, as had household and public debt. Also, heavy bureaucracy, a poor education system and inefficient courts, as well as a strong employee-protection regime, were holding back the Portuguese economy. It did not help that the economy was served by badly planned labour market institutions, particularly those related to job protection and wage setting. Portugal's sovereign bond rating was cut in the summer of 2010, and the country's economy was set to enter a painful process of competitive disinflation. Increased public spending in Portugal and reduced public revenue made access to international financial markets increasingly difficult. (OECD 2014)

In March 2011, Prime Minister Sócrates resigned after the Portuguese parliament rejected the fourth austerity package proposed in a single year. There was a snap election held in June. The centre-right Social Democratic Party (PSD) won most of the seats, and the party leader, Passos Coelho, formed a coalition government with the People's Party (CDS-PP). In the same month, the EC emphasized that the structural reforms Portugal had committed would strengthen Portuguese macroeconomic policies and support sustainable growth. The EC warned that it would be closely monitoring the reforms, but the tone was trusting, and the notion that Portugal's commitment seemed strong was clearly a relief to the institution (European Commission 2011b). By the end of March 2011, 10-year interest rates in Portugal were at 7.8 per cent and the country's economy shrank 0.7 per cent from the previous quarter. However, the banks were reporting serious difficulties getting international funding, and the prime minister asked for external assistance from international partners. The Troika approved a memorandum of understanding with the Portuguese government in May in exchange for a rescue loan. (Reis 2013)

In April 2011, Portugal requested financial assistance from the EU, euro area countries and the IMF. It became the third euro area country to do so, after Greece and Ireland. An economic adjustment programme was negotiated in May 2011 by the EC, the ECB and the IMF with Portuguese authorities. The agreement on the programme was adopted on 17 May 2011 at the Eurogroup/ECOFIN meeting. The memorandum covered the period from 2011 to mid-2014 and included a joint financing package of 78 billion euros. It was clear that Portugal needed to enact reforms to reduce the public debt and deficit, promote growth and jobs and improve competitiveness and to ensure the stability of the country's financial sector. The financial sector strategy introduced was based on recapitalization and deleveraging. It included efforts to safeguard the financial sector against disorderly deleveraging through market-based mechanisms supported by backstop facilities. The institutions welcomed all three pillars of the program: tackling youth employment and creating jobs, introducing a set of ambitious fiscal measures and ensuring the stability of the financial sector. (European Commission 2011b; European Commission 2019e)

In Portugal, the main pressure was to strengthen public financial management and to ensure that fiscal performance remained on track. Also, the banking sector was still vulnerable, and it was crucial to permanently eliminate funding imbalances. Opening the market and reducing the public sector involvement in private sector activities were also emphasized by the institutions (European Commission 2011q). In the note, there was mention of labour market reforms, but the statement did not highlight the people's perspective as strongly as in other crisis countries, such as Ireland, at that stage.

Later in 2011, Portugal's major banks were still facing challenges in strengthening their capital position, and there was a need to speed up the structural changes to remove bottlenecks that were holding the economy back. The main challenge was with the large fiscal correction in 2011, and the 2012 budget reinforced the credibility of Portugal's front-loaded fiscal consolidation strategy. (European Commission 2012e; Sandbu 2015, 106–107)

According to the studies and analyses of the Portuguese crisis, the Troika's adjustment programme was successful in economic terms and necessary in many ways, and Portugal pushed through many structural reforms needed to move out of the crisis. However, the results in terms of increasing employment are seen as rather disappointing. The effectiveness of measures to decrease labour costs in order to restore competitiveness was limited by problems in implementing the planned fiscal devaluation. Severe macroeconomic imbalances and dysfunctional labour market institutions impaired the Portuguese economy's ability to cope with the consequences of the 2008 global financial crisis and the euro crisis that followed, delaying the country's recovery. High social costs of the crisis, together with a significant loss of workplaces, resulted in massive long-term unemployment in Portugal. The depth of the recession was amplified by the inability of the country's labour market to weather economic downturns with limited social costs.

2.2.2 Ireland

Irish politics has remained dominated by two political parties. Historically, Fianna Fáil has been the country's largest political party, and it has dominated the government since the 1930s. Sinn Fein, Labour, the Greens and the Progressive Democrats are the other significant parties. After the national elections in May 2007, the Fianna Fáil party came back to power in a coalition government with the Greens and Progressive Democrats for a presumptive five-year term. Party leader Bertie Ahern became the prime minister. Under pressure from allegations of personal financial irregularities and ethics violations along with increasing stress in the Irish economy and financial markets, Ahern resigned as the prime minister and party leader in May 2008. Deputy Head of Government Brian Cowen was elected by the Fianna Fáil party as the new party leader, and Ireland's president appointed Cowen the new prime minister. (Walker 2019)

Ireland quickly became a victim of the global economic downturn after the turbulence in the global market began. Ireland was particularly vulnerable to the global financial crisis and euro crisis because of the housing bubble that had been inflating at an alarming rate for almost a decade. The build-up of large private sector imbalances related to a real estate boom and the financial sector, and the banks were the prime cause of the crisis. Quickly increasing public debt was the consequence of the severe banking crisis and recession. (Mayer 2012; Peet and La Guardia 2014) Banks all around the world stopped lending money to others, and credit dried up. Irish banks had lent remarkable sums of money, much of it to housing developers, leaving the banking system exposed when credit was no longer granted. That led to a situation where the risk of non-repayment of property loans made by the banks became suddenly unsustainable. During the housing bubble, the balance sheets of Irish domestic banks had grown through property lending to four times the country's GDP. The scale and impacts of the Irish banking crisis was comparatively larger than in other countries. As the crisis spread across other euro area member states, governments came to the rescue of their own countries' banks with urgent support on an unprecedented scale. (European Commission 2014c; Mody 2018;)

A total of 4.5 trillion euros were committed to saving the banks between 2008 and 2011. This prevented the banks from collapsing and protected people's savings. It also helped the euro currency maintain its value. (European Commission 2014c) However, as Martin Sandbu also described in his book *Europe's Orphan: The Future of the Euro and the Politics of Debt* (2015), it created a problem for the money used to protect banks to be borrowed from other member states, and by late 2009, the most exposed euro area member states, like Ireland, began to have problems maintaining the debt. The most cross-border loans and the largest current account deficits were in Greece, Cyprus, Portugal, Spain and Ireland. These were also the countries that ended up receiving rescue packages from the rest of the euro area. (Sandbu 2015, 40–41) The crisis turned to a sovereign financial crisis, and banks reduced their lending to businesses and private households. This led to high levels of unemployment and increased hardship.

The State of Ireland had become heavily dependent on housing taxes, which disappeared with the bursting of the property bubble. The sovereign debt in Ireland was aggravated by a blanket bank guarantee given by the State to relieve fears of mass deposit withdrawals and collapse. The increasing deficits and debt meant the financial markets lost confidence in Ireland's ability to maintain credit. This made it difficult for Ireland to borrow money at sustainable rates. (European Commission 2014c; Mayer 2012) The ripple effects were felt in other parts of the economy, and the crisis hit the country widely.

The real worry at this stage was that Greece would default and signal the market that it could not honour its commitments. This would have put the entire euro area in a different position and send fear to the bond markets that there could be a domino effect to follow. This would most likely have raised the borrowing costs for Portugal and Ireland. Ireland remained extremely vulnerable, with its high fiscal deficit and the third-highest interest rate after Greece and Portugal. Although the Irish government had improved its budgetary position, it was clear that more tax raises and cuts were needed. (Sandbu 2015, 80–106) This message also came from the EC. Borrowing costs were rising in Ireland, and this was not welcomed by the citizens. (European Commission 2014c; Warren 2018) Not only economic but political tensions as well were rising around the euro area.

Commissioner Rehn commented on the situation in Ireland to the *Irish Times* on 6 May 2010 saying that ‘Ireland entered into the crisis in the very early phase and it had a very deep early recession—and subsequently Ireland took very bold and credible measures of fiscal consolidation, which is now paying off and the Irish economy is recovering’. The difference between Ireland and Greece, for example, was that Ireland did not have severe structural problems. However, both countries needed to convince markets that their economies were going to be in reliable and sustainable situations again.

During the autumn of 2010, the main economic questions for Ireland and the Irish people in the Irish media were around taxation, lending prices, the budget deficit and possible new austerity measures. Commissioner Rehn made it clear that Ireland could not continue as a low-tax jurisdiction in the next decade, saying in the *Irish Times* on 2 October (2010), ‘We’re not telling Ireland to do this or do that. But under the current circumstances we cannot figure out how they’re going to meet the targets without important measures on the revenue side, including corporate taxation’.

Despite the resistance of some of the leading politicians in Ireland, in November 2010, the country requested a bailout package worth 85 billion euros from the ECB and the EC as it could no longer finance itself in the financial markets. In the same month, Ireland announced a new economic program. In a joint statement from Commissioner Rehn and the IMF Managing Director Strauss-Kahn, both institutions underlined the importance of tackling the problems in the large and insufficient banking sector. The program also aimed to repair the budgetary deficit while securing the country’s system of strong social protection. People, strong banking and public sector jobs and growth were very much the core notion of the statement. (European Commission 2010jj)

The general election took place in February 2011 following the collapse of the coalition. After the bailout of the Irish banks and the weakening level of state debt, there was a demand for new political leadership, according to Irish media. The prime minister's party, Fianna Fáil, faced a historic loss, according to the *Irish Times*, and garnered only 20 seats. Fine Gael won 76 seats and became the largest party in the lower house of the Irish Parliament. The Labour Party became the second-largest party with 37 seats. Fine Gael leader Enda Kenny became prime minister (Taoiseach) and ruled a coalition government with the Labour Party. The election in 2011 featured plenty of claims from opposition politicians that they planned to renegotiate the Irish adjustment program in many ways. However, because the Fine Gael\Labour coalition government won the election, there were barely and changes to the core conditions of the program. The new government continued to implement the fiscal adjustments dictated by the agreements and introduced further fiscal adjustments of 3.5 billion euros in budgets in December 2011 and December 2012. (European Commission 2014c; Walker 2019)

During the spring of 2011, Ireland announced several reforms regarding the banking system. The EC, the ECB and the IMF welcomed Ireland's plans to restructure and recapitalize the banks. In a joint statement on 15 April (European Commission 2011e), the institutions made a statement that fast implementation of the plan was a necessity because of the remaining challenges but also that the country was making good progress in very difficult times. The fiscal targets set in the program were met, and the government benefitted from a number of developments. There were substantial adjustments to the program's financing costs. The initial design of the program was that the 45 billion euros provided by the EU should carry profit margins of around 300 basis points and have an average maturity of 7.5 years. After Greece negotiated to have profit margins on its loans eliminated, the same deal was passed on to Ireland and it was agreed to extend the maturity of these loans. The new concessions significantly reduced the annual cost of the bailout funds and reduced the medium-term financing requirements associated with Ireland's debt. (Whelan 2013)

In January of 2013, the EC noted that the Irish program's implementation remained on track despite a still-challenging policy environment. The fiscal targets had been met, and progress with financial sector reforms was ongoing. Reforms in the healthcare sector and personal insolvency legislation were also still in progress. Some in Ireland blamed the low interest rates associated with euro membership for the housing bubble despite many studies showing that, in the Irish case, domestic fiscal and regulatory policies were more responsible. (Whelan 2013) The *Irish Times* reported that, according to the EC, Irish progress could be destroyed without a debt deal, and a further bank recapitalization could not be ruled out.

By mid-2013, Ireland's sovereign debt rates had returned to a pre-crisis level, and the country had issued several well-priced long-term bonds. Ireland received a total of 67.5 billion euros in loans from international lenders; 17.7 billion euros came from the EFSF. Ireland's banking sector went through significant corrections: downsizing, recapitalization and deleveraging. Ireland successfully regained market access with the issuance of a 10-year bond in March 2013. The country exited its EFSF financial assistance programme on 8 December 2013. (Donavan and Murphy 2013; European Commission 2019d)

In Ireland, the execution on the fiscal side of the program was good, and the spending targets were met. The discipline in spending was enforced by the need to meet the Troika's targets. In December 2013, Ireland successfully exited the bailout programme. Its market bond rates were at a historic low. Spending on health and social welfare consistently ran ahead of targets. There was a strong political narrative that the government had taken many brave decisions during the program to 'restore the reputation of the country', but it is worth noting that only 7.3 billion euros of the cumulative fiscal adjustment of 28.8 billion euros from 2007–2013 took place under the post-2011 government. (Donavan and Murphy 2013; European Fiscal Board 2019)

The crisis, bailout program and Ireland's exit from it have been analysed in several studies from Ireland's perspective and seen to have been a necessity at the time. The austerity policy applied to resolve the crisis has, however, been questioned from a fundamental and political point of view—did Ireland treat ordinary citizens too harshly and give in too much to external demands at the cost of national sovereignty? However, studying the Eurobarometers, following media reactions and making comparisons to previous studies showed that public opinion and dialogue in Ireland remained comparatively calm and constructive, supporting the reforms and political decisions. (Donavan and Murphy 2013; Kitromilides 2012, 159–194; Mercille 2014)

2.2.3 Italy

In Italy, European integration was already more popular than national governments in the late 1990s. However, this had not stimulated the country to renew their economy according to the euro area rules and recommendations. When Italy was joining the euro area, they needed to make adjustments to their economy in order to adhere to the prescribed criteria, but the country failed to do the job properly. Two leaders of the country, Silvio Berlusconi, Forza Italia centre-right (the EPP) 2001–2011, and Romano Prodi, Independent, Democratic Party (SPD) 2006–2008, failed to deliver on their promises to reform Italy's economy. The public finances were kept barely in balance and too little was done to renew the structures to foster growth and productivity. Budget consolidation was not a priority for the country, despite the fact that the debt ratio remained at a very high level. (Pisani-Ferry 2011, 11, 22)

The 2008 national elections were a success for Berlusconi's centre-right party in Italy. The country was already facing political instability and economic decline when the global crisis hit the continent. Avoidance of structural reforms, widespread corruption and the absence of new growth created shaky ground upon which to survive the economic turmoil. The government dealt with the crisis by supporting banks and businesses and cutting public spending. Studies of the crisis shows that both economic turmoil and government policies shaped the reaction of Italian society to the crisis. In turn, this reaction influenced social behaviour as well as electoral choices. (Di Quirico 2010)

Italy belonged to the southern bloc of the euro area and suffered the most from the crisis. However, being one of the founding members of the EU, its role had traditionally been different than some of the newer member states. The unemployment rate increased in the country dramatically in 2009. Following media reporting of this in 2009 and early 2010 and with poor economic development and uncertain future prospects, insecurity began to increase among the population, reflecting the political and general mood in the country. (Jones and Pasquino 2016)

After Germany and France, Italy was the third largest economy of the euro area, but in 2010, its total public debt amounted to 120.1 per cent of the annual output of its economy, up from 118.7 per cent in 2010. In March 2010, the EC stated that the key challenges in the Italian economy were the implementation of a budgetary reform process and the rules to ensure fiscal discipline and efficiency. There was also a clear need to correct the excessive budgetary deficit and reduce debt. (European Commission 2010d)

On 25 May 2010, the media reported that Italy's government had approved a 24-billion euro austerity package. Two months earlier, Prime Minister Silvio Berlusconi had claimed that Italy could survive the euro crisis without big cuts. The aim of the package was to reduce Italy's budget deficit below the euro area limit. At that stage, Italy's public debt was the highest in the euro area: 115.8 per cent of the GDP. The cuts included a reduction in funds paid by the central government to the country's regions and cities, salary freezes for public sector employees, ministers and parliamentarians and a slowdown of government hiring. (Flynn 25/5/2010)

In May 2010, *La Repubblica* reported that Prime Minister Berlusconi's approval rating fell in mid-May by 3 points, from 38 per cent to 41 per cent. The paper speculated that his national financial scandals were part of the reason, along with the announced austerity measures. Among the public, there was widespread disbelief that the new measures would improve the country's situation and assure the markets. Trying to calm the situation, Prime Minister Berlusconi highlighted to the Italian media that there would be no new taxes and pensions would be secured. *Corriera* *della Sera* quoted the Prime Minister on 27 May when he emphasized to the national audience that ‘sacrifices are needed’. In the autumn of 2010, political turmoil continued in Italy, but Prime Minister Berlusconi refused to step down, even after street protests against him and his government’s policies turned violent in December. The media reported widely that his critics claimed he was too corrupt and mired in too many scandals to continue as the head of the government.

In 2011, one of the biggest problems in Italy was that investors lost trust in the country. In general, investors had considered euro area sovereign bonds to be risk free. Even the sovereign countries no longer controlled the currency, which it borrowed. The ECB treated all sovereign bonds equally in its financial operations. (De Grauwe 2016, 167-191) Even the economic situations in Germany, France, Italy and Greece were far from being equal. The interesting fact was that, according to Bank of Italy statistics, non-residents of Italy held 43 per cent of the country’s 1.9 trillion euros of debt as of June 2011. That meant that if the Italian economy was going to fail, investors would be hit by remarkable losses, and regaining trust would not get any easier. (Morlino and Sottilotta 2019)

According to the IMF and the OECD, Italy had the second-highest sovereign debt in the euro area, but it did not have an excessive private debt on top of that. However, this did not ease the situation when the country’s small and medium-sized companies did not have access to equity, which prevented them growing and bringing new jobs to the country. This was also infecting the competitiveness of the country. (Jones and Pasquino 2016)

The Italian government could no longer get low-priced loans from the market due to its overall weak economic prospects. The situation in other euro area countries with weak economies did not help. In 2011, for Italy to borrow money for 10 years, the market prices offered ran about 6.8 per cent interest. In contrast, for Germany, the cost was 1.9 per cent (European Commission 2011j). A positive aspect was that Italy’s borrowing needs were comparatively small because of its modest deficit. However, its refinancing needs in total were massive. The ECB had to step in. The problem was that if the ECB was going to buy more Italian bonds to ease the situation, this would most likely not have triggered more new investments in the country but would instead have the opposite effect. It would be necessary to gain back the market’s confidence to trigger new investments. The growth in the economy slowed by the end of 2010 and grew only 0.6 per cent in 2011, brought down by a recession in the second half of the year. Furthermore, the public debt was growing at an astonishing pace. In August 2011, Italy’s Prime Minister Berlusconi was urged to take immediate measures to speed up the country’s deficit-cutting and balance the budget in 2 years’ time. The country was considered to be in a recession. (Pisani-Ferry 2011, 64–66, 105)

The Troika requested that Italy implement the necessary structural reforms and enhance potential growth as soon as possible. These steps included opening the closed professions and prioritizing other labour market reforms to help with job creation. Italian banks were also hit hard by the depth of the recession and the financial fragmentation in the euro area. The ratio of non-performing loans had almost tripled since 2007 and was at that time a real problem for bank profits. (Brunnermeier et al. 2016, 242–248)

On 3 August 2011, Prime Minister Silvio Berlusconi called for a joint effort towards economic reform in a speech in the Italian parliament. There was fear that escalating market turmoil could drag the country into a full-scale crisis. Reporting on Berlusconi's address, *Corriere della Sera* (4/8/2011) referred to Italy's situation as 'a fire that needs to be put out' even if we all felt that the markets were treating Italy unfairly. The coalition government in Italy had tried ineffectually for 6 months to calm the bond markets with austerity measures and to stabilize the state budget.

The situation in Italy was different from, for example, Ireland and Spain. Household debts were not relatively high, and people did not have huge mortgages. The problem for the Troika was the high public debt. However, the situation was not unusual for the country itself. The Italian government had a long history of a high public debt ratio. Before joining the euro area, it was only the country's concern, but being part of the single currency, the country was then facing a new situation and needed to adapt, not only in terms of the economy but also in politics. (da Costa Cabral 2020)

Late in 2011, the Italian borrowing costs hit a record when yields on 10-year bonds climbed to over 6.7 per cent. Italian Prime Minister Silvio Berlusconi announced on 8 November 2011 that he would resign after the country's parliament had approved an austerity budget for 2012. He commented to his own Canale 5 television station 'After the approval of this finance law, which has amendments for everything that Europe has asked of us and which the Eurogroup has requested, I will resign, to allow the head of state to open consultations'. Berlusconi had lost his majority in the middle of the euro crisis. The austerity package, with 59.8 billion euro savings, was a mixture of spending cuts and tax increases aiming to balance the budget by 2014. The package included an increase in the VAT from 20 per cent to 21 per cent; a freeze on public sector salaries until 2014; a raise of the retirement age for women in the private sector from 60 in 2014 up to 65 in 2026, the same age as for men; measures to fight tax evasion, including a 2500-euro limit on cash transactions; and a special tax on the energy sector. (BBC 2011a)

Politically, there was risk and uncertainty associated with Berlusconi and his scandals at the end of 2011. The pressure for this change had also come from the ECB and European leaders. In October, Italy made a promise to make certain changes, including reforming pensions and labour markets and cutting red tape. The

EC called for the swift adoption of the adjustment package ‘in a spirit of national cohesion and solidarity’ (European Commission 2011r). At this stage, Italy was hit hard by the euro area debt crisis, and in addition to his personal political turmoil, there were increased borrowing costs that led to the resignation of the government of Silvio Berlusconi in November. A former commissioner and not a member of any party, Mario Monti took over the leadership, becoming the prime minister and minister of economy and finances. He built a government of unelected technocrats. The first thing this government proposed was a series of austerity reforms of spending cuts, tax increases and pension reforms aimed at balancing Italy’s budget by 2013. (European Commission 2013o; Hopkin 2012; Pisani-Ferry 2011, 100, 104–107)

In 2011, Italy’s unemployment rate had risen to over 10 per cent, and the country’s government debt was already at 120 per cent of GDP. Italy was still the third-largest economy in the euro area and had Europe’s second-largest manufacturing and industrial base, after Germany. Its exports were also strong, and it had many state-owned companies. (The European Commission 2012ii)

Thousands of people were protesting on the streets in June against the rising unemployment ratio, pension cuts and tax hikes. ANSA reported widespread comments against the technocratic government and the Prime Minister, who could enact the hard reforms without fearing the next elections. Editor-in-Chief Eugenio Scalfari wrote in *La Repubblica* on 16 June, ‘Monti has lost his allure‘. The Prime Minister’s approval rating had fallen from 71 per cent in December to 33 per cent in June, according to an SWG-Agora poll.

The media reported widely that after passing the budget for 2013, Mario Monti announced his resignation on 21 December 2012. His statement was that his government’s job was done but Italy should continue lowering its public debt and strengthening its economy. The impression of the public was that he got credit from the EU alliances for pushing through the reforms, but citizens in Italy were disappointed and felt that the reforms were unjust to ordinary workers. In addition, these reforms had been made by an unelected government. Monti was replaced after the elections, and until a new coalition was formed on 28 April 2013, the country was led by the Democratic Party’s (S&D) Enrico Letta. Letta formed a government that included representatives from all of the major candidate coalitions. (Jones and Pasquino 2016)

Italy had been carrying out a large structural adjustment since 2010. The new government was reversing some of the measures and accelerated the liquidation of the large stock of trade debt but made sure that it put safeguards in place to ensure that the deficit remained below 3 per cent. This allowed the EC to propose to Italy an exit or abrogation of the EDP. Unemployment hit its highest level in 37 years in January 2013 with a jobless rate of 12.9 per cent. Among those under the age of 25, 42 per cent were without jobs. Renzi was trying to tackle the unemployment crisis with new reforms. The measures included cuts in payroll taxes, changes in labour rules and an overhaul of unemployment benefits. (Chang et al. 2020; European Commission 2013l)

The German weekly magazine *der Spiegel* wrote on 24 July 2013 (Schlamp) that if Italy would not implement a fundamental shift in its politics, the country would go bankrupt. The paper based its analysis on several economists' opinions. The same view was repeated during the summer in Italian and international publications. The vicious cycle of recession, raising unemployment, lack of competitiveness and growing public debt were pushing the country deeper into financial and economic crises. According to Schlamp, more than 8 million Italians were living below the poverty line even though many were employed. Tax ratios were high in Italy. This, together with a heavy bureaucracy and inefficient judiciary, did not attract investors to the country. According to several publications during the summer, including this article in *der Spiegel*, the main problem in Italy's situation was the incoherent and volatile political landscape and the growing distrust and feelings of injustice in society.

In late 2013, after nearly 2 years of recession, Italy's economy was showing some signs of stabilizing, but it continued to face strong headwinds from tight credit conditions. The country was also still lacking adequate bank capital and liquidity buffers that could have strengthened bank lending. In many member states, including Italy, unemployment remained at high levels. (Chang et al. 2020) In addition, tight lending conditions, especially for small enterprises, did not help the situation. At this stage, Italy was still the third-largest economy in the euro area, and the impacts of what happened in Italy would have consequences in other parts of the continent. Italy's debt was more than 130 per cent of its GDP or overall economic output. This was the highest rate in the euro area after Greece, and despite the government's attempts to decrease the level of public spending, the debt reduction benchmark in particular was still not respected. (OECD 2019)

At the start of 2014, Italy was in a recession that was due to not only negligent handling of the economy and budget policy but also leaders' failure to confront the country's loss of competitiveness. The country tried to counteract the economic contraction by stimulating growth through increased government borrowing. This policy line was chosen by the country's new Prime Minister, Matteo Renzi, who followed Letta in February 2014 after the party leadership voted in his favour. (Chang et al. 2020; Hopkin 2012) However technical the problems of Italy's economy were, the main obstacles to solving the euro crisis in Italy can be considered political: Continuous political uncertainty and changing governments did not support recovery. Italy's reputation for corruption, unstable party system, rising populism and perceived opportunism as a member of the monetary union were continuously raising concerns about Italy's economic recovery and the risks this continued to pose for the viability of the euro system as a whole.

2.2.4 Greece

In 1999, Greece missed its chance to join the euro area, and when it finally entered in 2001, it had a hard time keeping within the budgetary deficit limits (Pisani-Ferry 2011, 4–5, 52–53). To avoid sanctions, Greece started to cover up the real state of its public finances. When this information was revealed in public, it became hard to defend rescue packages for the country, especially among the northern Europe states. When the Greek fiscal crisis first erupted, policymakers in Europe assumed that it was possible to find a European solution. However, it later became known that the Greek prime minister had been secretly talking since late 2009 to the IMF's managing director, Strauss-Kahn, about involving the IMF. Following media reaction, the tendency in Brussels and elsewhere, including France, was to adopt the attitude that the IMF's participation was not on the table. The winds had changed first in Germany, where the leaders thought that the IMF would play a bad cop as an outsider to the difficult situation. The market pressure was intense, financing conditions were deteriorating and distrust of Greek authorities and politicians was increasing. There was a clear need for an additional referee. (Brunnermeier et al. 2016, 306–3011; Sandbu 2015, 140–144)

In 2009, the EC assessed Greece's stability programme and made recommendations to correct the country's excessive budget deficit and improve competitiveness through structural reforms. The aim was for Greece's budget deficit to be brought below 3 per cent of GDP by 2012. Greece was required to submit a first report in mid-March 2010 and cooperate with the EC on an action plan to tackle statistical, institutional and governmental deficiencies. (European Commission 2010b) The country had previously failed in its duty to report reliable budgetary statistics.

In the spring of 2009, the Greek debt ratio was still believed to be approximately 100 per cent of GDP. By the end of the year, it had reached 129 per cent and was the highest ratio of all the European countries. Greece had a massive budgetary deficit, the economy was in recession and there was completely inefficient tax administration. Between October 2009 and May 2010, one of the main questions was to what extent assistance should be extended to Greece. Based on previous studies, as the crisis became prolonged, this became one of the leading questions in the overall discourse. (Nelson et al. 2011, 11; Pisani-Ferry 2011, 85–89)

Additional questions raised in the international media in 2010 included whether the country's private creditors should contribute and, more specifically, whether banks should be asked to sacrifice a share of their claims in order to bring Greece's debt down to a more management level. In 2010, the *Financial Times*' Martin Wolf wrote that Greece's problems were extreme, and the euro area was ill-equipped to deal with looming insolvency in the country because of the no-bailout rules and the deep unpopularity of any such bailouts in the creditor states. 'The problems of Greece are extreme, because it has both high fiscal deficits and high debt'. (Wolf, 2010)

In October 2010, the president of France, Nicolas Sarkozy, and the chancellor of Germany, Angela Merkel, met in Deauville and agreed on new rules for the Greece situation, which the Council gave its blessing to later the same month. The agreement was to create a permanent emergency mechanism allowing euro zone members to default on sovereign debt without threatening the euro as a whole. Solvent member states shut out of the bond markets would be able to access the permanent European Stability Mechanism (ESM) that replaced the European Financial Stability Facility (EFSF) in 2013. But first, they would have to restructure their debts in negotiations with their creditors and pave the way for orderly debt restructuring in the future. From 2013 onwards, bonds issued by the euro area governments contained the 'collective action clauses' that allow a supermajority of bondholders to agree to a debt restructuring that is legally binding on all holders of the bond, including those who vote against the restructuring. (European Commission, Directorates-General, Economic and Financial Affairs [DG ECFIN] 2018; Pisani-Ferry 2011, 93)

The Greek program was based on the Stability and Growth Pact rules and based on three pillars: (1) fiscal policies, (2) financial sector and (3) structural reforms. The terms were that after the funding of a 100 billion euro loan from the IMF and the euro area ended, Greece was supposed to return to the financial markets. As the EC framed it, the country got 3 years to again win the trust of private investors. The EC highlighted in its narrative the need for private investments to get the country's economy back on track and towards long-term economic growth. This also required fast improvement to deliver the requested structural reforms. (European Commission 2010k, Heipertz and Verdun 2011)

In the spring of 2011, both the market participants and European politicians questioned the ability of Greece to return to market-based financing in 2013. Financial stability developments in the EU and the euro area were dominated by tensions in sovereign debt markets (European Commission 2011g). The question of rescheduling or re-sorting the Greek debt remained a topic of debate throughout the crisis. The main problem euro-indebted countries faced was government deficit. For example, the cutting of equity loans would not have resolved the financial problems of euro-indebted countries as long as those states were unable to reform their public policies and make their public finances more sustainable. At best, debt restructuring would have improved the position of the countries in the short-term and minimized the pressure for public finance improvements. (Michelis 2011) However, this would not have solved the bigger issues: the level of debt and lack of structural reforms. This called for measures to improve competitiveness, substantially cut public spending and tighten taxes in many countries. Debt settlement without these actions would not have put Greece, or any other country in crisis, on a sustainable path. (Dijsselbloem 2018, 120–121, 137–143) On the contrary, it could have reinforced the debate on solidarity and its limits in the euro area.

The Greece task force was set up by the EC rapidly in July 2011, half a year after the start of the first bailout program, to help the country to reform. In later reports about the crisis, there were two repeated notions: the head of the task force came from Germany, and Greek officials did what was expected, but more for the requirements imposed by the creditors rather than with strategic thinking aimed at saving the country's economy in the long run. The Greek resentment towards the EU institutions and international creditors was increasing. (Dinan et al. 2017, 241)

In July 2011, Eurogroup gave a positive statement that it welcomed progress made by the Greek authorities, particularly with the adoption of key laws regarding fiscal strategy and privatization. The EC also stated that in Greece, Ireland and Portugal, significant steps towards fiscal consolidation had been taken and structural reforms were underway. However, the EC admitted that the situation in Greece was comparatively more complex. Euro area leaders agreed to the 22 July deal that led to Greece continuing to receive emergency loans. The agreement also included the aims to reduce the public debt and provide extra funding to stimulate the economy. (European Commission 2011o)

In 2012, almost a year after the task force was set up, a second 135 billion euro bailout programme for Greece was launched. The IMF provided technical support, and the EU Commission had two roles in the process: being part of the Troika conducting monitoring and simultaneously helping the country enact the required reforms. (European Commission 2012ee) Political turmoil increased in the country in 2012. In early summer 2012, after two quick elections, Syriza party leader Alexis Tsipras was invited by the president of Greece to try to form a government but failed after Tsipras rejected a proposal by the president to join a coalition government with the centre-right and centre-left parties. On 17 June, polls indicated that the centre-right New Democracy and its leader Antonio Samara claimed almost 30 per cent of the vote. Syriza increased its share of the vote to just under 27 per cent but was left to the opposition after the coalition government was formed with as a coalition of the centre-right New Democracy, centre-left PASOK, and Democratic Left. (Pisani-Ferry 2011, 77–84, 85–96)

We can debate from fiscal, economic and socioeconomic perspectives whether the Greek programme can be considered successful. Regardless, however, from early on, the consequences were tremendous for the country's society. The true debt level in Greece was not revealed in May 2010, when financial assistance was first requested, and a number of deficiencies were still found in the information provided by Greek authorities about the state's accounts. (Barth and Kaufman 2016, 170) Exports stagnated, GDP growth dropped and investments, as well as domestic demand, collapsed in 2011 at the same time when the crisis absorbed the entire euro area. In addition, the unclear European stance on Greece's debt restructuring kept many investors and the international financing sector in a state of high uncertainty. The general notion that can be drawn from the studies is that the Troika overestimated the effectiveness and commitment of Greek authorities, as well as their capacity to follow through with the policy recommendations. (Caporaso and Rhodes 2016; Godby and Anderson 2016)

Despite the fiscal adjustment and growing uncertainty, the excessive austerity and budget consolidation had a negative impact on the GDP in Greece. However, public deficit came down from a level higher than 15 per cent of GDP in 2009 to around 4 per cent by the end of 2013. It has been criticized that there was inconsistency between attempts to recoup price competitiveness while simultaneously trying to reduce the debt-to-GDP ratio. (European Commission 2012ee; Krugman 2013) The Troika's programme was emphasising the need for structural reforms to boost competitiveness and growth. But a deteriorating political environment together with weak administrative capacity meant that commitment and implementation of reforms was slow.

Looking at the circumstances, the fact that Greece managed to stay in the euro area can be considered a miracle, but not a solely positive one. The consequences were severe to not only Greece but also to the euro area and the EU. The legitimacy of the existing political order was put under tremendous pressure. In previous studies, analyses and media reactions, the questions around solidarity, inflexibility, faceless technocracy and a stubborn political elite in the member states deciding Greece's future were repeated themes from 2010 to 2014 (Godby and Anderson 2016, 134–158; Mutuku 2018). Consciously or not, all of these elements and discourses around the themes were designing the future of the EU.

2.2.5 Spain

In Spain, the main reason for the crisis was the housing bubble in conjunction with an unsustainably high GDP growth rate. There was also a significant trade deficit in the country. The banks were not able to cover losses and volatility. The financial regulator in Spain had proven unable to clean up banks wrecked by bad property loans. When the bubble burst, government revenues collapsed, and the results were a fiscal deficit of 11.2 percentage points in 2009 and a gross debt increase of over 30 percentage points of GDP in the following 4 years. (European Commission 2012ff)

A Spanish general election was held in March 2008. As a result, the Spanish Socialist Worker's Party (PSOE) and the opposition party at the time, the People's Party (PP), got 92 per cent of the congressional seats, obtaining more than 83 per cent of the vote share. PSOE leader José Luis Rodríguez Zapatero was sworn in as prime minister of Spain for a second term in office in April 2008. At the same time, the country's economy began to slow down. During the third quarter of 2008, the national GDP in Spain contracted for the first time in 15 years. In February 2009, Spain officially entered a recession. The economy reduced 3.7 per cent in 2009, and in 2010, it further reduced by 0.1 per cent. It grew for the first time by 0.7 per cent in 2011. (Carballo-Cruz 2011; Pisani-Ferry 2011, 11–12)

In May 2010, Prime Minister José Luis Rodríguez Zapatero infuriated trade union allies when he announced a 5 per cent cut in civil service pay starting in June and a freeze on pay in the following year to accelerate cuts to Spain's budget deficit. Spanish media (EFE, *El País*) and the *Financial Times* reported on 13 May that Zapatero said the measures were necessary to achieve the promised deficit reduction, reinforce confidence in the Spanish economy and contribute to the financial stability of the euro area. Mr Zapatero told the parliament that Spain planned to reduce its deficit by an extra 0.5 per cent of GDP in 2010 and 1 per cent of GDP in 2011, a total of 15 billion euros. In response, the media reported that trade unionists in Spain had accused the measures of being outrageous.

In Spain, the results of the crisis were a strong economic downturn, a severe increase in unemployment and numerous large companies bankrupted. In 2010, Spain's unemployment rate topped 20 per cent, with a record 4.6 million people unemployed. Weak banks had endangered sovereigns that were called up to save them. At the same time, a weak sovereign endangered banks holding bonds at risk of default. (European Commission 2012ff; Peet and La Guardia 2014)

According to the Eurobarometer (2010), the Spanish people have traditionally been proud of being in the EU and having the euro, but as was visible already in 2010 in the Spanish media, the general population had not testified to seeing many visible improvements after joining the common currency area. Politicians and public authorities, however, defended the advantages that membership in the EU and the euro area brought to the country, such as the single market. The crisis exposed the poor conditions and unsustainability of the Spanish economy, but as economists broadly agreed, that was mainly to do with the national conditions rather than caused by the euro area membership. Spanish public debt was low in comparison with the other crisis countries, but on top of that, there was a problem with private debt, especially external private debt. In addition, there were very few advanced industry sectors, and the country had low wages and low productivity (Sandbu 2015, 38, 40, 144–147). During 1997 to 2007, house prices in Spain grew by 155 per cent, 8 per cent annually, and fell by 22 per cent between the onset of the crisis in 2008 and

2011. This left many households largely in debt. At the same time growth, investment and consumption collapsed and unemployment increased. (GlobalPropertyGuide 2019)

In January 2011, the Spanish government put forward a pension reform that would gradually raise the retirement age from 65 to 67. Despite its efforts, in February, the government announced that it would miss its 2011 deficit target by a margin of 8.5 per cent of GDP. Recession worsened the debt ratio, and at the same time, austerity to reduce borrowing suppressed growth. That caused an even worse recession, working like a spiral effect. In May 2011, according to the EC, Spain reached the highest unemployment rates in Europe at 21.3 per cent. (European Commission 2011y) People's frustration and disappointment emerged in the context of the poverty created by the economic crisis and harsh austerity policies, and the anger that was cultivated found new channels on the internet, particularly on social networks.

In November 2011, Mariano Rajoy's centre-right People's Party won an absolute majority in the national elections. During the campaign, Rajoy attacked the socialist government on its politics during the economic crisis, putting particular emphasis on the highest unemployment rate in the EU and the freezing of pensions. Taking into account Spain's history, the country wanted to create an impression on its European counterparts that it wanted to make its way quickly back to being one of the biggest countries in Europe, which also came down to economy. (Parker and Tsarouhas 2018) However, the media under study indicated that for many people, the main issues in the elections were their everyday lifestyle and future expectancy. People reacted to changes mainly at the national, rather than the European, level. At the same time, the IMF warned the country that its economy still faced considerable risks. The analysis by the Spanish media was that the opposition succeeded in its strategy, and voters punished the outgoing socialist government for the worst economic crisis in generations and the EU's highest unemployment figures. The economic and financial crisis had escalated to become a crisis of people's well-being.

Spain was continually facing major challenges with its economy and had come under considerable renewed market pressure. It needed to urgently reduce the budget deficit, strengthen its fiscal framework and restructure its banking sector, as well as reform its labour and product markets. The new government was expected to take office by mid-December and immediately start working on a reform agenda to regain market confidence. (European Commission 2011x; Gruppea and Langeb 2014)

In December, when the new government had been sworn in, it announced that the public deficit for 2011 would come in at 8 per cent of GDP, well above the target of 6 per cent. The government also presented new austerity measures, with a cut in public spending by 8.9 billion euros in 2012 for all ministries. (Carballo-Cruz 2011) Reuters reported on 3 December that Prime Minister Rajoy called upon Spaniards to work together to overcome the crisis. He also promised a new economic policy, and the Treasury Minister Cristobal Montoro announced tax hikes focused on the wealthy to raise around 6 billion euros.

In the spring of 2012, Spain was going through an adjustment period. It had become clear to a greater extent that the current crisis was due to large external and internal imbalances that had accumulated during the extended housing and credit boom. In a speech in Copenhagen in March, Commissioner Rehn said that Spain was showing determination in its fiscal and structural policies, with its 5.3 per cent deficit target agreed upon by the Eurogroup. (European Commission 2012h)

On 2 February 2012, the Spanish government passed a range of labour reforms. The package included cutting the maximum redundancy payment that employees could receive to 33 days per year, down from 45 days. Companies got better flexibility to adjust working conditions such as schedules, workplace tasks and wages, depending on how the economy and the business were doing. To tackle youth unemployment, small businesses employing fewer than 50 workers were going to get tax reliefs for hiring people under 30 who were trying to find their first job. (OECD 2013a, 61)

In May 2012, Commissioner Rehn issued a statement saying that reforming the banking sector was a cornerstone of Spain's crisis response. Spain was a clear example of the result of the current financial and economic crisis in Europe: a combination of banking sector fragilities and a sovereign debt crisis. On 14 May, the Spanish Economy Minister De Guindos presented the reform for the banking sector in addition to the country's fiscal consolidation and structural reforms. (European Commission 2012k; European Commission 2012l) The same narrative was repeated in June after Spain's communication to the Eurogroup and the Troika to request support for restructuring its financial sector, which had a positive response from the Eurogroup. Economy Minister Luis de Guindos announced on the evening of 9 June that the government intended to ask for a European bailout to recapitalize the country's banking sector. De Guindos commented to the media that the amount of the rescue package would be 'sufficient' and the loan would be received under 'very favourable conditions'. The EC was ready to assist on the ground. The Eurogroup committed to an amount of 100 billion euros. (European Commission 2012q)

In 2012, regions in Spain began to increasingly react, particularly the wealthier regions, similar to Catalonia, where people were demanding the possibility of the region's independence, causing even more political turmoil in the country. Regional governments' tax revenues had collapsed during the recession, but the spending commitments had remained, and without the market's confidence, they could not get loans. The government had set up a rescue fund, but its 15 billion cover turned out to be insufficient. This meant that the regional governments' debts were becoming central government debts. (Chang et al. 2020)

In January 2013, the turmoil in Spanish politics continued, together with an unsustainable economy and high unemployment rate. *El País* published documents indicating that the Prime Minister had received illegal party funding. Discussion of the issue continued throughout the year and affected the political and financial stability of the country. The Spanish financial markets took a hit due to the fallout from the funding scandal. However, European leaders were counting on Rajoy to keep the country on the right track for economic recovery and avoided making comments on the scandal, even when the international press reported on the concerns of financiers and the markets generally. In April 2013, Spain was still experiencing excessive macroeconomic imbalances (European Commission 2013i, Memo/13/313). Even though the recovery program was paying off and adjustments were taking place, the significant size of the necessary corrections required continuous and determined policy actions. Economic instability remained high in Spain. Rising unemployment and increasingly tight financing conditions in the country contributed to the difficulties, along with the persistently high levels of domestic and external debt owed by Spain.

2.2.6 Cyprus

Cyprus was part of the biggest wave of EU enlargement in 2004. According to prior studies, the press, politicians and the public traditionally framed the country's relationship to the EU in not only economic terms but also as belonging to the Western allies. The process of accession was driven by the elite; however, Cypriot public opinion was also in favour of accession to the EU. (Agapiou-Josephides 2011; Ioannou and Charalambous 2017, 169-192)

The first wave of the crisis arrived in Cyprus in 2009. The government increased spending in order to boost demand in the construction, tourism and banking sectors. Moderate growth returned in 2010, but the spread of the European crisis negatively affected first the sensitive construction sector and then unemployment rates, which began to rise. At the same time, the overt expansion of the Cypriot banks and their tight links to the Greek banking system increased the pressure on state finances. The state financing, leaning to Russian financing, was not in a position to rescue the two systemic Cypriot banks. The Cyprus economy suffered from a series of downgrades by international rating agencies. (Ioannou and Charalambous 2017, 60-155)

The Cypriot economy has historically been an open economy. The country is still exporting mainly services and importing mainly goods. Taxation policies in Cyprus have been favourable for businesses, and the corporate tax rate is only 12.5 per cent—one of the lowest in the euro area. Since 2004, when Cyprus joined the EU, and until the crisis hit the island, the balance of trade in Cyprus presented a growing deficit. It rose from 1.2 per cent of the GDP in 2003 to 11.1 per cent in 2008. (Hanappi et al. 2017)

Cyprus adopted the euro in 2008, and the exchange rate of the Cypriot pound against the dollar and other national currencies fluctuated along with the euro exchange rate. During the downturn of 2009, real GDP growth in Cyprus was still considerable, and private consumption and construction contributed decisively to GDP growth. Between 2004 and 2010, private consumption grew more rapidly than average wages. However, the growth was based on shaky grounds. A suffering building industry, known for being highly sensitive to any changes in the economy, along with an insufficient banking sector and increasing private consumption without the growth of average wages planted the seeds for crises. (Hanappi et al. 2017, 172)

The costs of economic and monetary reforms in Cyprus were staggering. For citizens, one of the most overtly visible signs was that personal income had been in free fall since 2010, and wages had not increased in several years. Due to the lack of industrial competence, the backbone of the Cyprus economy was services, which represented 78.8 per cent of gross value added in 2009 (Bank of Cyprus 2010).

The President of Cyprus and the head of state and the head of government for the Republic of Cyprus, Demetris Christofias, served from 2008 to 2013. Before being elected as president in 2008, Christofias was the General Secretary of the Communist Party of Cyprus (AKEL). In 2008, Christofias's first government was a coalition of AKEL and two parties that represent the socialist group in the European Parliament at the EU level the Democratic Party and the Movement for Social Democracy. (Iordanidou and Athanassios 2014)

In May 2010, the EC released a statement saying that Cyprus needed to define a more expenditure-driven consolidation strategy and bring the government deficit down below 3 per cent. According to the statement, there was a need for the implementation of a new fiscal framework and, for example, the need to control pension and health care expenditures to improve the government's long-term sustainable public financing (European Commission 2010f). The real problem of the Cypriot economy was the banking system. One of the biggest issues was its widespread and long-term exposure to the risks of the deep and continuing recession and crisis in Greece. The overgrown banking system was shaky following a domestic credit boom, and the country had also suffered a remarkable number of losses incurred on large portfolios of Greek bonds. The IMF, together with Germany and the ECB, insisted that public debt in Cyprus was not sustainable, and the topic of creditors' involvement rose to the top of the political and policy agendas. The problem was that in Cyprus, the banks' creditors were not bondholders; rather, they were depositors. There was a significant amount of foreign money, for example, from Russia. (Iordanidou and Athanassios 2014; Pisani-Ferry 2011, 95–96).

In 2010, Cyprus had a government debt-to-GDP ratio of 61 per cent. The banking debt of the country at the end of 2010 was around nine times Cyprus's GDP. Domestically owned institutions accounted for two-thirds of all bank assets. That meant that Cyprus had the second highest private sector debt-to-GDP ratio in the euro area. When the debt in the banking sector was this high, it was impossible for the country's government to survive on its own. At this stage, the banking crisis turned into a sovereign debt crisis in Cyprus. It was difficult and expensive to find financing for a public deficit through the markets. Cyprus faced wide-ranging challenges on both the external and internal sides due to the country's persistent account deficits and losses in export market shares combined with high private-sector indebtedness. (European Commission 2012w)

On 5 October 2011, Cyprus borrowed 2.5 billion euros from Russia. On 23 November 2011, the *Financial Mirror* published an editorial stating that there was no more manoeuvring room to go without proposing severe austerity measures to balance the economic shortfall in Cyprus. Trade unions had been rooting for their principal not giving in to salary cuts and had been politically implying that new measures and budget consolidation would be difficult. The paper's analysis indicated that the 2.5 billion euro loan from Russia would only keep public service employees paid through the end of the following year. 'It's about time this government showed it has the courage to do whatever it takes to pass the long-overdue and watered-down austerity measures, no matter what the political cost'. The pressure on the government to push for reforms become tangible. Strong trade unions made it difficult to pass new measures, and the impression remained that, politically, the government was not ready to take the hit before Cyprus practically ran out of credit in the markets. The bridge loan from Russia kept the economy going during the 9-month negotiations with the Troika. (Demetriades 2017, 71, 90; Sandbu 2015, 151–152)

Cyprus was facing the same problem as Ireland in that its banks were too big to be rescued and too big to fail. The common perception was that it would need to resort to the EU's rescue mechanism to resolve the situation. In addition, the financial sector in Cyprus was severely affected by developments in Greece. On 25 June 2012, Cypriot authorities requested financial assistance from the euro area member states (Iordanidou and Athanassios 2014). Challenges in the banking sector and the presence of macroeconomic imbalances were obvious at this stage. The Troika's visit to Cyprus was widely reported in the media. The *Financial Mirror* wrote on 25 July, 'Employer federations and non-partisan economists have been vindicated: austerity measures and reforms that should have been introduced a long time ago will now be imposed on us if Cyprus has any hope of getting an international bailout it asked for last month'. The paper referenced the 'evil' Troika technocrats who wanted to focus on hiking the VAT from 17 per cent to 20 per cent, cut the minimum wage, renew the burdensome automatic cost of living allowance (COLA) and raise the mandatory retirement age from 63 to 65.

Conservative, Christian-democratic the Democratic Rally's candidate Nicos Anastasiades won 45 per cent of votes in the first round of the presidential election on 17 February 2013. In the second round on 28 February, he won with 57.48 per cent and was sworn as president on the same day. The Democratic Rally party had 20 seats in the 56-member parliament. (Iordanidou and Athanassios 2014) Soon after the elections, in March 2013, Cyprus came close to becoming the first country to leave the euro area. The main problem in this small country turned out to be their oversized banking sector, and they suffered heavily from the crisis in Greece. Foreigners held some 40 per cent of the 68 billion euro sitting in Cypriot banks, most belonging to Russians. There was a domestic credit boom and losses incurred on large portfolios of Greek bonds. Cyprus reached an agreement with the Troika on 16 March 2013 that included a series of austerity measures. The first memorandum was rejected by the Cypriot parliament. (Pisani-Ferry, 2011, 95; Cyprus News Agency 2011) But the pressure from Germany was intense and left the country without an alternative (Demetriades 2017, 86, 91; Sandbu 2015, 233).

On 17 March, Anastasiades said in a nationally televised address that he had no choice but to accept a painful option, which was that savers in the outsized Cyprus banking system would take a hit in return for an offer of 10 billion euro in aid. According to the bailout agreement, the decision had been made to introduce levies on deposits of 9.9 per cent for deposits exceeding 100,000 euros and 6.7 per cent on anything below that. The national and international media reported widely that the news stunned Cypriots and caused a rush on bank machines, many of which were depleted within hours. Electronic transfers were halted. (Demetriades 2017, 121–139)

The next agreement with Cyprus included resolving the situation with the country's biggest banks by, for example, recapitalizing the Bank of Cyprus and the second biggest bank, Laiki. The risk of a complete collapse of the banking system was tangible. The memorandum was quite different from what had been implemented in other southern European countries. It provided a rescue package for the banking system through a bailing-in method, with funds from shareholders, depositors and creditors of banks and not through external recapitalization (bailout). For the Cypriot economy, this was a huge shock. Capital controls were imposed to avoid bank runs. The Cyprus crisis revealed just how dysfunctional the euro area governance was and how far Europe remained from a commonly agreed upon integration for the resolution of banking, sovereign and larger economic crises. (Hanappi et al. 2017; Pisani-Ferry 2011, 95–96, 120)

The conditionality of the Troika's 10-billion euro loan included several austerity measures within a strict time frame. There needed to also be extensive restructuring of the banking sector. This restructuring required a strict control of capital flow both in Cyprus and abroad. (Hanappi et al. 2017, 174) The banking crisis had become a crisis of individual taxpayers, and the impression in the media was that people's frustrations were increasingly directed towards the EU alliances, especially after the Troika's presence became more prominent.

Pre-crisis boom Cyprus was undoubtedly unsustainable, including the situations of the banks. Companies and private households were deeply in debt. Although the government debt was comparatively low, it was increasing. This was due to many factors, one being overgenerous civil service benefits and wages. After the short-term loan from Russia ran out and international ratings downgrades, the country's debt was no longer eligible as collateral at the ECB. What was special in the Cyprus case was that the euro area introduced capital controls for the first time. That meant that a euro in Cyprus no longer carried the same value as a euro in another euro area country. The ECB was also now in charge of supervising the biggest banks, which meant that the judgment of the banks had been called into question for the first time. (Peet and La Guardia 2014, 88) But so was the euro areas' reputation in handling the crisis.

A politically interesting fact is what separated Cyprus from other EU and euro area member states during the crisis, which was that in the 5-year period from 1 March 2008 to 28 February 2013, Cyprus was the only state governed by a communist party. In that period, the ideological differences with other member states and with the Troika showed, for example, that the president defended the oversized Cyprus public sector more determinedly than his predecessor. The country's tight leash to Greece's economy, and especially Greek banks, as well as the close ties to Russia, also made Cyprus unique and different from the PIIGS countries. (Demetriades 2017, 71, 90; Iordanidou and Athanassios 2014)

In particular, unions representing the public sector were vocal in Cyprus, and the disappointment of the people was present in the media and opinion polls. However, economic newspapers particularly emphasized the importance of the reforms set forth in the memorandum. The common understanding, at least in academic circles, was that the banking sector and the structure of the island's public sector were not sustainable, and the government did not take the signs of a shrinking economy seriously. Against this backdrop, the EC and the Troika were not received as suspiciously as they were in some of the other crisis countries.

The Cyprus crisis was complex because the effects of the banking crisis were amplified by the debt overhang of businesses and households, as well as the decline in the country's competitiveness. In 2013, Cyprus had a large external debt, and youth unemployment reached 44 per cent in December. A feeling of social injustice, questioning of the practiced austerity policy, perception of the Troika's decision-making as undemocratic and demands for a reform of the EMU came to characterize public opinion by the end of 2013. (European Commission. 2013ll)

3 Research Framework

3.1 Research Interest and Questions

The European Union was faced and tested with a set of interrelated crises throughout the last decade. The first shock came in 2008–2009 like a wave after the collapse of Lehman Brothers, which sent the whole Western world into deep financial and economic turbulence. However, according to several studies and analyses of the crisis, among the many reasons why the crisis hit Europe so hard was the design failures of the euro and the weak structures of the member states' economies (De Grauwe 2013, 9-11; Laffan 2014). The credibility and legitimacy of the euro, as well as the whole EU, was tested, and still is. In the EU, the crisis quickly mutated into a political and social one that still affects the EU in many ways: the way it functions, its politics and its communication. Deep-rooted distrust between creditors and debtors, core and periphery, have not yet healed completely, and it is reflected in the ways the EU has faced the new crisis.

Financial crises are particularly challenging for political actors as financial markets operate on a very different temporal cycle. The collapse or disturbance of a financial system can result in unpredictable and long-term high costs to economies and societies. In turn, acute stress in the financial system can generate panic and feed uncertainty. In the EU, the decision-making processes are normally slow to react to these types of situations, and many of the big decisions require unanimous decision-making in the Council. According to previous studies, the EC's role grew during the euro crisis because it had the capacity to evaluate the changing situation and make propositions to the decision-makers. In addition, its role as a designer of the new rules of the economic governance and as a supervisor increased. (Haverland et al. 2018; Meyer 2009; Schweiger and Magone 2015) This accelerated the debate concerning its growing self-proclaimed supranational role.

When addressing financial crises, political actors, and in the case of the euro crisis, institutional actors, operate in the shadows of people's emotions and uncertainty and within the context of nervous and unpredictable financial markets. This description reflects well the situation in the euro area during the crisis. To calm the markets, the role of the EU institutions also grew to create stability in the volatile situation of decision-making in some of the most unstable member states, such as

Greece. The Council and the Eurogroup had unarguably important roles, but the role of the agenda setter, guardian of the Treaties and overseer of national budgets put the EC in a specific and unprecedented position. This agitated critical arguments about the democratic and legal legitimacy of the organization. (Bauer and Becker 2014; Laffan 2014)

Previous studies showed that the causes of the crisis were complex, involving multiple national economic and political factors related to fiscal and monetary policies and the structural abilities to influence those policies. Increasing volatility in the global markets made the situation ever more unpredictable and difficult to manage. As already mentioned, the roots of the crisis lay in the euro area's origin design flaw—a common currency without the full-fledged EMU and without taking into account the fundamental differences in member states' economies—was prone to financial instability and bad politics. There was also a consistent lack of much-needed structural changes in the member states. The need for common ground rules was imminent, along with better economic supervision and also, in some cases, preventive guidance. That is what was set up by the institutions and the member states during the most turbulent years of the crisis and continued even after it. (Székely and van den Noord 2011; Dallago et al. 2020; Dinan et al. 2017, 55–65)

There are ongoing debates about what was required for the euro to work better throughout the entire currency area. Some elements that can be recognized from the crisis could have prevented the worst outcomes. One was that the same interest rates did not work for every member state, and as mentioned, there was a clear need for better supervision and even a corrective arm overseeing the economics and budgets of the member states. There was also the need for some crisis mechanism at the EU level. In addition, the euro area banking systems remained primarily national. This was combined with a strict non-monetary financing rule for fiscal deficits and the barring of co-responsibility for public debt. Banks were reliant on state guarantees and at the same time held large portfolios of their home country's government bonds. (Laffan 2014)

In 2014, the newly elected President of the EC, Jean-Claude Juncker, announced that his EC would be a political commission starting at the beginning of the mandate. However, based on previous studies made of the euro crisis, the EC's role had already politicized during President Barroso's time (Bauer and Becker 2014; Hodson 2013). The aim of the present study was to use a discourse analysis to determine the events where changes took place in the EC's role, along with why and how the situation came to that point. The objective was not to discover new facts, but rather to provide a new interpretation to understand the development of the EU. The aim was also to determine the key fundamental questions that arose from the discourses.

It has been argued that the fragmentation of the EU has set limits to its coherence. Institutional and functional integration encases the systemic features of the Union

(Jones et al. 2012, 805–807). President of the EC José Manuel Barroso mentioned in his speech on 8 May 2014, 'On Europe. Considerations of the present and the future of the European Union' that 'any further development of the Union should be based on the existing Treaties and on the Community method, since moving outside this framework would lead to fragmentation, overlapping of structures and ultimately to incoherence and underperformance'.

Acknowledging differences between the member states is already built into the motto of the EU, 'United in diversity', which first came into use in 2000. However, diversity and fragmentation are two different features, although not that far apart. Since then, this idea of openly recognizing differences between the member states has been one way of preventing fragmentation, and this narrative has been used in a variety of ways in speeches from the commissioners and other European politicians.

The Treaty of Lisbon came into force in December 2009, just after the euro crisis began, and it encapsulates the institutions within the formal system of policy range. The political integration relates to political processes and the public opinion of citizens (voters) as well as the so-called political elite (Herkman and Harjuniemi 2015). The crisis made the linkage between domestic and European politics more visible, and member states' governments became increasingly responsive to public pressures on European integration (Hooghe and Marks 2009, 14). Here, one of the aims was to show if it is possible to frame European discourses constructed from common narratives that shaped a European public sphere (Habermas 1962) or if discourses can be framed only around narratives built from domestic or regional perspectives.

As an economic concept, a moral hazard exists when the borrower knows or expects that someone else will pay for the mistake it makes or that it is protected against the risk. This gives an incentive to act in riskier ways. Generally, it arises when parties have incomplete information about each other. Before the financial crisis, financial institutions expected that regulatory authorities, like the EU institutions and national governments, would not allow them to fail due to the systemic risk that could spread to the rest of the euro area. The institutions holding the loans were some of the largest lenders to consumers and businesses in Europe. The expectation was that if a conjunction of negative factors led to a downturn, the financial institutions would receive help and protection from the governments or the EU institutions. Based on previous studies, it has been claimed that this created a risk of moral hazard that the euro area failed to avoid, at least to some extent, during the crisis. (Frankel 2015; Tuori and Tuori 2014, 49–75, 130–189, 253)

There was the supposition in the euro area that some banks were so vital for the economy, they were considered 'too big to fail'. With this assumption, stakeholders in the financial institutions expected that they were not likely to carry the full cost of the risks they had taken at the time. In Europe, the financial crisis of 2008 was due in part to unrealistic expectations of financial institutions. This expectation was created mainly by the communication of the institutions themselves. By assuming the government would act as a backstop, the behaviours of lenders, people and institutions were another example of a moral hazard. (Sandbu 2015, 109, 128)

Sovereignty can be understood as the authority of a state to govern itself and determine its own laws and policies. The EU is based on cooperation among sovereign states. All EU member states have sole competence to shape the treaties and laws that the EU is based upon. Sovereignty is generally understood as being the capacity of a state for independent action, both within and outside its own territory. It is the context of international law that bestows external sovereignty or the capacity of a state freely to determine its relations with other states or international organizations. All EU member states are, for example, members of the United Nations. Where the EU differs from the UN, as an example, is that EU law overrides contradictory national laws, and disputes about this are ruled upon by a legal authority, the Court of Justice of the European Union. This creates a substantial area of law where the national power to make unilateral changes is constrained by the some of the obligations of EU membership. (Luo 2020, 33, 37, 191; Niblett 2016; Schiemann 2007) However, transferring competences to the European level does not mean giving up the sovereignty of an individual member state, but rather that there is the willingness to utilize sovereign rights in an associative system like the euro area or the Schengen area.

In the policy areas, the member states agree unanimously on joint competences, and they remain the central units of the system to which sovereignty is attributed. However, when the EU uses a simple majority or qualified majority, national sovereignty can be questioned (Treaty of Lisbon 2009, art. 16). When defined areas are transferred to the EU level, it becomes the bearer of the central sovereign rights. To constitute an autonomous bearer of sovereignty, the population of the EU would have to be constituted into a European people as the possessor of the sovereignty. However, various systems already exist alongside the Union: the internal market, the Schengen area, the euro area and, after ratification of the Treaty of Lisbon, the common foreign and security policy. The competence for jurisdictional conflict is exercised consensually by the European Council in the name of national sovereign rights. The European Council would lose this competence for jurisdictional conflicts if there were a separate bearer of sovereignty, like the EC, alongside it. (Schiemann 2007; Treaty of Lisbon 2009)

Clearly, national sovereignty in the EU as defined above cannot be absolute. During and after the euro crisis, this was one of the fundamental questions that was raised (Tuori and Tuori 2014, 153, 181–254), and in this study, the aim was to describe how and why this became such an important discourse. All of the member states accepted limitations to their sovereignty when they joined the EU (Nissen-

Adler 2014). However, we need to be cautious about determining EU sovereignty given the many definitions. While the member states are recognized as being sovereign, the EU partially follows a supranational system for those functions agreed to in the shared treaties of the Union. This practice is called 'pooling of sovereignty'. In some commonly agreed upon policy areas, institutions are empowered to make laws and execute them at the EU level. In her book *Opting Out of the European Union: Diplomacy, Sovereignty and European Integration*, Rebecca Nissen-Adler states, 'Sovereignty claims cannot be solely understood on the basis of formal rules or the various legal interpretations of these rules—identities and social contexts will always modify the implications of rules' (2014, 15).

In the context of the euro crisis, determining the power of the EU institutions and the development of that power requires understanding the evolution of the relationship between national states and the EU while the circumstances were unique (Bauer and Becker 2014). This has a clear link to the definition of the possible evolution of the supranational role of the EC. After all, its policymaking includes more than just agenda setting, it prepares, formulates, implements and evaluates policies.

In the literature and studies of the crisis (Leupold 2016; Picard 2015a; 2015b), it is widely recognized that the information flow from the mass media to the public audience and political actors during the crisis influenced public opinion and tendencies around the discussion. The media served important functions in terms of shifting attention to different issues and putting pressure on policymakers. For example, in early 2010, following significant upwards revisions of the budget deficit figures for Greece, there was a sudden erosion in market confidence in the euro area that spread to political decision-making, the language and narrative used in the media and the political atmosphere in the euro area. The year 2010 was in many ways a turning point in the crisis in Europe.

The beginning of the euro crisis triggered intensive EU and global media interest and coverage (Spanier 2012, 30–31). Broad public debate fed into wider discussions on the future of the EU and the euro area as well as questions about the existence of European integration. The phrasing and types of journalism used during the crisis shifted the debate. The questions on democratic decision-making and the lack of a European public sphere for the debate concerning the crisis have been raised by several studies analysing the crisis. (Arrese and Vara-Miguel 2016)

To define the meaning of public opinion and public sphere, I refer to Jürgen Habermas's definition of a public sphere as a formation of public opinions and the legitimization of state and democracy in Western societies. However, I recognize that the concept of the public sphere is constantly developing. According to Habermas, two aspects, in particular, are vital for there to be a public sphere: first, it is open to all citizens, and second, it constructs conversations in which people come together to form a public. The citizens are individuals and sovereign but also deal with matters of common interest in order to form a public sphere. In Habermas's definition, citizens freely gather and connect to express their opinions. A political public sphere exists for public discussions about topics concerning the state and political practice. (Habermas 1962)

Habermas considered the state to be a counterpart of a public sphere, as an entity where opinions are formed. Its role is legitimized through public elections. From that perspective, public opinion controls the state and its power in public debates and through formal elections. In an ideal situation, a public sphere works as an intermediary between people and a democratically authorized political power, allowing for discussions and the free formation of public opinion. (Habermas 1962, 398)

Here, we can argue that the European public sphere could be found where people come together out of their free will to express their opinions and discuss European politics. However, I recognize that Habermas's public sphere is an idealistic model of democracy as a platform for public debate shaped through structural transformations in societies, changes in the media and in our ways of communicating through both mass and social media, as well as the rise of populism.

Hepp et al. (2016, 5–10) emphasized in their study that the European public sphere is a fundamental communicative space where various public spheres overlap. A European public sphere can be determined through several dimensions. It is the space where the debate about the legitimacy of EU politics takes place, as well as being where European society communicates on issues related to people, member states, policies, politics and topics that take place across borders and at the intergovernmental and supranational levels. There are elements in national debates that overlap with the EU level issues, building a cross-functional European public sphere.

There are three different levels to consider when contemplating the crisis: intergovernmental, supranational and national. In this study, I needed to understand the intergovernmental and national levels, but I focussed on the supranational narratives and hypotheses presented in many previous studies that determined that the EC's decision-making evolved to be more political and supranational. (Bauer and Becker 2014; Hodson 2013)

Discourse analysis is a form of content analysis. In order to define discourses, I need to determine how and why the evolution happened, what was the aim of the EC's communication and who it was targeting. (Gee 2014) My aim is to show how and why the EC constructed its statements the way it did and how its behaviour fit into a wider social context and debate on the future of the euro area and the EU.

Research questions:

- How did the EC's role, policymaking and communication develop during the years 2010–2014 of the euro crisis and why?
- How was the EC's communication and evolving role presented in the media and in public reaction in the PIIGS countries and Cyprus?
- What are the key fundamental questions that were raised in the determined discourses during the crisis that are under study and which shaped the debate around the existence and future of the euro area and the EU and why?

There has historically been a colourful variety of economic and political obstacles barring the way forward for the euro and the Monetary Union. Among them are weak political commitment, different opinions over economic priorities and turbulence in the international markets. In the present study, I focussed on the main years of the crises, 2010–2013, starting from late 2009 and ending in early 2014. In Europe, the sovereign debt crisis started in 2008 with the collapse of Iceland's banking system. During 2009, it spread primarily to Portugal, Italy, Ireland, Greece, Cyprus and Spain, which were unable to repay or refinance their government debt or bail out their beleaguered banks without the assistance of third-party financial institutions: the ECB, the IMF and the EC.

During the crisis, the EU passed important reforms in order to prevent future financial crises and to strengthen the economic coordination of the Union. Reforms that introduced new ways to steer national economic and fiscal policies were made without changing the EU Treaty. This rightly raised fundamental questions concerning the legal and political basis of the decisions. The nature of the crisis was complex, and communicating developments of the evolving situation was difficult, as previous studies have shown. Political and institutional decision-making was closely linked, which makes the executive arm of the EU, the EC, one of the central institutions to be analysed when studying the trajectory of the crisis. Traditionally, the EC has not been the most transparent and engaging communicator. (Haverland et al. 2018; Holst and Moodie 2015; Meyer 2009; Spanier 2012) However, in a democracy, communication is one of the fundamental elements of the justification for decisions that are made and are key for building trust. In its given role, the EC was one of the key institutions setting not only the agenda but also the discourse for the future of the euro area and the EU.

3.2 Method: Discourse Analysis

Discourse analysis is a qualitative and interpretive method of analysis. The aim of the method is to make interpretations based on research material and contextual knowledge. Discourse analysis emphasizes the contextual meaning of spoken and written language and enables studying the political meanings that inform written and spoken text. (Fairclough and Fairclough 2012) Using discourse analysis, this study makes interpretations based on the EC's communications and puts it into the contexts of the euro crisis when examining the processes of these meanings and practices.

A Foucauldian concept of discourse was introduced to Anglo-American psychology in the late 1970s. Foucauldian discourse analysis (FDA) differed from other language-based approaches in the way it conceives discourse at different levels of organization. Foucault's discourse analysis underscores how we constitute knowledge, forms of subjectivity, different social practices and power relations. Paul-Michel Foucault's (1972) premise is that systems of knowledge are governed by rules that determine the limits of thought and language within a given historical period. Discourse, as defined by Foucault, refers to the ways we constitute knowledge, together with the social practices, forms of subjectivity and power relations inherent in such knowledge and relationships. Discourses are more than ways of thinking and producing meaning. By 'discourse', Foucault does not mean a particular occasion of language use, such as a single speech or written paper, but rather the systems, rules and divisions of a particular person of knowledge. Discourse specifies the kind of institutional division of knowledge we find in science. It also refers to the techniques and practices through which strategies and different concepts are formed. Foucault emphasized the important difference between formal structures of meaning and spontaneous phrases or speeches; the external conditions of expressions matter. (see also Alasuutari 1999; Arribas-Ayllon and Walkerdine 2017)

James Paul Gee describes discourse in his book *An Introduction to Discourse Analysis, Theory and Method* (2014) as an arrangement or sequence of sentences. Gee writes that discourse analysis is about studying, describing and understanding communication through the lenses of society. It is also about constructing a societal understanding through communication and socially meaningful identities. All speakers, writers and thinkers, people who express themselves, are also members of society. People build identities, their own and others, based on the way they express themselves and the language they use, which, when we study the changes in society, is the same as language and ways of communicating being tightly linked to other aspects of society.

When studying and determining discourses, there are always questions about context and framing. How much of the text, speech or written paper are we going to use, and how much wider a context will we give it (Gee 2014, 85–86)? For a researcher, there is always a choice to be made of how widely you will frame the context of your study; however, a deep understanding of the overall historical, social, cultural and, in this study, socioeconomic and economic factors, along with the international situation, are always pertinent to being able to determine the most relevant frames around discourses.

As Vivien A. Schmidt (2008, 1) describes in her article ‘Discursive Institutionalism: The Explanatory Power of Ideas and Discourse’, ideas of discourses are the substantive content of discourse, and discourse is the interactive process of conveying ideas. According to Schmidt, we can distinguish two forms: communicative discourse between the public and political actors, and coordinative discourse among policy actors. In this study, we can identify a separation between political and policy actors, which can be considered coordinative and communicative discourses between political actors and the public. Both are subjects of this study. Schmidt’s analysis supports the definition that discourse is not about what is said but also where, how, why and when it was communicated. It is also not just about what was said and how, but who communicated to whom (Schmidt 2008, 2). Analysing this in the context of Habermas’s (1962, 1991) public sphere, I needed to also pay attention to the context of the political and policy processes, as well as the division and formation of power and the role of a communicator.

In the conceptual sense, ‘discourse’ is an analytical category describing different meaning-making resources available to us. There is also critical discourse analysis, which has become a well-established field in the social sciences. Critical discourse analysis sees discourse as a construction of social practice. In other words, it sees that the dialect is a two-way relationship. Discourses are shaped by different situations, and vice versa (van Dijk 2011, 357). A critical approach also treats social practices in terms of their implications for status, power, solidarity, social benefits and other factors rather than just in terms of social relationships (Gee 2014, 87).

A study on discourses in a society is never only about two individuals speaking or interacting, so it always requires a deeper and broader understanding of the different elements that influenced certain communications and that the communicating individuals always belong to a wider group. They are in some way part of society and always belong to some group, whether gender, profession, status or age and so on. There can also be long-term debates behind some conversations or communication efforts. (Gumperz 1982)

In an article entitled ‘Discourse Analysis and the Study of Policy Making’, Dutch political scientist and regional planner Maarten Hajer (2002) states that discourse analysis has changed the way that policymaking is studied. The communications of politicians or policymakers are no longer seen as raw data that must be literally coded in order to get to the pattern. As Hajer describes, for many researchers, what people say becomes the core matter for analysis. Hajer provides example that also apply when trying to understand dilemmas to find solutions to the euro crisis, such as the way low-level bureaucrats struggle with unexpected or quickly emerging moral dilemmas while regulators are implementing new policy measures or how politicians describe new policies through discussions and debates. In political science, these are when situations and the stories themselves deserve explanation, not the raw data (counting words) that can be inferred by coding the communication. The stories are themselves a political mechanism. As Hajer describes it, without stories, there is no consensus, and without narration, there are no cognitive shifts. This kind of an argumentative discourse analysis (ADA) requires going beyond technical facts, which was the approach I intended to take in this study. ADA is based on three elements: discourse, practices and meaning and is not simply about analysing arguments but also politics in a wider economic and societal context. One quality of ADA is that it has a strong empirical focus. It seeks to illustrate a variety of mechanisms at play that describe political realities. The challenge in an ADA is to find ways of combining the analysis of discursive production and the sociopolitical practices from which social forms emerge and in which different actors are engaged. (Torgerson 2002)

Conducting discourse analysis means studying how language functions and how meaning is created in different social and cultural contexts. Unlike linguistic approaches that focus only on the rules of the language used, discourse analysis, particularly argumentative discourse analysis as used with this study, focuses on the contextual meaning of language and communication. (Glynos et al. 2009, 15) Stephanie Taylor (2012, 9, 26–34, 47) analysed and concluded in her study 'What is Discourse Analysis' that discourse research involves an analysis of language data as evidence of social phenomena. In the case of the euro crisis, one important notion and emphasis is the consideration of cultural and social differences among the member states when examining the meaning and impact of the communications from the EC and the reflections and impacts in national media. I will not theorize language in this research because I do not study the language used but rather the communication in general as used by the EC and its interpretation and meaning. I would also have had to study translations. In this study, I took into account that English or French, which most of the commissioners used, was not their mother tongue, and their communications had been translated into multiple languages in the euro area. Furthermore, in a culturally diverse euro area, there are multiple practices and different constructions derived from accrued social meanings.

Studying discourse analyses and the way the method has been used shows that argumentative discourse analysis fits particularly well in the study of a crisis like the one the euro area faced in 2010–2014, considering the political, bureaucratic and sociological nature of the historical phase. Discourse analysis moves well between written text, language used and context as content is analysed, and it takes into account organizations and the functions of discourses. The discourse analysis in this study aimed to be an interpretation, warranted by arguments and observations discovered from empirical research material used in the study. Critics of the method have argued that if all language is constructive, then the language used in this study is constructive as well, and therefore, this analysis is also mere construction. As a researcher using this method, I recognize their point. However, that does not undermine the discourse case in any way. Language is always used in some context, and it reflects the existing situation and characters of the users of the forming discourses. For political science and for research on the historical period of the crisis, discourse analysis enables a study of the crisis's content and its impacts through the communication and language used, determining narratives and defining discourses to explain the alterations and impacts. (Atkinson et al. 2000, 188; Glynos et al. 2009, 22-23; Wood and Kroger 2000, 6, 147-150)

This study used discourse analysis as the framework for studying the evolving role of the EC in the years of the euro crisis, 2010–2014. I used the different interpretations and models of discourse analysis already described, but the aim was to focus on framing the discourses with argumentative discourse analysis in the way that French Philosopher Michel Foucault (1972) determined the need to understand power and the ways it is inherent in knowledge and relationships. Argumentative discourse analysis determines that it is possible to track the way people position one another through language and communication or the way they are positioned through widely exploited discourses are aspects for a profound discourse analysis. Communication actions can be framed by discourse, but this always happens through the (re)creation of relationships and interpretations. (Glynos et al., 15, 23-24; Hajer 2002)

Argumentative discourse analysis is usually defined to include descriptive narratives aiming to persuade listeners. Where discourse is defined as communication between two or more actors, or the social or public use of spoken or written language, argumentative discourse is a mode of rhetoric that consists of one or more actors supporting differing opinions or ideas. The discussions can be defined as political when one actor or group of actors aims to be dominant and influence policymaking. Argumentative discourse can also aim to legitimize societal or—as in this study—institutional interventions by means of policy instruments or different policies. Compared with other types of discourse analyses, argumentative discourse relies more on the social contexts of discourse. The type of relationship between a messenger and the receiving party also determines the effectuality of the discourse. For example, in the context of the euro crisis, the ruling political party, economic situation and general attitude towards the EU can be significant factors in how different narratives and discourses were received and what impacts they had. (Hajer 1995; Winkel and Leipold 2016, 108–129)

Argumentative discourse analysis determines that there are rhetorical regularities in discussions, debates or policy papers. The regularities aim to convince the chosen audience and often change the status quo. Different actors put forward their interests in and opinions about the issue. This can follow a certain ideology, strategy or determined policy planning, and different discourses can contain storytelling or single arguments. 'Key moments of argumentative interaction' can be found between different actors. (Hajer 1995, 54) The aim is to provide arguments and prove legitimacy on the basis of the discourses used. Because the main source of this study was the EC's communications, the aim was to determine where there were framed discourses, including arguments the EC was making to manoeuvre the management of the euro crisis. (Cohen 1987; Winkel and Leipold 2016, 108–129)

The first part of the study concentrated on answering the question of what the origin of the crisis was. To understand why certain discourses were framed from the communications and policies of the crisis, I will build a picture of an economic and political situation in the selected crisis countries. Second, I studied how the EC structured its organizations, communications and policies. I also added a description of other key institutions during the crisis. My aim was to answer questions about the aim of the EC's communications and why, as well as whether, in principle, the EC was more reactive or proactive in its communications. This built to the overall purpose of the study, which was, first, to describe the evolving role of the EC in terms of its influence and ability to steer the outcome of the crisis and, second, to address the fundamental questions raised during the crisis that affected debate about the future of the euro and the Union.

I examined discourses regarding the euro crisis arising from different themes and levels of generalization in the examined narratives. What happened and why is a natural part of the analysis. The empirical examples encountered throughout the study focussed most prominently on the crisis countries and the EC's communications. The euro crisis generated a wide range of narratives, studies and memories, and it has been conceptualized and analysed in countless ways. In this study, discourse analysis acted as both the method and the frame of reference. This dual function is due to the process of what is normal, deviant or newly constructed by the use of language, ways of communicating, political behaviours, interrelationships or social actions and interactions.

Argumentative discourse analysis aims to recognize and categorize different meaning-making processes, networks and practices from the research material (Alasuutari 1999, 165–188). To make the analysis, I began defining my research questions and hypothesis. The advantage of discourse analysis is that the method can be applied to large quantities of material. I collected factual details of when and where the content was created in order to understand the real-life context of the discourse, and I analysed my research material for statements that reflected or related to the euro crisis.

One of the aims of the study was to determine possible changes in the EC's communications and how that reflected the behaviour of the other actors in the crisis, such as the governments and other EU institutions, including Eurogroup, the EIB and the IMF. I compared the results with the ideology and rhetoric of the political regimes at the time and inferred that the possible shifts in political context shaped the role of the EC. The focus of this study was on the moments where we can see the change and how the defined discourses impacted the debate about the future of the euro and the EU.

3.3 Research Material and the Structure of the Study

As I described in section 1, I have identified the period 2010–2014 as being the most relevant for the study because it was the period with the most economic and political turmoil during the euro crisis. In addition, most of the new rules and instances meant to rescue the common currency were created in those years. My review of prior studied of the euro crisis indicated that the EC has not been the focal institution for researchers. However, the EC's role as agenda setter and designer, implementer and supervisor of the new rules and instruments, along with acting as the guardian of the treaties, can been seen as relatively central throughout the crisis. (Bauer and Becker 2014; Pisani-Ferry 2011, 165–166, 168–170; Sandbu 2015, 109–110, 130–131)

After researching the background of the crisis, I began the study by viewing changes in the Barroso II Commission's policymaking and communications during the years of the crisis—2010–2014—as compared to previous commissions. I used the body of literature, previous studies and the Commission's communication releases from the time. After making the study of the Commission, I viewed how national media representatives are organized in Brussels to understand the link to national media. For this phase, I used previous studies, publications and information provided by the Commission.

My primary data sources were the EC's communication materials regarding the crisis in the selected countries gathered from the public database of the EC. As my secondary data source, I selected two newspapers and an international news agency from each of the PIIGS countries and Cyprus for the period 2010–2014, and I studied their articles reflecting key moments of the crisis in each country using PressReader.com. The papers and agencies for each country were as follows: Greece: *Kathimerini*, online version *eKathimerini*, *Naftemporiki* and the Athens News Agency (ANA). Ireland: *Irish Independent*, the *Irish Independent Business Week* and the *Irish Times*. Portugal: *Diário de Notícias*, *Público Portugal*, the *Portugal News* and the Lusa News Agency. Spain: *El País*, *Cinco Días* and the Spanish News Agency EFE. Cyprus: *Financial Mirror*, *Cyprus Mail* and the Cyprus News Agency (CNA). Italy: *Il Corrierra Della Sera*, *La Repubblica*, *Il Sole 24 Ore* and the Italian news agency ANSA. PressReader.com is a digital newspaper platform offering access to full issues of newspapers and magazines. I used digital translator programs for the languages I do not read. The keywords I used in the searches included euro, the EU, euro crisis, euro area, euro zone, EC, Olli Rehn and José Manuel (Durão) Barroso. I have marked the dates of the articles or the period I used to understand the evolving narratives around the key events and time periods.

The third data source I used to support the empirical analysis of this study was articles published in national or international quality publications covering the evolving crisis more broadly and throughout the euro countries. The full list is provided in the resources chapter. In addition, the EC's Eurobarometer surveys, election results and polls about elections were used as sources to bolster my understanding of the changing political and policy outlook.

The technical aspects of the crisis were covered in more detail by the economic press, while the mainstream media concentrated on the broader political and social context of the crisis. As mentioned, I therefore used international newspapers and media like the *Economist*, Reuters, the *Washington Post* and the *Financial Times* to complement the understanding of a wider international media coverage on the discourse of the crisis. In addition, I used previous studies and articles from countries like Finland and Germany to understand the contrast between the narratives used in the so-called creditor and debtor countries.

The EU and its communications have been criticized for their unclear, elitist and technical style and for being too distant from peoples' everyday lives. When the media covered communications of the EC during the euro crisis, it needed to not only translate the news and information into the local language but also try to tailor it to their local audience. (Arrese and Vara-Miguel 2015, 163–191; Spanier 2012, 43) This research also reveals that the reactions from the media and the public were not widespread or remarkable. Therefore, we can reach a conclusion that the impact of the EC's communications to the public setting the discourse was not significantly through the media or that there were additional intermediaries in between. However, if the EC's behaviour had even impacted only the elite groups in Europe, it could have had long-term effects on the whole debate about the future of the euro area.

Specific policymaking, decision-making and communications can relate to problems or solutions. There can be fundamental, ideological or normative ideas behind those decisions, and each of these can attach value to political actions. These ideas, values and actions can relate to broader policy paradigms, meaning different reasons behind political decisions and changing perceptions of political ideologies on the evolving international and national levels of politics. Political parties, ideologies and the societies in which they are practiced have been remarkably reshaped in Europe in recent decades. A traditional left–right division no longer applies in many of the EU member states. Social media and the rise of populism and nationalism have created new cleavages in the political spectrum. In this study, it was particularly relevant to understand the broader historical and political context, reversals of ideologies and political parties as well as changes in society, communications and public opinion. (Schmidt 2005, 2008; Zeitlin and Nicolo 2020)

Political institutions are not isolated entities. Civil servants in the EC in this case needed to rethink many working methods, agendas and rules and reconceptualize the way the institution was working and its possible influence on politics and decision-making in the member states and at the EU level. The way the EC was communicating and setting the discourses presumably had some influence on politics and the evolution of the crisis. The hypothesis is that the EC's communications had—at least on some level—an impact on the overall discourse during the crisis, its own role and the power separation of the different EU institutions and national and international political entities.

The previous studies on the crisis showed that the technical nature of the crisis created different levels of approaches in the media, including elite-to-elite, an international approach, an economistic approach and a public approach. Business and economic newspapers and academic articles focused more on the elite-to-elite and economistic approaches. Dailies and quality newspapers focused on the international and public approaches, and tabloids covered the crisis more from the reactive and sensational angles. (Arrese and Vara-Miguel 2015, 163–191; Davis 2003; Herkman and Harjuniemi 2015, 236-307)

As previously mentioned, I recognize that the EC's behaviour could have had a limited effect in some public audiences in the EU. However, the impact could presumably have been more influential among the groups of elites in Europe, focusing the debate on the future of the euro area. Here, my aim was specifically to find evidence to reflect my third research question about the fundamental questions that shaped the debate about the future of the euro area and the EU. From the literature, I distinguished three main questions relevant to follow in this study: moral hazards, lack of democratic decision-making and questions about sovereignty that are linked to supranationalism and the changing role of the EC. I also recognize that the debate about the European public sphere is linked to the discussion of the euro crisis.

In history, moments define long-term outcomes and influences. In the history of our democratic societies, our reactions, shifts in public opinion and the ways that politics and decisions are communicated can change the ways we act to determine our future. In principle, the EC's aim was not to influence public opinion in the EU to centre around its thinking, and it was not being a political actor as such but, rather, the technocratic institution of the EU. However, all the EU institutions requires political support from an elected political leadership to be able to implement new policies or changes in rules. In this way, institutional communication cannot be seen as detached and separate from political communication.

The goal is to be able to determine the discourses that shaped the role of the EC, power balances and future of the euro area. It can be argued that any study of European integration is inevitably a study of the development of the EU. Multiple studies have made the argument that development of the EU's supranationalism springs from spillover effects during the crisis. The thinking of French political economist Jean Monnet on integrating different policy sectors in the hope of achieving a spillover effect to further the process of European integration has been said to have echoed the aims of the EU institutions, such as the EC seeking closer integration. Studies of the European integration are often outcome-centric, explaining successful cases of integration. (Ellinas and Suleiman 2011; Schimmelfenning 2013) In this study, the aim was not to research the outcome of integration but to review the EC's communications during the crisis using discourse analysis to build the trajectory and find the fundamental questions raised in order to understand the development of the role, power and influence of the EC. The hypothesis is that this had an influence on the future of the whole EU.

3.4 Defining the Terminology in the Work

3.4.1 Power

The German sociologist Max Weber described power as the ability to exercise one's will over others. Power has effects beyond relationships. It shapes the larger dynamics of organizations, social groups and political institutions. However, even in a democracy, the government's power is not necessarily limited to the control of voters; different interest groups in a society can support other political powers or oppositions. No organization can achieve its objectives without power (Weber 1922). Robert Dahl (1957) called power a type of relationship with respect to control and capability, and Leslie Lipson (1954) said that power is only an ability to achieve results through concerted action. Alan R. Ball (1988) wrote that power may generally be used in a political sense and political power can broadly be defined as the capacity to affect another's behaviour by some form of sanction. In this regard, the EC's ability to propose sanctions to member states can be seen in terms of power while also taking into consideration its hesitation about using this power as a form of dispensing enforcement. In this study, power is defined as someone's ability to make another do whatever they ask or demand.

3.4.2 Moral Hazard

The term 'moral hazard' was first used in the insurance industry, but it can be applied to many situations in economics and politics. In particular, moral hazard has been described in political science and economics as negative behaviours of individuals, for example, in the context of the insurance policy. But in this study, it is used in the context of countries being insured by third-party actors, such as financial institutions or other member states. When an individual, group or country is insured or guaranteed, they may take greater risks than if they were not covered. (Curini and Franzese 2020) In this study, moral hazard is present in the interactions between the crisis countries, financial institutions such as the EIB and the so-called creditor countries guaranteeing the loans for the crisis countries.

Moral hazard occurs when the government has no incentive to undertake unpopular, but at times necessary reforms in order to ensure that the debtholders receive back their promised amounts (Ghani 2012). In the case of the euro crisis member states were systematically lagging behind in structural reforms. During the euro crisis, a more fundamental debate around moral hazard rose while there were no preliminary cases where the bailout rules had been broken before. The EIB's role, as well as the IMF's, was central in allocating and guaranteeing funds to the crisis countries together with backing from the member states and assistance from the EC.

3.4.3 Public Sphere

Jürgen Habermas (1962) analysed several factors that are vital for a public sphere. First, it should be open to everyone. Second, for Habermas, it is vital that citizens play the role of a private person dealing with matters of general interest in order to form a public sphere. In these terms, citizens can freely express their opinions and form a common public sphere. For Habermas, the power of a state is legitimized through citizens in elections, and public opinion controls the stage. In this regard, there can be a question of whether there is a lack of a European public sphere. Is the power of the EU institutions legitimized by public opinion? And if so, to what extend? For Habermas, a public sphere is an arbitrator between state and citizens and enables democratic control of political and policy powers. To allow for discussion and the formation of public opinion, a record of state-related activities and legal actions has to be publicly accessible. (Habermas 1991, 398)

Different traditions of concepts of the public sphere include the media as a necessary appellant for public deliberation. However, the meaning has changed over decades, and social media has brought a new element to this debate. During the euro crisis, we can see that the use of social media was increasing, but traditional media still played a central role in determining the direction of the conversation, particularly taking into account the technical appearance of the crisis. There is no consensus among scholars about what kind of public sphere the media sustains. Creating a public sphere where the opinions of citizens can be freely formed and based on the same knowledge would require similar interpretations of the events and proceedings. (Butsch 2007, 2–3; McQuail 2005, 164) In this study, the public sphere is delineated as a domain of social space where public opinion can be formed. The lack of European media publications that are widely read throughout the Union is considered to some extent to also indicate the lack of a European public sphere.

3.4.4 Austerity

Austerity refers to significant reductions of government deficits with the goal of stabilizing public debt by decreasing spending, increasing taxes or both. Austerity can be determined as a government's action to reduce the amount of money it spends in order to cover costs such as public services, including schools, health care and pensions, which can have severe socioeconomic impacts. Austerity has also been described as a practice of governments or intergovernmental institutions, such as the European Council, and supranational institutions like the EC practicing rigid budgetary policy and the difficult economic situations caused by these measures. During the euro crisis, anti-austerity movements gathered significantly wide protests, particularly in southern Europe. A tight austerity policy was criticized by different political groups, oppositions and opinion leaders, such as Syriza in Greece. (Alesina et al. 2019)

In this study, austerity is defined as budget reductions and tight budget controls practiced during the euro crisis. Austerity was repeatedly featured in the media and in the EC's communications during the euro crisis. To give an example, Nobel laureate and *New York Times* columnist Paul Krugman became one of the most active public writers criticizing austerity measures in the EU and the policies practiced by the EC and Commissioner Olli Rehn. (Authers 2012; Atkinson 2014; della Porta et al. 2017, 1–29; Krugman 2012; Krugman 2013b)

3.4.5 Sovereignty

Sovereignty is a concept that refers to ruling power or supreme authority. In modern democracies and in the EU, sovereign power rests with citizens and free elections, and it is exercised through democratically elected representative bodies such as a parliament and government. There are two features of sovereignty: internal sovereignty and external sovereignty. Internal sovereignty refers to the presence in every independent country of some person or group that has the final legal power to command and implement compliance to its supreme authority. External sovereignty means that the state is independent of any external interference. However, if its authority is subject to the regulation of any international treaty, or if it is limited by the rules of international law, the sovereign status of the State is not considered to be compromised in any way. In the EU, each member state is independent of the other states. However, limited sovereignty can and has been determined in some policy areas, such as in economic governance during the euro crisis, where some decisions were made at not only the intergovernmental level but also at the supranational level. (Laski 1921, 23, 28–29, 222; Lee 2016, 11, 15, 188, 223) In this study, sovereignty is featured particularly in the context of the increasing power of the EU, which leads to questions about stretching national sovereignty as it had been determined pre-crisis.

3.4.6 Solidarity

Solidarity has a moral dimension which can be found written in the Treaty on European Union, Article 2:

> The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail.

Solidarity can be considered a value of the EU. However, when debated in the context of implementing new intergovernmental or supranational regulations not delineated in the treaty, the meaning of 'solidarity' needs to be defined. The definition must take into account whether it is a shared preference, and if so, to what extent, or, for example, if it is a moral good that underlies EU legal norms. It also needs to be determined whether it is an obligation or desire (Biondi et al. 2018, 72). In this study, solidarity is viewed as a value and as a legally recognized part of the Treaty.

When a group of people express solidarity, they show support for each other or for another group, particularly in political or international affairs. Solidarity in this study is defined as respect among the EU members arising from common values and agreed upon shared responsibilities and interests. People and interest groups, like political parties, promote solidarity among union members. In defining the state of solidarity, there needs to be an event where solidarity emerges. (Doreian and Fararo 2012, 350) During the euro crisis, the question of solidarity unfolded in particular in the debates around rescue packages and guarantees for the crisis countries. It was closely tied to debates around austerity and moral hazard. In the empirical part of the study, solidarity is determined to be one of the discourses framing the debate during the crisis and is studied as a value and determinant of the debate. Also studied are its implications for the debate around the future of the euro area and the EU.

3.4.7 Democratic Deficit, or Lack of Democracy

In his study entitled 'From the "Democratic Deficit" to a "Democratic Surplus": Constructing Administrative Democracy in Europe', Psygkas (2017, 1–3, 34) referred to people who make comparisons to the systems and political governance of their own countries when trying to determine and explain an international governing system like the EU. In the EU, there is no 'government'. However, the EC's behaviour can be seen as governmental decision-making in setting the agenda, executing decisions and following up on their implementation. A lack of democracy can be argued due to the large size and comparatively strong role of the EC as a bureaucratic institution; however, it cannot be described as completely unelected or undemocratic. The EC is appointed by the member states and indirectly elected by the European Parliament—elected directly by the European citizens.

Public knowledge about and interests in the processes and institutional set-up of the EU have remained low among citizens of the EU. This is supporting misleading or even negative narratives, as well as wider democratic support. (Risse 2014, 23, 90, 192) There have been low turnouts in European elections; the voter turnout in the 2014 European Parliament elections was only 42.54 per cent. The issue of democratic legitimacy has been present and sensitive throughout the historical process of European integration. To this end, one of the aims of the Treaty of Lisbon was to strengthen the role of the parliament. However, right after the ratification of the Treaty, it can be argued that the euro crisis strengthened the role of the EC rather than establishing the Parliament.

In this study, a democratic deficit or lack of democracy means that EU institutions such as the EC and its decision-making procedures suffer from a lack of democratic decision-making. According to critics, the decisions issued during the euro crisis were not made directly or transparently by democratically elected politicians. (van de Grift et al. 2018, 239) The aim here was to review the EC's decision-making role and how removed it was from voters, meaning citizens.

3.4.8 Elite

The general definition of 'elite' is a relatively small group of people in a society who enjoy extraordinary advantages of some sort. Modern sociology defines an 'elite' in two ways. First, it can be understood to mean members of society who are (i) more educated, (ii) wealthier than average, or (iii) recognized by society as deserving privileges based on their birthright or performance. Second, it may refer to a cohesive ruling group of people that manages an organization, government or state. This group can be a ruling elite or a political elite. In this study, the term 'euro-elite' or simply 'elite' is used to describe a highly educated group of people who were working in, ruling, governing or actively following the work of the EU. The concept of elite-to-elite communication in this study refers to members of the elite group participating in discussion(s) concerning European integration or social and economic affairs in the EU. In contrast, the terms ‘public’ or ‘mass’ can be used to refer to people who are not part of any such elite groups. (Haller 2011, 247–249; Ober 1989, 11)

4 Key Actors and Their Roles in the Crisis

Just as it is necessary to explain some of the milestones on the road to the EMU, it is equally important to study the structure, working methods and communication processes of the EC as well as the different key institutions shaping and leading processes relevant to this study. This chapter focuses first on researching the working methods, structures, policies and communications of the EC and then examines the role of the IMF, the ECB and the Eurogroup.

As Kassim et al. (2013, 1) concluded in their study ‘A New Model Presidency: José Manuel Barroso’s Leadership of the European Commission’, the Barroso Commissions not only centralized power in the EC but also adopted a style of presidential leadership, creating a contrast to predecessors by aiming to demonstrate a stronger capacity for coherent action. Kassim et al.’s study concluded that Barroso strengthened the presidency and presidential control in the EC (19–21) as well as the role of the secretariat-general (SG), which is the closest position to the president. This can also be seen as power becoming centralized.

The Barroso I Commission had adopted several actions to improve communications from the institution and the EU, aiming to strengthen the so-called democracy approach—the visibility and credibility of the integration in the eyes of the European public. The Commission published a statement on Plan-D for Democracy, Dialogue and Debate in 2005, along with the related Action Plan to Improve Communicating Europe and the EC’s white paper on a European communication policy in 2006. The actions included forming the new directorates-general (DG) communication, increasing proactive and direct communication with citizens, and taking a more strategic approach to EU communication in general. These plans set out on paper for the first time the aim for the EC to shift from institutional communication towards more political communication. More responsive, open, ‘two-way’, and accessible communication was also seen as an opportunity to approach citizens with the goal of strengthening the idea of a European public sphere. (Kies and Nanz 2013, 21–23) It is relevant to acknowledge that, in studying the narratives of the EC’s communication during the euro crisis, this had become the EC’s new foundation and strategy.

4.1 The Role of the EC and Commissioners

The EC, which operates according to the principle of collective responsibility, has privileged access to agenda setting. The president of the EC is proposed by the European Council and elected by the European Parliament, while the member states of the EU nominate the candidates for commissioners. The EC President appoints the portfolio group for each candidate, and after hearings in the relevant committees in the European Parliament, the candidates are approved or rejected by the Parliament. When all of the proposed candidates have passed the hearings, the European Parliament votes for the whole EC. (Best et al. 2008)

The commissioners do not have individual decision-making powers and they are not representing their country of origin. All the decisions are made collectively by the College of Commissioners, which is collectively accountable to Parliament. Commissioners can still be active members of their country's political parties and networks, so relationships are present and, depending on the party, can be tight-knit. (Peterson 2006b, 81–103; Treaty of Lisbon, article 234)

After intensive drafting and negotiations with the services, DGs and other cabinets, as well as internal processes such as impact assessments and interservice consultations, individual commissioners submit their proposals to the College, which typically deliberates by consensus. The College may also vote at the request of a commissioner, but that is not common in practice. If this does occur, decisions are made by a simple majority. Commissioners' own political staff also prepare the files from the political perspective for the special chefs' meetings with members of cabinets and a weekly Hebdo meeting with the heads of cabinets so that the College meetings can concentrate on making decisions. The collective responsibility is meant to ensure the quality of decisions, because all of the commissioners must be consulted on each proposal; the independence of the institution, because its decisions are adopted without partisan pressures; and the sharing of political responsibility by all of the commissioners, even when the decisions are adopted by the majority. (European Commission 2019c; Kassim et al. 2013; Nugent 2001)

The commissioners build their own political cabinets, and the members of the cabinet have a substantial role in advance shaping of the decisions made by the College. The role of the members of the cabinet is to give political guidance to the commissioners. There are rules for setting up the cabinet: half of the members must be EU officials, meaning civil servants who have surpassed the official entry qualifications of the EU from the institutions, and the commissioner can select 3–4 temporary agents, depending on the size of the cabinet, who are advisers with the political mandate to serve the cabinet. There must also be a gender balance and different nationalities represented in the cabinet of a commissioner. The studies conducted by Prodi and, in particular, the Barroso Commissions showed that cabinets have become more holistic, taking into account broader European views and not only defending national positions (Kassim et al. 2013, 209),

EC initiatives for new policies, recommendations, communications and laws need to be internally agreed upon in the institution. The commissioners meet every Wednesday morning in the College meeting in Brussels and, during the European Parliament's plenary sessions, on Tuesdays in Strasbourg. The President adopts the agenda for each meeting, and the most recent agendas and archived older agendas are publicly available on the EU's press release pages. Before any of the proposed laws goes to the two co-legislators, the European Parliament and the European Council, they need to be agreed to by the EC. Before the EC proposes a new initiative (legislative proposals; non-legislative initiatives that define future policies, such as white papers; communications; action plans; financial programmes; negotiation guidelines for international agreements; implementation of delegated acts), it assesses the need for EU action and the potential economic, social and environmental impacts of alternative policy options in an impact assessment. (European Commission 2019c; Treaty of Lisbon 2009, article 17)

The position of EC president can be described as significant—the president defines the policy direction for the 5-year term and assigns portfolios to each of the commissioners. The president also has the power to change the commissioners' portfolios at any time. The College sets the strategic objectives for the 5-year term and defines the annual work programme (Metcalfe 2004). Previous studies (Kassim et al. 2013) have shown that the role of EC president is substantially dependent on the character of the person holding the office, as well as their political capacity and networks. The EC, and particularly the president of the EC, also analyses and proposes the next steps for the Union. White papers about different issues are strategic oversight papers that predict the future direction of different policy fields, such as the European Monetary Union (EMU). When researching the euro crisis, specific attention must be paid to new rules and instruments set forth by the EC going forward as they try to fill the gaps that remain in the design of the euro area.

The other EU institutions, the European Council and the European Parliament, can ask the EC to initiate legislation, but proposals predominately originate in the EC. All legislative proposals must have a clear legal basis and be rooted in the treaties of the EU. In the EC, the president, commissioners and their cabinets have key roles in proposing and forming new legislation, regulations and communications. The EC is the executive authority of the EU. National authorities are responsible for implementing EU legislation in the member states, and the EC's role is to monitor and ensure that implementation. The EC also makes proposals for the EU's long-term (7 years) Multiannual Financial Framework (MFF) and submits draft budgets on an annual basis to the European Council and the European Parliament. The EC is involved in the negotiation and redrafting of amendments as decided by the co-legislators. The EC also has a central role in policing EU laws by taking a member state that breaks an EU law to the Court of Justice in Luxembourg and proposing sanctions. (European Commission 2019c; Staab 2013)

The power of an individual commissioner depends mainly on their portfolio and their personal résumé, as well as the EU competences in their policy field (Kassim et al. 2013). The portfolios where the EU has exclusive or shared competences are usually the most popular with the member states. After the ratification of the Treaty of Lisbon in 2009, the High-Representative of the EU for Foreign Affairs and Security Policy became a member of the College of Commissioners. Although the Common Foreign and Security policy is under the authority of the EU member states, and the EU has a supportive and complementary role, the EC is responsible for key elements, such as, for example, the EU's trade policy, development policy, enlargement and many of the financing instruments of foreign relations.

The EU has only the competences that are conferred on it by the treaties. The Treaty of Lisbon (2009) defines the division of competences between the EU and the member states. These competences are divided into three main categories: exclusive competences, shared competences and supporting competences. *Exclusive competences* are areas in which the EU alone is able to legislate and adopt binding acts. These are the customs union, establishing of competition rules necessary for the functioning of the internal market, monetary policy for the euro area countries, conservation of marine biological resources under the common fisheries policy, common commercial policy and the conclusion of international agreements under certain conditions. *Shared competences* are policy areas where the EU and EU countries are jointly able to legislate and adopt legally binding acts. Here, the EU countries exercise their own competences in areas where the EU does not do so. These areas are the internal market, social policy (but only for aspects specifically defined in the Treaty), economic policy, regional policy, agriculture and fisheries, environment, consumer protection, transport, trans-European networks, energy, freedom, security and justice, shared safety concerns in public health matters, research, technological developments, space, development cooperation and humanitarian aid. In the fields of *supporting competences*, the EU can only intervene to support, coordinate or complement the actions of EU countries. These fields are the protection and improvement of human health, industry, culture, tourism, education, vocational training, youth and sport, civil protection and administrative cooperation.

In *special competences*, the EU can take measures to ensure that EU countries coordinate their economic, social and employment policies at the EU level (EUR-lex). The portfolios with strong competence are normally given to experienced and well-established commissioner candidates, given that they also have to pass the hearing in the committees of the European Parliament. Also, the commissioners with the strongest résumés have more authoritative power in the EC for influencing public opinion and negotiating with the different EU institutions. The EC vice-presidents are normally more senior or previously well-established characters. (Gehring and Schneider 2018) The economic portfolio in the Barroso Commission was given to Olli Rehn from Finland, who had already served in the previous commission and came from a prominent background in national politics. Additionally, Finland was seen as a country with a strong economy and was considered a euro country with an irreproachable reputation. Olli Rehn became the commissioner who gave statements concerning the economic policies and decisions made by the EC during the crisis, and he became the face of the EC, together with President Barroso.

With regard to the personalization of news value, there are three main obstacles that the EC and the commissioners usually face: the language barriers, face recognition and the missing link to national or regional politics. Many of the commissioners are not well-known in member states, and national audiences still prefer to have news in their own language. Subtitles are not widely used or are at least not the preference in all of the member states. As noted in multiple studies (Meyer 2009; Picard 2015a; 2015b; Spanier 2012), EU affairs are felt to be distant, even in an international context like the global economic crisis. In addition, national political figures and leaders from the biggest and strongest EU member states—such as France and Germany—were the main public figures commenting on the crisis.

Stine Andersen addresses this in her comprehensive analysis of the EC's role supervising member state compliance with EU law: 'The enforcement of EU law: the role of the European Commission', the aim of the EC should be to ensure that the processes are vested in the general interests of the EU. However, it is important to acknowledge that in referencing, for example, the Treaty of the Functioning of the EU (TFEU) Article 258, Anderson notes the role of the EC can be interpreted as being semi-political and also requires policy choices when it comes to the decisions to be made if a member state fails to fulfil their obligations (Andersen 2012, 221-222). This happened repeatedly during the years of the crisis. When it comes to law enforcement and the role of the EC, Andersen emphasizes that, 'the Commission takes a central role in all phases and generally it acts in subtler and much more nuanced fashion than a formal description of its tasks and power suggest. Thus, it retains an important extra-legal function as facilitator'. (Andersen 2012, 226) This can be seen reflecting also to the EC's increasing policy and political role in the euro crisis and growing power during the extra-ordinary situation the Union faced during the period. It can be argued that while the Union is lacking a government, as it is structured in many countries and federal states, the EC has throughout a causal trajectory taken the role more prominently that was originally intended.

4.1.1 Barroso Commission 2010–2014

José Manuel Barroso was nominated first time as President of the EC and approved by the European Parliament in July 2004. Barroso Commission was the EC in office from 22 November 2004 until 31 October 2014. Barroso II Commission was approved to take the office on 9 February 2010. The legacy of the Barroso II Commission is very much marked by the euro crisis. It was also the first commission holding the office after the Treaty of Lisbon entered into force on 1 December 2009. (European Commission 2014a)

Despite of the efforts made by the EC, several European leaders – notable the chancellor or Germany and the President of France became the leading figures in Europe trying to solve the sovereignty crisis. The leaders of the member states worked together with international financial and the EU institutions, and banks trying to combine the needed structural changes, loan agreements and restoring the budget deficits solving to crisis. In the literature and studies as well as news articles published about the Barroso II Commission, the impression was that it was not seen as a commission with a particularly strong leadership. (Hussein et al. 2013) Despite the fact that the EC was one of the main institutions trying to solve the crisis being part of 'The European Troika' together with the ECB and the IMF. Troika became the widely used term during the crisis referring to the consortium that provided the bailout packages to Greece, Cyprus, Spain, Portugal, and Ireland. (Pisani-Ferry 2011, 88, 94, 191)

The European Treaties gives to the EC almost a monopoly on regulatory initiatives and propositions. According to the Treaties, the EC is the executive branch of the EU with a strong agenda setting role. As mentioned, it is responsible for upholding the EU Treaties, proposing legislation, implementing, and supervising decisions and managing the day-to-day policies of the EU. The EC's role has traditionally been the defender of the 'European view' where in the Council the member states are defending their national positions. However, the role of the EC has been particularly unclear. Some studies argue that its role during the euro crisis can be seen as a secretariat of the member states (Ondarza 2011) but also its politicized leadership and growing engineering, supervisory and implementor role during the euro crisis can be argued increased its supranational role. (Bauer and Becker 2014)

The EC is also the institution that has been seen as the catalyst trying to push for a more integration and setting the agenda for the future of Europe. The Barroso II proposed Europe 2020 strategy in March 2010 for advancement of the economy in the EU. The aim was to set a long-term goal for a 'smart, sustainable and inclusive growth'. Barroso II Commission has been criticized that in the years of crisis it mainly focused solving the crisis with economic and financial regulation. However, many of the new initiatives what came to new fiscal discipline and economic governance also came from the member states. (Brunnermeier et al. 2016, 19–20, 113)

The EC's role as non-elected body is interesting and unquestionable important as it is the institution making the legislative proposals and being the executive body of the EU. There has been an ongoing debate of the democratic deficit of the EC for a long time and in the years of the crisis this escalated (Kassim et al. 2013). As mentioned, the President of the EC is selected by the leaders of the member states and approved by a vote in the European Parliament. The commissioners are appointed by the member states, and they need to pass the hearings in the European Parliament committees before the Parliament plenary votes of the approval of the whole EC. In this regard it can be argued that the College of the Commissioners is indirectly pointed and elected by EU citizens voting in the national and in the European Parliament elections.

During the Barroso I and II Commissions there was a clear politicization of the members of the College in a sense that many of the commissioners had a long political career in the national politics before joining the College. Kassim et al. describes in their study 'The European Commission of the twenty-first century' (2013) comprehensively how different leaders in the EC have adopted different strategies and ambitions in their position. The important notion that the study makes is, that they have mobilized different resources. For example: in Barroso II Commission the DG ECFIN role increased, to some extent indispensably, if we are looking at the agenda that the crisis put to the table. The DG was the service of the Commissioner Olli Rehn responsible for Economic and Monetary Affairs. The new political situation also required a strong political leadership. According to the Kassim et al.'s study (2013), Barroso was considered as strong EC President by up only to third of the officials at his time (p.165). Senior managers and members of cabinets describes him 'strong in manging the house, delivering on political priorities and defending the Commission'. However, national civil servants saw Barroso as less strong leader. Permanent officials from administrative DGs described Barroso as strong in managing the house; however, people working in primarily spending or primarily regulatory DGs were less likely to agree that the President was strong in defending the EC or in delivering policy agendas. Important notion for this study is that supranationalists were more likely to see Barroso's management style, in agenda management and delivering priorities, as strong (p.166).

One reason why the decision-making by the EC became in many ways more complex was the EU enlargement in 2004 and in 2007. It meant that there was all together 28 commissioners, one from each member state. The size of the EC grew to be bigger than ever, and every commissioner wanted to leave their legacy to the work of the EC. The policies were divided for a several commissioners and DGs which meant that there was a lot of overlapping and it was not always clear who in the end was responsible for the policy. (Brunnermeier et al. 2016, 18–19, 373) To avoid fragmentation Barroso adopted a stronger 'Presidential style', personalized authority leadership like described in previous studies. In addition, Barroso adopted a close relationship with the Secretary-General and turned it into more precisely presidential service focusing increasingly to planning and programming. The preparatory work in special chefs and Hebdo meetings was also done carefully taking into account that the Barroso II Commissions did not vote in College meetings, as was still the norm during the Prodi Commission. (Kassim et al. 2013, 166–170)

During the crisis, Finnish commissioner Olli Rehn served as a commissioner for the Economic and Monetary Affairs and the Euro until 30 June 2014. Olli Rehn is a Finnish politician, a member of the Centre Party of Finland, belonging at the EU level to the Alliance of Liberals and Democrats for Europe Party (ALDE, since 2019 Renew Europe Group in the European Parliament). Olli Rehn has been described particularly in international media as an 'austerity hawk' meaning that he was very strict with the budgetary rules and commonly agreed rules of the euro area. He was also against the idea of creating a permanent rescue fund for the EU arguing that this would create a 'moral hazard' since member states not reforming their economies could rely on that there would always be an EU rescue mechanism to fix their finances (Sandbu 2015, 109). However, studying news article is in Finland, on many occasions, Rehn was not seen tough enough addressing the crisis countries. On a contrary, following media in the PIIGS countries and in Cyprus Rehn faced criticism particularly from left-wing political parties, some of the trade unions and a constellation of anti-austerity groups being too strict. Different interpretations reflect distinctly in-depth cultural divisions in the Union as well as different interpretabilities that raises from different media cultures as well as political and socio-economical orders in member states.

A strong EC has described been a good for the smaller member states defending the Treaties and rules-based decision-making. The tendency of a more political EC that Barroso started has created increasing worry that the EC's role as a neutral defender of the common rules and the Treaties has dissolved (Bauer and Becker 2014). In this regard, there is a need to study the time of the euro crisis in a different light taking into account the fact that there was no anticipation and buffer ready for this type of a crisis to escalate in Europe.

The EC faced critics on its weak capabilities solving the crisis and doing the aftermath. One of the main problems remains that the EU has a very small fiscal capacity of its own. Its power is mainly regulatory. The national governments, as well as international financial institutions, were the only ones who had the capacity and the power deciding to give more financial resources to solve the crisis. The EU budget also belongs to the whole union, not only to the euro area so all the budgetary decisions needed to be decided by all member states. There was a clear demand for fast fiscal response to the crisis and the EU was unable to provide that. (Brunnermeier et al. 2016, 17–21)

However, like Isabel Camisão also points out in her analysis 'The Commission's role during the Eurozone crisis' (2015, 271), referring to literature, the EC has a so-called hybrid essence: It works as an operational body of the EU, serving the needs of member states, and particularly after the ratification of the Lisbon Treaty, also of the European Parliament. With its right of initiative and agenda setting role, the EC also serves as a supranational institution. It represents simultaneously a political and a bureaucratic entity and it had at least an advisory role to influence the fiscal responses of the third parties mentioned above. In addition, it has, despite the characters, a comparatively strong given political leadership, strengthened with political advisers. Its role also includes more political activities like public communication (referred in this study), consensus building and negotiating of agreements (Nugent 2001, 203). The EC also has a strong interinstitutional role, building consensus between different EU institutions, member states as well as stakeholders and the private sector. Compared to other European actors, it can also take a more purely 'European' approach to issues, since it does not represent any individual member state or political group. Its aim is also to deepen the process of the European integration. However, this should not be mixed directly with expanding the competences of the Union, even though the historical development of the Union in many ways seems to affirm this trajectory.

Mark Rhinard underlines in his analysis 'Framing Europe: The Policy Shaping Strategies of the European Commission' (2010) the EC's role and resources in shaping the structure (or frame) of decisions. This means the EC's power in setting the narrative of the debate by intervening from the start, defining the problems and goals as well as proposing solutions, in practical terms via the submission of working documents, studies, reports and public communication.

Studying changes of political narratives of the EC 2010–2014 it is relevant to review the annual State of Union Speeches (SOTEU) that President Barroso gave during his second mandate. It was clear that the focus was very much on economics and the euro crisis. The SOTEU speeches are a good way to follow the changes in the political climate from the EC's perspective and see where and how the President wants to shift the political narratives (Pansardi 2016). The SOTEU speech normally builds around three things: taking stock of the last year and building bridge to the next one and giving an overview of the current situation. It depends on the speech how much the EC President wants to address new proposals that the EC is preparing. In addition, when approaching the end of the mandate the speeches become more legacy speeches underlining the achievements of the EC.

In 2010, the theme of the Barroso's speech was a common response to the crisis: modernising the EU's social market economy, strengthening growth, and promoting freedom, inclusivity, security, and justice.

> Sound public finances are a means to an end: growth for jobs. Our goal is growth, sustainable growth, inclusive growth. This is our overarching priority. This is where we need to invest… This means concentrating on three priorities: getting more people in jobs, boosting our companies, competitiveness, and deepening the single market. (European Commission 2010h)

At the time, the global financial crisis had escalated in Europe, and it was clear that none of the member states would survive without taking a hit if there would not be a common approach and response to the crisis. The EU's economy was not strong enough even excluding the problems with the single currency. The single market of EU remained scattered, and Europe was not seen as an attractive investment destination.

In 2011, the title of the President's speech was 'European Renewal', and the main topic was the economic crisis. The main purpose was trying to restore confidence by strengthening stability and growth, responsibility, and discipline.

> Europe has a future, if we restore confidence. And to restore confidence we need stability and growth. But also, political will, political leadership. Together we must propose to our citizens a European renewal. (European Commission 2011t)

Barroso Commission wanted to strengthen the rules-based decision-making and the EC's role as the guardian of Treaties. This speech also had a clear target: the countries, which did not take the full responsibility of their economics and required reforms and budget discipline to restore trust.

In 2012, Barroso brought up the question in his communication: what the political union means to the economic union. It had become clear that a single currency should have had a full-fledged banking union and clear rules and guidelines in the case of a crisis to support it. Trying to fix the problems that the euro was struggling with the process got more political in every step. The clear priorities were trying to tackle the economic, political, and social crisis targeting irresponsible and at this stage unreliable (Greece) member states. At this time, populism was raising in the member states and Barroso clearly wanted to underline this as a threat to the unanimity in Europe:

> Since the start of the crisis, we have seen time and again that interconnected global markets are quicker and therefore more powerful than fragmented

> national political systems. This undermines the trust of citizens in political decision making. And it is fuelling populism and extremism in Europe and elsewhere. (European Commission 2012u)

In 2013, economic crisis clearly remained as the main topic in the speech, but the President was highlighting more also the positive signals in the economy.

> Europe has fought back. In those 5 years, we have given a determined response. We suffered the crisis together. We realised we had to fight it together. And we did, and we are doing it. If we look back and think about what we have done together to unite Europe throughout the crisis, I think it is fair to say that we would never have thought all of this possible 5 years ago. (European Commission 2013n)

Sustainable growth was a necessity to reach the employment targets in Europe. There was a need to calm down the general gloominess – of economy and citizens – as well as detractors of the Union. (European Commission 2013n; Pansardi 2016)

During the Barroso II Commission, the European People's Party (EPP) was clearly the biggest party in the European Parliament with 265 seats. Progressive Alliance of Socialists and Democrats (S&D) had 184 seats, and Alliance of Liberals and Democrats for Europe Party (ALDE) 84 seats. In the EC, 10 of the 28 commissioners were from the EPP member parties and 10 from ALDE. Seven commissioners came from the Socialist Group. The political affiliations between the EC, the Council and the Parliament are important in the decision-making processes. The unofficial meetings and consultations between the institutions are important part of the preparatory work before the EC proposes a legislation, communication or recommendations and following up.

When the global financial crisis in 2008 led to the euro crisis in the EU, member states started to bail out banks resulting increasement in public debt. The EC quickly took the role to promote stronger control of member states' budgets, austerity and structural reforms. According to previous studies, the EU's economic policy coordination changed in fundamental ways during the crisis. (Leino and Saarenheimo 2017) The EC's role in between being in essence the technocratic institution of the EU and given the centric role of a designer and implementer of responses of the integration to the situation was already in principle a unique setup.

During the time of the Barroso II Commission, many of the decision regarding the Economic and Monetary Union required more involvement of the member states and especially the leaders of the euro countries. This strengthened the idea of intergovernmental decision-making of the Union. However, the role of the agenda setter and the implementor can be seen centric and this is underlying the supranational role of the EC (Bauer and Becker 2014). As mentioned, the European Parliament's role cannot be seen centric, it had more of a consultative role. Based on previous analysis (Wasserfallen et al. 2018), the Eurogroup and the role of the ECB, as well as the International Monetary Fund can be seen much more influential emphasising one of the questions in this study: possible the lack of democracy in the EU's decision-making, particularly in the context of the power of the EC.

4.1.2 Stronger Economic Governance and Strengthening the Social Dimension

According to the 'Protocol on the Excessive deficit procedure' member states in the euro area as well as the euro area candidate countries must have sound public finances. There are two criteria: the budget deficit must not exceed 3 per cent of gross domestic product (GDP) and public debt must not exceed 60 per cent of GDP. The Excessive deficit procedure (EDP) is an action launched by the EC against any EU member state that exceeds the budgetary deficit ceiling imposed by the EU's Stability and growth pact legislation. The regulation was adopted in 2009. The procedure includes several steps, potentially culminating in sanctions, to encourage a member state to get its budget deficit under control. (Eurostat 2013)

On top of the existing rules, EC President José Manuel Barroso stated that he wanted to have a 'stronger economic governance by small steps'. That silent revolution was to begin with the tabling of the so-called Six Pack in September 2010. The Six Pack legislation was a set of laws, which was to tighten the rules on debts and deficits. The legislation unquestionable boosted the power and the role of the EC by introducing a rule of 'reverse majority'. (European Stability Mechanism 2019) In practice, this meant that the EC could propose sanctions on member states with too high deficits. There had to be a qualified majority against it for the sanctions to be rejected. (Bauer and Becker 2014)

The rules were applied in the context of the European Semester. The 'Semester' is an annual cycle of coordination and surveillance of the EU's economic policies. The European Semester was introduced in 2010. The aim was to ensure that member states go through their economic and budgetary plans with the EC annually in the first part of the year. The idea was that then national action could be taken in the second part of the year if there was a need for any corrections, notably this would then happen with the adoption of the budgets for the subsequent year. The Fiscal Compact meant that member states' national budget has to be in balance or surplus, under the Treaty's definition and an automatic correction mechanism had to be established to correct potential significant deviations. (Bauer and Becker 2014; European Commission 2014b; European Commission 2019c; Staab 2013) What this meant in practice was that the EC's role increased being an evaluator of the national budgets, proposing corrections and monitoring implementation.

In October 2013, the EC adopted the Communication on strengthening the social dimension of the Economic and Monetary Union (EMU). President Barroso commented:

> The EU has taken giant leaps forward in terms of economic governance in the last five years, providing financial lifelines to many vulnerable Member States. From the start of the crisis, we have taken targeted action to deal with the social distress created in part of our societies. But the severity of the crisis, particularly in the euro area, has taught us that we need to work even more closely to heal the social scars it has left behind. This Communication is about building on the rules we have already put in place under the European Semester to ensure there is a strong social dimension in the way we run our Economic and Monetary Union. We owe that to the 26 million unemployed and the most deprived in our society. (European Commission 2013r; European Commission 2013s)

The aim was to create a scoreboard to allow for better and earlier identification of major employment and social problems in the framework of the European Semester. It can also be seen that the EC wanted to response to the public critic that the institution was mainly focused to the economic policies and monetary policy rules, leaving human perspective on side. At the same time this meant that the EU was sidling to new policy areas and the EC was the proposing institution as well as the one designing and implementing new policies under the social dimension (Fernandes and Maslauskaite 2013). The European pillar of social rights has been deepening measurably since the Barroso Commission. The successor of the Barroso II Commission the Juncker Commission pointed the Vice-President responsible for euro and social dialogue and made several policy proposals under the pillar of social rights. The same trend is continuing with Ursula von der Leyen's Commission in 2019. The trajectory that led to this proposal in 2013 can presumably be substantiated in the study.

4.1.3 Communication of the EC

In the EC, DG Communication is mainly responsible for the internal communication of the EC as well as the external corporative communication. The Spokespersons' Service (SPP) is part the Directorate-General Communication and is the dedicated press service for the EC. The SPP is also part of the Presidential Service and is the body communicating daily the news of the EC and reacting to the news. The communication logic of the EU is supranational. (Spanier 2012, 100–112) It operates in 23 different languages and provides information in all member states via the EC's representations and the European Parliament's information offices (European Commission 2019c).

In the Barroso II Commission, each commissioner had their own Spokesperson supported by press officers. The daily work of the SPP includes internal daily briefing, briefings with the EC representatives in the member states, midday briefing with journalists and preparatory work of the daily files for the commissioners and the President. Spokespersons and press officers are the communication connection between the Spokesperson Service and cabinets, they work also in close cooperation with DGs. The Communications teams from the DGs meet regularly with the commissioner's communications team in the cabinets. This normally also includes the press officer and the Spokesperson from the SPP. In the cabinet there is also normally one political assistant or member responsible for the press of the commissioner's country of origin. This helps dealing with the national press. Often, most of the interview requests come from the commissioner's own country. Several researchers and publications written during and after the euro crisis pointed out that the Commission's role and behaviour as a communicator changed in the years of the crisis and the communication teams in the EC needed to adapt their work. The role of the EC and commissioners came more public, and their communication needed to be increasingly open and seek proactively public understanding and support for the decisions made by the EC. However, we can see that the change in the EC's communication began already before the crisis. (Haverland et al. 2018; Meyer 2009; Picard 2015; Spanier 2012, 100–108)

Historically the EC has been expected being neutral, consisting of legitimacy, and cautious getting involved in political debates. In the EC's Action Plan to 'Improve Communicating Europe by the Commission' (2005) the EC can be seeing trying to move from communicating retrospectively and responding to policy agendas set by the member states and media by taking more proactive and strategic role in its own communication. The Plan emphasized to involve commissioners more in communication and have more transparency and dialogues directly with citizens also in member states. The EC recognizes in the paper that its communication needs to be more professional listing activities, like empowering and training its own staff to be communication ambassadors, publishing story led news agenda and using its representations and new communication tools like audio-visual service more. Lack of coordination and production of newsworthy information was a well-knowledge problem in the EC's Spokes Person Service (Meyer 2009).

According to the study of Bernd Spanier (2012) on EU's communication he describes the logic of communication within the SPP that it is significantly influenced by the portfolio he/she is working with, nationality of the commissioner, the professional background of Spokes Persons and personal convictions, style, and ambitions. Spanier bases his analysis to interviews he made during the Barroso II Commission. His findings are also in line with the findings made by Koopmans and Pfetsch in 2003.

The economic portfolio during the Barroso II Commission was particularly turbulent taking into account the economic situation globally and in Europe. The euro crisis increased the requirements for expert level communication and problem-solving capacity because of its cross-national nature. Giovanni Barbieri and Donatella Campus assessed in their study ‘Who will fix the economy? Expectations and trust in the European Institutions’ (Barbieri and Campus 2015, 80–98) that it can be argued that the fact that citizens and media began to see the EU as a responsible actor solving problems in the euro area during the crisis may have been one of the consequences of the creation of a supranational space of the political communication. The crisis was touching the whole EU and particularly the euro area and the media coverage could not focus only to one of the member state the crisis being cross-national. The European public sphere still being and remaining segmented (Kleinen-von Königslöw 2012) but combining the efforts made by the EU institution, the nature of the crisis and necessary intergovernmental decision-making, there needed to be the EU wide understanding and media coverage at least to some extent.

The EC has been criticized that its communication has not been as open and transparent as it could have been. Based on previous studies, comparing the times before and after the euro crisis we can see the shift in its communication towards more rapid and wide coverage approach. This can also be seen as a reflect trying find support from the public to the hard decisions made. Institutions needed media to write about the decisions the way that general public would also understand and not only with technical and academic ways. The criticism that the EC has faced on its communication had been that it remained limited but also elite oriented. (Hubé et al. 2015, 99–120; Nguyen 2017)

The EC holds a press briefing every day at midday for the correspondents in Brussels. Spokespersons are on the podium answering questions and there are separate technical briefings provided. In addition, commissioners are there often to explaining the news on their policy fields. In addition, the SPP is providing a wide range of briefing material that is available for journalists and all the daily press materials are available on the EC’s website. In this way, comparing to many countries the communication of the EC is very much serving the media. In the EC headquarter, where the SPP physically takes place, there is an open area cafeteria where journalists can meet with members of cabinets, spokespersons, press officers and other civil servants that are relevant sources for their work. The EC is not as closed institution as it many times is described; however, the question remains how national media was able the use this information and how did it translate in media coverages and responses of people (Valentini and Nesti 2010).

In the multilingual and multinational working environment like the EC, it is different to pass the political messages than in the national communication environment. Understanding the nuances and the different political cultures as well are the reactions that some of the decisions might generate differs maybe from any other institutions in the World. In the United Nations, you might see something similar, but the rapidness of the news tends to be different in daily basis. When asked from the EC spokespersons to describe the main differences working as a EC's spokesperson compared to working in the national environment there were three main points that usually came up: (i) influence of different languages, (ii) complexity of the multilevel structure and (ii) large number of media outlets. (Spanier 2012, 61–65, 68–112)

There is a broad acknowledgement that the communication gap between a public audience and an elite audience in the EU communication exists (Herkman and Harjuniemi 2015, 236-307; Spanier 2012, 142). The discussion on the EU's communication deficit originates from a long-term debated on the EU's democratic deficit (Atikcan 2015). Both of these deficits can be seen as an influence on public reactions during the crisis and as a catalyst for the EC trying to improve the communication to be more transparent, open, and present. The EU is lacking tools to encourage the EU wide debates on important topics. The debates that politicians are having in the member states around EU affairs tends to come back to national approach (Mancini and Mazzoni 2015, 191–212; Valentini and Nesti 2010, 233, 399).

The EC is an institution of both communication and policymaking, taking into account its competences, permanence and resources. According to media content analyses, the EC is the most visible of the EU institutions (Koopmans 2004). Before the euro crisis, the College of Commissioners were more restrained in responding to news and political conflicts or conflicts of interest. As mentioned earlier, there was a presumption of neutrality. Since the beginning of the euro crises, based on previous studies, the EC has taken a more political role. (Bauer and Becker 2014; Haverland et al. 2018; Leupold 2016) This trajectory can be interpreted from various articles and publications as being a consequence of the EC seeking more public support for the unique decisions needed during the crisis (Büggemann 2008; Meyer 2009).

Until the late 1990s, EC spokespeople were selected primarily for their technical skills and expertise. Communication used to be seen as a low priority task that did not require such strong skills. Based on previous studies, we can see that this culture has changed in the EC. In the Barroso Commissions, there was already a shift towards more media-oriented spokespeople who also had journalistic skills and backgrounds. Also, stronger role and more autonomy was given to the EU representations in the member states. By this, the Commission can be seen trying to strengthen its outreach to national audiences. In the I and II Barroso Commissions communication was also more active at the strategic level, as the launching of the EC's Communication action Plan 2005 and a White Paper in 2006 showed. (Brüggemann 2008; Meyer 2009; Spanier 2012, 68–112)

Citizens' distrust towards the institutions and the EU was growing during the crisis and people in member states started to increasingly question the need for the Union. In a democracy, the existence of EU integration is dependent on public support. More transparent, visible, and professional communication was one of the responses of the Barroso Commission to this increasing distrust. (Dinan et al. 2017, 62–68; Valentini and Nesti 2010, 1, 32–44, 341–337) One of the objectives of this study is to research how this trajectory was built in the EC's communication, interpreted in media, and shaped the debate around the development of the role of the EC and debate around the euro area and the whole EU.

4.2 Media in Brussels and Link to the Member States

The euro crisis touched all European countries totalling millions of citizens. It generated to be a political crisis on an international, the EU and at national level. From media and specially news perspective, journalists did not study enough the reasons why Europe was in crisis they just reacted to the news coming. Previous studies have shown that news was shallow and did not reflect the complexity of the crisis. Media relied a lot on anecdotes, and they did not explain the social effects of what was happening, some of which was to be irreversible. It has been argued that during the crisis there was not enough content or critical analysis. This could have been the perspective also for the EC to cover. Media and news agencies provided isolated pieces of data for the audience, such as the unemployment figures, without explaining what effect the numbers could have on society. (Picard 2015b, 16–32; Spanier 2012, 21–31)

Media was quick to present points of view of the national governments. Media covered how things, like cutting welfare payments was affecting people, but there was not as much discussion about what the alternatives to those cuts would be. There was a lot of coverage of increasing unemployment levels and cuts in public services, but not so much about how that could be benefiting people in a long run. Worry about the high public debt and increased public expenditures were debated in 'elite to elite' and economist approach journalism but not so much in public debate. The main narratives organized quickly around creditors and debtors, austerity, and budget spending. This narrative seems to be there to stay, and it has deep-rooted effects to the discussion on the development of the EU. (Reich 2012; Schiffrin and Fegan 2012)

Media coverage in general has been criticized not going deep enough to the roots of the crisis and presenting the political situations behind the problems the member states faced. Also, the knowledge of the EU institutions and how the policies and politics were made in the EU was week among some of the journalists covering the news of the crisis. It has also been noted that media coverage focused mainly to the domestic aspects and not building a bigger picture of the euro area as a whole. (Picard 2015b, 16–31)

As presented already in the Action Plan to improve communicating Europe by the EC in 2005, the aim of the EC was to strengthen its strategic communication, media relationships and citizens communication. The role of EC and commissioners was becoming increasingly public already before the euro crisis. In addition, the questions around the EU's democratic deficit, complexity of the EU governance and decision-making and lack of European public debate can be seen as catalysts for the EC to aim more strategic and active role as a communicator. To increase legitimacy and public support there is a need for trust (Valentini and Nesti 2010). The aim in this study is to research the EC's public statements and speeches made 2010–2014 concerning the crisis countries to discover possible changes in its role as an EU institution. As described, to build a trajectory around the communication and to see how possible changes in the EC's communication and behaviour as a policymaker was seen in the member states, I will study media reflections in selected national media, mainly in PIIGS countries and in Cyprus. To strengthen my analysis on the role of the Commission I will study Eurobarometers, opinion polls and election results, to understand shifts in politics and opinions.

There has been a relatively wide number of studies on media behaviour during the years of the crisis. The aim is not to make a media study but to use media and previous studies as one of my sources building a trajectory around the EC's evolving political and institutional decision-making and communication to understand possible changes in the role of the institution. As described in above, based on previous studies, we can identify some interesting and important changes in the ways the Barroso II Commission organized its communication and policymaking. The aim of the research is to identify the relationship of past events and theirs links to present what led to certain developments during the crisis. In a democracy, media can be seen as a mirror of political communication and decision-making. Analysing its reactions can reflect to the sources of the decision-making and power.

It can be argued that what affected to media coverage of the crisis the most was not varieties of different publications but the national belonging of media that covered the crisis. 'Domestication' is one of the terms used in previous studies to describe European public sphere and how segmented it is to the national states.

Professor Kleinen-von Köninslöw from Hamburg University has described that the European public sphere exists ‘where each country increases its surveillance of Brussels but shared European discourse among the European community of nations fails to develop’ (Kleinen-von Königslöw 2012, 444). Newspapers in Europe tends to cover European issues from the perspective of their own country (Mancini and Mazzoli 2015, 191–212). However, media in Brussels has a role to play.

In Brussels, the media landscape is unique in a sense that it gathers correspondents from all over Europe and over the seas. Traditionally there are some high-level journalists from the biggest member states like France, Germany, and the UK and internationally high-standard media houses are represented. The *Financial Times* has historically had a special role in Brussel, the same as the BBC news. Economics has been one the core competences of the EU for a long period and—at the latest after the euro crisis escalated—the *Financial Times* became one of the most read newspaper in Brussels. From France, *Le Monde* and *Le Figaro* are respected, but for the same reasons as the *Financial Times*, the financial newspaper *Les Échos* plays an important role. From Germany, *Süddeutsche Zeitung*, *Frankfurter Allgemeine Zeitung* and *Handelsblatt* have relatively wide coverage and *die Welt* and the weekly newsmagazine *der Spiegel* are also respected publications in Brussels. Also, national correspondents of news media create the most important link to the member states from Brussels (Valentini and Nesti 2010, 191–237).

When studying how many correspondents each member state’s media normally have in Brussels, we can see that it is not comparable with number of journalists that are covering national or regional news. According to Clear Europe 2015: Many magazines and newspapers rely on second-hand resources and news agencies what comes the EU topics. Journalists who want regular access to the EU institutions—the EC, the Council and the European Parliament—need to be accredited. Accreditation gives access to the main buildings and briefings of the institutions and identifies the journalist as an official correspondent. Occasional visiting journalists can get ad hoc accreditation for a single visit. The number of accredited journalists in Brussels has grown almost continuously, from 259 in 1976 to 929 in 2004. In May 2012, there were 931 accredited reporters in Brussels. During the crisis, the number rose to 1,022 in September 2013. Aside from the large number of Belgians among the journalists, the biggest group is Germans, followed by British, French, Spanish, Italians and Dutch. The biggest foreign news organization in Brussels are the combined German public broadcasting organizations, Chinese Xinhua, Thomson Reuters, the BBC and Euronews. In the years of the crisis the *Financial Times*, the *Economist* and the BBC were the media most read by EU officials. Even, the number of different media outlets in Brussels is high, the variety is not very broad. In Brussels, economic and high-level newspapers and news agencies are well represented but the tabloids are avoiding Brussels, if some rare exceptions are not taking into account. That can make the spokespersons and the EC's communication in general many ways easier, dealing mainly with high-level professionals but that can also widen the wound between citizen who consume different type of a magazines and news sources and the elite in Europe. (Spanier 2012, 100–112; Valentini and Nesti 2010)

One important thing in the EU circles are the characters of the journalists. This has been supported by two trends: social media and that economic journalism has become more political and political journalism has become more economical. As mentioned, national correspondents in Brussels can play an important role as a link between the EU communication and national interest. For the international economic focused publications such as the Wall Street Journal, Bloomberg, or the *Financial Times* the aim is to build a broader picture thematically. It can be argued that it is not so much about the newspaper, which obviously matters as well, but about the nature, competence, and networks of journalists. (Schifferes 2011) Some journalists become more followed and respected than others. Good example is Peter Spiegel who served as the *FT's* Brussels bureau chief in 2010–2015 and became known as one of the most published journalists covering the years of the crisis.

Over the last decades, there has been a persistent trend to personalize news. During the crisis, leaders from the biggest countries like Angela Merkel from Germany and Nicolas Sarkozy and François Hollande from France appeared in the news more often than the EC leaders. Also, Italian Prime Ministers Silvio Berlusconi and Mario Monti were mentioned in the EU wide media often during the crisis, Italy being the third largest economy in the euro area. The EC President José Manuel Barroso, President of the ECB, Jean-Claude Trichet, and also Spanish Prime Ministers Rajoy and Zapatero appeared in the news quite frequently during the crisis. (Hubé et al. 2016) For this study, it is relevant to recognize that the commissioner in charge on economics Vice-President of the EC Olli Rehn, was not widely known across the continent.

Typical element for the news coverage on European topics is that it circles around national perspectives on things. Normally news is widely spread around the European Summits, however headlines of the national news are often framed from the perspective 'how this will effect to our country' and the faces appearing in the news are national leaders. For example, the commissioners from other countries are not widely recognized around the EU, and it is difficult to get public to be interested about the news coming from the EC's newsroom. It has also proven to be difficult to build a European wide debate around the changes required to develop the EU and its institutions further to be more resilient, democratic and be able to reflect the needs and expectations of citizens. (Nienstedt et al. 2015, 33–61) The question raising is: Can we make a hypothetical interpretation that many changes and evolvements happening in the EU during the euro crisis took place outside the public?

Fundamental discussion at the roots of the euro crisis is about politics and economics but it is also about communication, systemic and policy issues and people. Media reporting about victims and beneficiaries of the crisis have emotional implications and consequences for public opinion (Nienstedt et al. 2015, 34). The Maastricht Treaty defining the principal rules of the euro area was based on non-bailout principle. Once these principles were stretched by the member states and the EU institutions this created a space for public debate to question the fundamental principles of the Treaty and how far the euro area was willing to go saving its members. From the institutional point of view, this can be seen created new opportunities to deepen the integration. However, without new Treaty negotiations, public support for the changes needed to come from the member states, from citizens. This was tested several times during the crisis in the national elections and reported in opinion polls in national and at the EU level. Widely reported negative consequences of austerity policies caused open public protests. As mentioned earlier, to understand more deeply the nature of those uproars and the role of the Commission I will study the reporting in the crisis countries from national media on a daily basis during 2010–2014. As mentioned, I have selected two main news media and a news agency per a crisis country, and I will compare the news coverage of the crisis to the EC's communication.

Based on the existing literature, articles, and research on media coverage of the euro crisis, there remains a lack of deeper understanding on (1) how the EC's policymaking and communication worked in the context of the crisis, (2) causes and consequences of the crisis in Europe, (3) what the relationship was between political and institutional decision-making on national and European levels and (4) how the role of the EC changed during the euro crisis and why. A broader challenge for research concerning EU decision-making is the prevalence of many unwritten rules for decision-making processes that make it more difficult to analyse how things evolved in reality, particularly in times of crisis. The purpose and aim of this study was to use the EC's own publications and media analyses to conduct a discourse analysis aiming to create a deeper understanding of the discourses framing the euro crisis from the EC's perspective and how much of its changing role was expedient or, conversely, consequential.

Previous studies have shown that economic and financial news is one of the most globalized journalistic fields. In this sense, specialized coverage of the crisis focusing on the financial and more technical aspects was quite similar. However, the impacts on the real economy at the state level and on people's lives varied significantly from country to country. (Schranz and Eisenegger 2011; Thussy 2018, 137-144) Using argumentative discourse analysis, one of my aims was to determine the differences and similarities in statements made mainly by the EC and covered in the media. I would be looking for common denominators that shaped the public debate on the development of the euro area and, more widely, the EU. From my research materials, I labelled the most significant articles that focused on covering the euro crisis in the country. After each country, I collected the main findings where (1) the EC's communication was covered in the media, (2) the media repeatedly raised significant issues concerning fundamental questions of existence or challenges to the euro area and (3) we can see changes in statements covering the euro area and possibly the EU. From the labelled statements My goal was to determine from the labelled statements the main discourses framing the debate during the crisis and how this impacted the role of the EC.

4.3 Institutional Relationships and Power Separation

The situation developed rapidly after the crisis hit the euro area in 2009. The president of the European Council, Herman Van Rompuy, put together a task force to work on a fast-track EMU reform after understanding the seriousness of the situation in Greece (European Council 2010). The paper produced by the task force emphasized greater fiscal discipline, budget surveillance and compliance with budgetary rules in euro area member states. Many analyses have indicated that the role of governments grew during the years of the euro crisis compared to European and other relevant institutions; most important decisions were taken *de facto* at the intergovernmental level. The question remains, however, where did the power reside that was needed to push through decisions during the euro crisis? Under the circumstances of the crisis years, the preparatory, advisory, agenda setting, supervising, and implementing roles in the decision-making and policymaking processes can be considered relatively powerful—particularly because the euro crisis was an unpredictable situation without precedent.

There were four issues—sovereign debt, contagion, systemic threat and economic governance—represented in the package of issues in the euro area identified as the problem frame. From the beginning, the Troika formed by the EC, the IMF and the ECB played well together, creating a shelter for the crisis countries, the euro area and the EU as a whole. It was agreed that country programs were constructed in a cooperation of the EC and the IMF, while the ECB's role was to contribute. This arrangement worked reasonably well during the crisis. (Brunnermeier et al. 2016, 20–24, 12–13, 157, 313–315) It became clear that the IMF brought much-needed expertise while the EC was trying to find a balance between its role as the historically technocratic institution and its newly added role as a more political supervisor of the euro area. Later, the IMF reported that the EC, with the focus of its reforms more on compliance with EU norms than on impacting growth, was not able to contribute much to identifying growth-enhancing structural reforms. (Kincaid 2016)

It can be argued that the ECB is one of the most powerful central banks in the world. Its independence is enshrined in an international treaty, and before the crisis hit Europe, it was widely considered to have a reputation for successfully maintaining stability. However, its role changed during the years of the euro crisis. It became part of a political composition with the EC and the IMF and its approach to monetary policy, issuing lending through newly established lending programs and the implementation of new bond purchasing programs, significantly influenced recovery in the whole euro area. (Brunnermeier et al. 2016, 314–315)

Based on analyses of the crisis, the ECB played a major role, particularly in coordinating communication between EU leaders and financial markets. The EC's role was rising due to its new role scrutinizing member states' budgets and the state of their national economies. At the same time, the EC's role that was visible to the public was not growing at the same remarkable rate. This meant that its role as a powerful organization could grow without widespread recognition. This is one of the EU's special features: the majority of reforms made and new legislation implemented throughout its history have been completed quietly, without the attention of the public. (Bauer and Becker 2014; McBride et al. 2019) This can be seen as a consequence of the technical nature of institutional communication in the EU, the distance between peoples' everyday lives and EU decision-making and the lack of interest from the media, politicians and opinion leaders close to the people in member states. The role of the institutions is essential for understanding this particular feature.

4.3.1 The IMF

The role of the IMF in the crisis has been debated since they initially became involved. It is clear that the EU institutions, primarily the EC but also the ECB, did not have the proper skills and expertise to solve the challenges in the banking sector without additional help. Also, their mandate was questionable many times. The Fund brought the expertise to understand the needs of the faltering banking sector as well as leverage in equity. As an international lender, the IMF functions as a last resort when a country faces rollover risk. In crisis management, the main objective of the IMF is to get the country's debt to a sustainable level. There are three main areas in which the Fund works to make debt sustainable: helping with a temporary shortage of liquidity, making countries commit to long-term structural reforms to support growth and overcome the holdout problem and extracting coordinated concessions from creditors. (Brunnermeier et al. 2016, 29; Seitz and Jost 2012, 2, 10-11, 20-21)

There were speculations in public in 2010 that Greece should turn to the IMF, but the notion was turned down by the opposition leader Antonio Samaras, who said publicly that such a move 'would be an extremely dangerous and anti-European solution' (ANA 25/2/2010). Samaras held talks with his party colleague for the European People's Party President Barroso in Brussels, and he declared that, in Greece, 'mistakes were made, and they should not happen again. But now there must be European solidarity for the whole of the Eurozone' (*eKathimerini* 26/02/2010). At the same time, the EC stood by its position that Greece should take more measures to fulfil the requirements to receive support from the euro area. Prime Minister Papandreou reacted with a strongly worded speech saying that Greece was facing the dilemma of going bankrupt or reacting. 'We became the weak victim, the guinea pig, we stood unprotected before the markets'. There was a strong reaction by MPs to the Prime Minister's straightforward speech, where he clearly underscored that new adjustments were necessary to save the country's economy, while at the same time arguing that the country should not be left alone. (Kyriakidou 2010; Reuters 2010aa) The IMF played a part in the European solidarity discourse by raising questions about the involvement of the international community in what was turning into a sovereign debt crisis in the euro area.

The IMF's main purpose is to ensure the stability of the international monetary and financial system. As mentioned, the fund has three main tools to work with: surveillance, technical assistance and lending capacity. The IMF has general limits on the amount it can lend to a country. The aim is to help countries regain credibility and access to financial markets. Traditionally, the managing director of the IMF comes from Europe, and there is an obvious orientation toward French policymaking. During the sovereign debt crisis, the French representation and influence was strong, with Dominique Gaston André Strauss-Kahn serving as director 2007–2011 and Christine Lagarde in the position 2011–2019. The EU member countries together have a little over 32 per cent of the voting power on the executive board of the IMF. (Brunnermeier et al. 2016, 288–312) This undoubtedly had an influence on the fund getting involved in the sovereign debt crisis in Europe so quickly.

At the beginning, there were also critical voices against involving the IMF, mainly arguing that Europe should first find its own solution to the crisis. The ECB in particular promoted this narrative and was supported by several member countries, including France, where President Sarkozy was not willing to give any momentum to his fellow countryman Strauss-Kahn to present himself as the solver of the situation. However, once the real status of Greece was revealed, IMF involvement became a precondition, particularly for Germany. There were no EU financial instruments available at this stage, and no bailout clause was still respected. (Véron 2016). Also, the Treaty prohibited any financial help from the EU budget.

The IMF brought in not only their experience and expertise but also a reputation in the eyes of global markets that they could stabilize the situation. The IMF involvement gave some needed additional propulsion for the necessary reform processes in the affected countries. Its contribution also worked as an insurance mechanism, supplementing the EU funding and sharing risk. The participation of the IMF gave some leverage to member states and the EU institutions that were requesting countries fulfil the criteria of conditionality. The IMF representatives also took part in many discussions trying to solve the crisis and build shelters for future crises. (Brunnermeier et al. 2016, 288–312; Chang et al. 2020) The aim was to identify and fight the causes of the crisis and enforce necessary economic reforms.

4.3.2 The ECB

The Maastricht Treaty (1992) defines the statutes of the ECB in the Article 105 that 'the primary objective of the ESCB shall be to maintain price stability'. The same article specifies that:

> Without prejudice to the objective of price stability, the ESCB shall support the general economic policies in the Union". Preventing inflation is the sole objective of the European Central Bank. It can offer additional support for growth, investments, and jobs but here the only reference made is an expression of "support for general economic policies.

The strict definition of objectives is repeated in article 109 of the Treaty concerning the exchange rate policy. This article claims:

> In the absence of an exchange rate system in relation to one or more non-Community currencies…, the Council, acting by a qualified majority either on a recommendation from the Commission and after consulting the ECB or on a recommendation from the ECB, may formulate general orientations for exchange rate policy in relation to these currencies. These general orientations shall be without prejudice to the primary objective of the ESCB to maintain price stability. (Maastricht Treaty 1992)

As it reads, the ECB can use an exchange rate policy, being a crucial instrument for stimulating growth and competitiveness can only be used in the euro area when it does not detract from the primary objective of the ECB which is price stability. This is only theoretical, because the Council does not have the tools and capabilities to implement the exchange rate policy alignments. Therefore, these practically fall under the responsibility of the ECB. Jean-Claude Trichet, then President of the ECB, gave a statement already in 2006 emphasising, ‘I have said often enough that I am Mr. Euro. There is no doubt: we issue the currency, and I sign the banknotes’. (ECB 2006) This is a practical example of where the limits of political leadership’s control lie. The same went on during the euro crisis with the EC. The governments were ultimately responsible for the decisions made to reform the Monetary Union. However, capabilities and resources to implement them were with the EC, who was also setting the agenda, making introductory and evaluation (Haverland et al. 2018).

The option for a political institution to choose to prioritize from several options to rehabilitate the economy is a key aspect of sovereignty. In practice, the ECB’s role has grown to be more independent particularly during the euro crisis due to its capabilities to act. However, it is also strictly required to rehearse its price stability objective. In practice the ECB has exclusive authority over monetary policy decision. Each national central bank governor has a vote on the ECB’s governing council. Two-third of majority of the ECB’s governing council has to agree for example to limit emergency bank liquidity. (Brunnermeier et al. 2016, 313–374) The ECB had a lot of clout over particularly smaller and problematic member states like Greece. Bundesbank chief Jens Weidmann gave the impression in 2012 in his statements that if it would come to that, Greece could have been forced out of the euro area cutting the emergency funding. (Sandbu 2015, 78)

The fear in the financial markets spread in 2011 that the rising debt ratios would weaken the stability of the euro area itself. The ECB provided financial support for the high debt countries offering a somewhat sufficient plan to be able to reduce their fiscal deficit. It also reduced the sovereign bond interest rates removing some pressure on member states. The ECB’s role was to ease the financing conditions and provide low costs lending so that the other institutions, the EC and the IMF could continue putting pressure to structural reforms and reforming the EMU. Monetary easing was justified by reference to its mandate of price stability. At this stage, the strategy of the ECB was also to lower interest rates in order to fall relative to the other currencies and buy assets-backed securities. (Feldstein 2008)

It can be argued that these actions reinforced the ECB’s power significantly during the crisis. Its link to national governments was essential. If the ECB’s support to its members was too generous, they did not have the same incentive to implement the required structural reforms. On the other hand, it was a political choice not to let any eurozone member default on their debt. The ECB’s categorical line was also to oppose talks on debt restructuring. The bank became an essential part of the group of European institutions as well as an independent and often opinionated authority. It also became a central institution in rethinking the future of the euro area. The ECB was already a part of the group together with the Council and the Eurogroup, preparing the report entitled ‘Towards a genuine Economic and Monetary Union’—the so-called ‘four Presidents’ report’ in 2012, and in 2015 the Five Presidents’ report ‘Completing the Europe’s Economic and Monetary Union’ that also included the European Parliament. The ECB remains closely involved in this work that is still ongoing in 2020.

4.3.3 The Eurogroup

In this study, I have made a prima facie choice not to study the role of the European Parliament due to its less significant during the euro crisis. Some can argue that the EC was mainly implementing decisions made by the governments, but due to its capacity and increasing political influence, its role became more supranational than was originally envisaged. The EC’s input in preparing the Eurogroup meetings is one good example of its evolving role. The Eurogroup setting and operation was going around the traditional way of doing EU politics. It was established already in 1998 but its role grew bigger throughout the crisis. The legal base for the Eurogroup was originally in the Treaty article 137 – rules specific to EU countries whose currency is the euro. However, the Eurogroup meetings have always been informal. The Eurogroup was created as an informal body where the ministers of the euro area member states discuss matters related to the euro. It is not a decision-making body of the EU. It prepares the Economic and Financial Affairs (ECOFIN) meetings and Euro Summit meetings where the Financial Ministers and Heads of States hold the right for decisions. (Hodson 2012, 38–57; Puetter 2006)

Even, the EU’s treaties mention the Eurogroup only in an annex, protocol 14, the Council normally adopts the decisions pre-agreed by the Eurogroup and even if a vote is needed, only euro area minister’s vote (Braun and Hübner 2019). The debate has been ongoing to formalize the Eurogroup with direct EU-level accountability. In October 2011, the Euro Summit stated that:

> The Eurogroup will, together with the Commission and the ECB, remain at the core of the daily management of the euro area. It will play a central role in the implementation by the euro area Member States of the European Semester… As is presently the case, the Eurogroup will ensure ever closer coordination of the economic policies and promoting financial stability. Whilst respecting the powers of the EU institutions in that respect, it promotes strengthened surveillance of Member States’ economic and fiscal policies as far as the euro area is concerned. It will also prepare the Euro Summit meetings and ensure their follow up. (European Council 2013, 20-21)

The statement also confirmed that the Eurogroup is a formal preparatory body for Euro Summits. This arrangement was formalized by Article 12(4) of the Treaty on

Stability, Coordination and Governance in the Economic and Monetary Union (TSCG), concluded in March 2012.

The Eurogroup can be described as a consensus-building organ that normally meets once a month before the Economic and Financial Affairs Council meeting. In Eurogroup meetings, the format is strictly minister-plus-one. The EC Vice-President or the commissioner responsible for the euro area, economic and financial affairs is present, with a member of his/her cabinet, as well as a representative of the ECB. After its creation during the euro crisis, the managing director of the ESM was also present, as well as an IMF representative for discussions on programs where the Fund was involved in. In the years of the crisis, the EC was the constructor of the new architecture of the Six Pack, Two Pack and the SGP. The EC was also responsible for monitoring the development of the situation and worked hands-on in several task forces in the crisis countries. Its analysis was therefore important for the Eurogroup. The EC presented the agenda and took part in the debates. The EC's role was also emphasized by its institutional memory and permanent status. Financial Ministers changed in majority of the euro area countries frequently during the crisis. Apart from Germany's Schäuble and the EC's Olli Rehn, few Eurogroup members held their seats firmly. (Hodson 2012, 38–57; Puetter 2014)

Ministers are usually accompanied by the secretaries of state who represent the country also in the Eurogroup Working Group (EWG). Most files are pre-dealt with in the EWG and its subgroups. The work of the Eurogroup and the EWG is supported by three offices: The Council Secretariat, the EWG President and the EWG Secretariat. The office of the EWG President is physically located at the Council not in the EC. However, the Secretariat working for the EWG is physically located at the EC in DG ECFIN. The Secretariat does not report to the EC but to the committees and committee/EWG chairs, however approximately half its staff are the EC officials, and the other half are seconded from national finance ministries and central banks. The Secretariat's Director also participates in DG ECFIN Directors' meetings and at least for EC officials, human resources and staff matters are operated by DG ECFIN. (Braun and Hübner 2019)

An ongoing debate remains about the perceived democratic deficit of the Eurogroup: Even though most Eurogroup members represent their democratically elected national governments, claims have been made for a nominated Eurogroup President to take part in a mandatory public hearing in the European Parliament before taking up the duties. More transparency on the processes of the Eurogroup have also been demanded and arguments presented for turning the Eurogroup President's position into a permanent role independent of the President's member state. (Braun and Hübner 2019; Puetter 2006) This could eliminate conflicts of interest vis-à-vis the country he/she is representing and bring more clarity into the President's responsibilities.

In the meetings ministers normally presents cases from their countries elaborating budgetary developments, stance of national fiscal policy and raising worries or pointing risks they want to flag to colleagues. The EC's role is to give proposals on policy practices. The commissioners and the institutions' role are seen here as guardians of the Treaties and emphasizing the common rules of the Monetary Union. The EC has also been seen, by ministers participating, structuring the debate with its technical knowledge. There can also be tensions between political leaders and technocrats who are looking at the situation in the specific country from two different angles. The EC's role in these meetings is not to take political position nor be emotionally charged. (Craig 2017; Puetter 2006) However, it is relevant to notice that the commissioners belong to the political party groups and hold unofficial meetings with their party members and another commissioners. In addition, their teams meet regularly with the Party groups in the Parliament and are in close contacts with Sherpas from the member countries.

During the euro crisis, some of the commissioners had also a comparatively influential role in their member countries due to their previous roles in the national politics as well as their role as members of the College. After the introduction of the Six Pack and the Two Pack reforms, the reverse qualified majority voting rule (RQMV) was formulated into the Stability and Growth Pact (SGP). This meant that the EC's proposal stands unless it is voted down by a qualified majority in the Council. (Council of the European Union, 1997, Regulation 1466/97; European Parliament & Council of the European Union, 2011, Regulations 1173/2011, 1175/2011, 1176/2011, 1174/2011) The aim was to simplify and faster the decision-making, but this also can be seen strengthened the preparatory role of the EC.

5 Empirical Analysis: Defining Discourses

This research has an objective to empirically find and analyse discourses from the EC's communication in 2010–2014 and how the communication around the crisis was interpreted in media in the crisis countries. To understand the wider debate, I have also used previous studies and articles from international publications for comparison and to analyse the deeper context around the discourses. Discourse is defined in this study as a concept of understanding communication in 'a social reality' constructed and maintained through the use of different arguments, narratives as well as language with its different meanings. Discourses, defined from narratives, can be seen here as systems or procedures in a process of defining society, history, time, and impacts. The aim in this empirical analysis is to understand and explain through defined discourses possible changes in the role of the EC and the impact its communication concerning the crisis had on the debate around the future of the euro and the EU. As defined earlier in the study, using argumentative discourse analysis the aim is to take into account the political reality and power when framing the raising discourses. (Hajer 1995, 54; Karreman and Alvesson 2000)

Defining the discourse requires sounding boards for the communication of the EC and as defined in the beginning of this study, media is used here to recognize narratives and arguments that shaped the debate during the crisis. The main focus will be in the crisis countries, however the role of main international news agencies and publications like the *Financial Times*, the *Economist*, the *New York Times*, *Washington Post* and Reuters is important to take into account and reflect also in this study. Discourses are defined from main narratives and arguments used around the euro crisis and reflected against the evolving economic crisis and the general political, economic, and social context of the time in question. In the next chapter, I will define and review each discourse raising from the possible arguments and narratives in chronological order before focusing on findings and conclusions of the study.

5.1 Distrust Discourse

In literature, two scenarios have been identified as a source of concerns for the legitimacy of policymaking institutions. First, it is problematic for the legitimacy of a policymaking institution when a large majority of citizens began to mistrust it. Kaltenthaler et al. (2010) used the ECB as an example in their analysis 'Accountability and Independent Central Banks: Europeans and Distrust of the European Central Bank'. The second source is an abrupt decline in trust and confidence in democratically elected institutions (Newton 2001, 205). A combination of these two scenarios can create a spiral of distrust throughout society.

Increased distrust towards institutions was not only a reaction to the politics and policymaking of the euro crisis, but it was also a reaction to the way leaders and authorities were communicating about the crisis. In particular, this applies to the ways EU leaders were trying to explain the crisis and how they communicated about the decisions taken to national citizens and financial actors. The increased role of the institutions like the ECB, the IMF and the EC, a historically bureaucratic institution, as communicators and in general the ambiguous style of communication of the authorities can also be seen to have increased distrust among citizens.

The involvement of various interlocutors at different levels increases the intricacy of the discourses in the public sphere. Discourses related to the euro crisis also emerged at different levels of generalization and time. The euro crisis condensed not just from difficulties with the substantial issues of EU leaders' communication, it also concerned their communicative interactions in different public spheres. The aim of the next chapters is to investigate what the actors of the euro crisis said and to whom in the process of policy structuring and communication in the different public spheres (Habermas 1991). Communication about new bailout initiatives managed to calm global markets. However, at the same time this provoked public opinion in the Northern member states to turn against the EU, and increased distrust and frustration towards the Union in Southern Europe.

Coordinating discourses among EU leaders proved to be difficult due to their different audiences. The EC was positioned differently compared to national politicians, walking a tightrope between different national publics and public spheres. As mentioned earlier in this study, in 2008–2009 the EC's narratives were built around recognising the seriousness of the crisis and the necessity to take action. In the next chapters the aim is to follow the development of communication of the EC and key actors of the crisis defining the discourses built on recurring narratives.

5.1.1 Cultural Differences and North–South Division

Cultural differences started to play even bigger role in political debate around the Greece crises in 2010. In Spain and Greece, for example austerity measures were met with large-scale demonstrations and strong resistance. To compare: in Ireland the acceptance of the procedures was more general (Guiso et al. 2013). The varying reactions to the crisis from different member states was something that the political elite in Brussels, including the EC in its communication, needed to take into account when preparing the proposed decisions during the crises more carefully than ever before.

In 2010, in Germany, some tabloids fed into the debate on the division between north and south saying that Greece should be more like Germany and before European solidarity they should get their act together first (Bickes et al. 2014). It was difficult for the EC and particularly for the Council try to find convincing arguments to taxpayers in other member states to break the 'no-bailout' clause for Greece with serious lack of trust and without financial instrument available. The Treaty also forbids any financial help from the EU budget directly to one of the member states. Media in Germany was not alone raising the questions: why keeping Greece as a member of the euro area?

It has been argued that the European authorities should have seen this coming. In the IMF's reports, it is utterly clear that there were troubles in Greece's public financing and in its economic stability already before the end of 2009 and early 2010 when Papandreou's came out with the truth. How big the problems were came as a surprise. (IMF 2009) The Greece became a moral issue particularly in Germany and some other northern countries like in Finland. We can argue if moral rights are intrinsic to us or not, but in the countries whose economy was in the better shape and who had to pay, without any guarantee that they will get their money back, it was clear that Greece had violated not only against the budget rules of the euro area but against general understanding of moral rights. (Comstock 2013)

When the euro was introduced, there was the assumption of increasing economic convergence of the member states. In 2021, this target has still not been met. The most considerable problem arising from the diverging economic performances is that social differences remains and political interest around the directions of the integration have also distanced themselves evermore. In 2021, this debate can be followed again trying to solve the ways forward after the COVID-19 pandemic and finding solutions to the next Multiannual Financial Framework. In 2010, Germany's Angela Merkel gave comment when celebrating the Charlemagne Prize awarded to Donald Tusk that 'If the euro collapses, then Europe and the idea of the European Union will fail'. She continued couple of days later in the German Bundestag that 'the rules must not be oriented toward the weak, but toward the strong'. She justified this saying that this is an economic necessity (Brunnermeier et al. 2016, 27).

Ethically thinking, we need to remember that Germany was one of the most influential countries in setting up the rules for the euro area in the first place. The low interest rates and inflation levels in Germany and other countries with stronger economies contributed to problems in some other countries of the euro area, like in Greece. It is proven that Greece hid the truth about its dire public finances, but it can also be argued that part of the blame rests on the stronger economies who established the common currency while being aware that not all the countries that were allowed to enter the euro area were even remotely in the same economic situation.

In early 2010, newspapers in Greece revealed that the EU could not treat Greece differently than the other crisis countries like the UK and Ireland. *Kathimerini* reported in January 2010 that it could push Greek economy into deeper recession, and it would be 'discrimination' to treat the country differently than others. There was still hope in Greece in early 2010 that the country would get bigger amount of financing from other international sources (like the IMF) that the EU. According to *Kathimerini*, the government was negotiating directly with President Obama. However, the fear was that Brussels would water the negotiations down by asking bigger adjustment than the country was waiting for and that the terms for the Stability Program would be even more strict than expected. The common understanding in media was at this stage that international financial markets would not be receptive if the EU was not going to support Greece.

French Finance Minister Christine Lagarde did not help the Greece situation by commenting 26 February 2010 on the Australian SBS TV that 'Greece has told us in the past: 'I'll do this, I'll cut that, I'll squeeze here, and I'll collect more'. But they haven't been able to do that'. She continued that to get support from the other euro area countries Greece should demonstrate that they could deliver. (*eKathimerini* 27/2/2010) Luxembourg Prime Minister Jean-Claude Juncker continued couple of days later saying that ' Greece must understand that taxpayers in Germany, Belgium or Luxembourg are not prepared to correct Greek fiscal policy mistakes'. (the *Sydney Morning Herald* 2010) The set-up was built on distrust. Newspapers in Greece reacted by stressing the seriousness of the situation and that Greece had no one else to blame than itself. According to *Kathimerini*, Greece 'should earn a Nobel Prize for crisis mismanagement' (1/3/2010) and that the starting point for the crisis was bad but how the country handled it made it even worse.

Paweł Tokarski describes in his research paper 'Divergence and Diversity in the Euro Area.

The Case of Germany, France and Italy' (2019) that there is a lack of studies that would show what degree of convergence would be necessary for the monetary union system to work properly and how much divergence it can take. However, it is clear that divergent economic performance by member states can undermine the stability of the economic area. Excessive public debt of individual countries poses a risk to the entire monetary union, and lack of adequate political integration and common interests can pose a risk to the stability of the euro area, like we saw during the financial crisis. There is a variety of political objectives as well as opinions on

European solidarity. In the context of the euro crisis, the key question concerned the extent of the euro area's collective responsibility to share risks and find solutions to the outbreaking crisis. Studying the narratives of individual countries and political groups at this stage off the crisis shows the evolvement of these fragmentations that were used as building blocks around different positions and for gathering allies from like-minded countries.

For Cyprus, the country suffered of admitting that it was part of the group of the crisis countries. This thinking was reflected descriptively by Dr. Jim Leontiades from the Cyprus International Institute of Management (CIIM) in the *Financial Mirror* on 10 November 2010. In his analysis, he described that the countries in the euro area were falling into two groups. Strong economies like Germany, France and Holland and 'peripheral countries' so called PIIGS:

> They represent high financial risk, lax public governance and a questionable economic future. They rely on borrowing from other countries to sustain their economies. Increasingly, they have come to be viewed as second class citizens of the Eurozone. Cyprus has not heretofore been categorised as a member of this group, but the evidence shows that we are now close to attaining full membership. (the *Financial Mirror* 10/11/2010)

Leontiades made a clear reference to Germany's leading role to make the EMU rules stricter and introduce more economic controls. He also raises the point on national sovereignty:

> Apart from their higher taxes, higher unemployment and civil unrest, peripheral countries have their sovereignty severely limited by the need to heed the requirements and commands of their more prosperous Eurozone partners as well as those of international agencies such as the IMF. (the *Financial Mirror* 10/11/2010)

Leontiades also emphasized the role of the government, the issue that had been circling in the media, claiming that the economy did not have its full attention.

Compared with the discussion in Germany, the Cyprus case had its own characteristics as the arguments concerned mainly the fact that the majority of assets in the Cypriot banking system came from Russia and therefore did not deserve protection from the EU. However, when systemic problems of Cyprus became evident, it became clear that the euro area countries shared common risks – in particular due to the interconnection between the Greek and Cypriot crises. As Brunnermeier, James and Landau describe in their book *The Euro and the Battle of Ideas* (2016, 198), the debate around Cyprus bailout/bail-in negotiations emphasized the divergence between the German moral hazard-driven insolvency approach and French liquidity risks explanations. The Cyprus case also sped up the debate around automatic assumptions that deposits in all euro area banks were guaranteed. This would have created a permanent state of moral hazard, which was not accepted in Germany and in northern member countries. However, it can be argued that bail-in was more the rule than an exception during the euro crisis. Only the justification and credibility of the decisions and how much this fed into the distrust discourse can be debated afterwards.

Rathbun, Powers and Anders touch this growing distrust question in the euro area from a political phycology angle in their study ‘Moral Hazard: German Public Opinion on the Greek Debt Crisis’ (2018), arguing that there is a general belief that those who are in debt should learn fiscal discipline and pointing that the German word for debt ‘Schuld’ also means guilt. Looking at the reactions from the creditors, Greece was no exception and was treated as a ‘sinner’, questioning its capability to meet the expectations, eradicate corruption and build new trust in the common currency area. Like George Tzogopoulos underlines in his book ‘The Greek Crisis in the Media: Stereotyping in the International Press’ (2013, 132), the communications theory confirms that ‘the more an event concerns elite nation, the more probable it is it that it becomes a news item’. Greece became a centre of news in many countries and in international media particularly because it was raised repeatedly as an example by the European elite and there were several moral questions raised for example about a breakup of the euro and spillover effects of the Greek crisis in the EU as a whole.

El País warned in several analyses in 2011 that the EU should avoid polarization to south and north, ‘us and them’ – strong and weak member states. According to the paper, Europe was the solution, not the problem, and the right approach to the crisis was more unanimity rather than division. The overall analysis was that the leaders of the union should be able to bring the EU closer to the people and make the benefits – in all sectors, not only in economics – more visible. Throughout 2011, media in Spain continued to publish stories with a strong domestic and geopolitical perspective. News focused a lot on domestic leaders and the increasing polarization between south and north was raised regularly in the analysis. More frequent public protests and opinion pieces also show that at this point populism and polarization was increasing in the country, building-up to an increasing distrust narrative in Europe.

In 2011, the EC’s communication was mainly based on the narrative that there was a clear need for a stronger economic governance and to restore macro-financial stability, and fiscal consolidation was according to the EC the key element in that policy. The common currency had quickly become the symbol of austerity**.** In addition, the feeling spread that, Germany’s fear of inflation coupled with its policy-setting influence in Europe let this economic barrage impose austerity on other less fortunate countries (Sandbu 2015, 34–39). In Greek media, there were increasing number of articles hindering to 'the core EU' and 'the European periphery' – the division between the creditors and debtors was clearly pictured. The multi-speed Europe did not only mean more or less integration but the political leverage, credibility and political power the member states had. For Greek media, and many of the citizens, Germany represented the embodiment of the harsh creditor and the core power user in the EU. In public opinion poll reported in the Greek media late November 2011 as well as from the tone of much the media in Greece, Germans were described widely as: derogatory, unsparingly, generalized, mocking and mean-spirited. For the Germans interviewed the Greeks were responsible for the discombobulation of the EU.

In 2011, well-advancing reforms in Ireland led to the EC proposing better financial terms for EU loans for the country (European Commission 2011s). Portugal got the same treatment. At this stage of the crisis, it became clear that the crisis countries were in very different situations in terms of how they were handling the crisis, even when taking into account their different starting positions. Cultural and political differences began to show more than before. This also affected the language and tone the EC was using in its communication in trying to build coherence and unanimity in its narratives.

One of the most popular aspects to cover in the media was to determine the victims who were or would be primarily suffering from the crisis. Also questions of responsibility and how to manage the crisis, what measures to implement as well as the required long-term responses were at the centre of interest. Germany was portrayed as a main beneficiary of the euro and in Greece, Spain and Italy media coverage showed that the countries were considered suffering from the common currency the most (Nienstedt et al. 2015, 37–49). At this stage of the crisis, the EC's communication emphasized the narrative that there was a need for European solutions to solve the crisis through new anticipatory and supervisory economic governance, while not underlying the role of the member states.

In first of May 2011, thousands of Portuguese people protested against new austerity measures and the government's bailout negotiations with the Troika. Later in the same month Germany's Chancellor Merkel put pressure to Greece, Spain and Portugal saying that the countries should increase their retirement age as Germany was doing and implied that a similar labour code should ably in different EU countries. Reactions in Portugal were resentful. Leader of Portugal's biggest trade union, Calvalho da Silva accused Angela Markel of assuming 'a clear colonialist stance'. Leader of the General Confederation of the Portuguese Workers (CGTP) leader gave a comment, 'postures allow wealthy countries to survive in a system that allows the exploitation of poorer countries'. In all, the perception in the Portuguese media was generally quick to react to any kind of a criticism from the creditors' countries. It was easily interpreted as an underestimation of the country's capability to overcome the crisis and reform itself. This gave a perception that the behaviour stemmed from the country's imperial history.

On 22 November 2011, Commissioner Rehn gave a speech in Arbeitgebertag in Berlin. He highlighted to the German audience that there was an urgent demand to build a new stability culture as a core principle of economic governance in the EU. His key message was that the Stability and Growth Pack was going to enter into force shortly and the EC needed the support from the capitals to make it work. Especially also from Germany. He also underlined the need for a coherent approach from all the member states to fight against rising populism. Rehn was also defending the idea of Eurobonds. He said that Eurobonds should better be called "stability bonds" and they will only go hand in hand with increased financial monitoring and policy coordination. (die *Zeit* 2011).

Couple of days later, Commissioner Rehn was in Rome and to give a speech in a parliamentary hearing with European and budget committees of the chamber of deputies and of the Italian senate. He started by saying that he has personally been a big admirer and student of Italy and its culture. He added a personal story, saying that as a kid used to read Giovanni Guareschi's books, which according to him were popular in Finland and 'a proof that there is a European cultural connection between the South and North'. (European Commission 2011w) It was obvious that his aim was to break the ice after been described in the southern member states as the 'austerity hawk' coming from a Nordic country after openly criticising budget spending and economic policies in the southern member states. At this point, the EC needed to rebuild trust to, not only implement required measures, but to get support to form a new economic governance aiming to strengthen the foundations and the future of the common currency. This required narrowing the widening gap between south and north.

Building up to this distrust and dividing narratives, there were two elements of the crises that were repeated in the Irish media during the spring of 2012: the role of Germany and the lack of a democracy trying to reinvent the euro area. The Irish media had a more rational and analytical approach to Germany than Greece and Italy. Ireland was a small member state, and its economy had been comparatively stable before the euro crisis hit the country, although the seeds for the crisis were already planted. At this stage, it was clear that the Irish or Greek euro was not the same as the German euro. However, fears of inflation in the euro area came from the history of Germany and did not help small countries with high debt. 'The single-currency area will have a low debt burden compared with the USA, Japan or the UK, but with very large debt burdens in some of its constituent members', wrote the *Irish Independent Business Week* (9/2/2012). The common currency was not the same as a common market, after the crises, small countries like Ireland with high levels of debt and heavy liabilities would be particularly vulnerable despite the worst being over.

The Economist reported on 25 August 2012 that there was a clear response from Finland when Finland's finance minister, Jutta Urpilainen commented that Finland would 'not hang itself to the euro at any cost' and that it would not be prepared to carry the debts of other member states. Foreign Minister Erkki Tuomioja also revealed that Finland had made contingency plans for the break-up of the euro. Finland was the only country that demanded collateral for its part in Greece's second bailout and for the funds it underwrote to support Spain's banks. Finland had the opportunity to block the cohesive response of the whole euro area to the developing crisis. The fundamental problem was that there was no exit strategy for leaving the euro area.

In response to the evolving crisis, the German government was at that stage using the language of economic governance. This happened in parallel with the EC, which increasingly stressed preventive and corrective measures. The EC had introduced 'preventive monitoring' in its communications. In Germany, sanctions were also emphasized by the government. Here, we can see references to the traditional ordoliberal philosophy. Ordoliberals worry about moral hazards and emphasize the need for the state to ensure that the free market produces results as close to the theoretical potential as possible, as well as the need for an initial amplification of an appropriate framework (Brunnermeier et al. 2016, 61–62; Featherstone 2011). This example revealed some synergies in the EC's and Germany's thinking and approach to the crisis, welling from the historical roots of the EMU.

Comparing the EC's and member states' communications reveals a lack of legitimacy of the EC within the national public sphere. The EC's role was to defend common European solutions. However, based on media coverage and previous studies, it seems that the national audience was mainly interested in solutions and their impacts on a national level. The EC also had difficulties with its cross-cultural and linguistic divides as well as restrictions arising from the limited scope of its competences. Its technocratic approach in proposing new measures and instruments was not reaching a wider public audience. However, following the communication effort made during the first years of the crisis, the EC put more effort into addressing the complexity of the crisis (European Commission 2011a). In doing this, the EC's strength was its capacity for and ability with strong communication among the EU elite and various stakeholder groups (Hubé et al. 2015 99–120; Meyer 2009).

5.1.2 Struggling Spain

Unemployment in Spain was rising in 2012, when it was in total 23 per cent and youth unemployment stood at 47 per cent. The trade unions expressed their disappointment with the changes, and Prime Minister Rajoy acknowledged that the new regulations were likely to result in a general strike. Traditionally, unions and employer representatives in Spain negotiated legislation before it went to the congress. Rajoy's government broke the tradition, and unions were claiming that this time, their suggestions were hardly acknowledged. Unions organized a nationwide strike to protest the worst labour reform that the Spanish democracy had seen. According to Guy Hedgecoe in an article in the *Global Post* (2012), Alberto Nadal, of the CEOE business confederation, which represents employers in the private and public sectors, commented, 'It's probably the most important reform ever done in this economy in the last three decades'. According to the opinion polls reported in the Spanish media after the reforms, more than 60 per cent of people in Spain opposed the package. The belief was that it hurt workers' rights and gave employers too much leverage over employees. The main argument was that the reforms made it easier and less expensive to fire employees.

The EC published a joint statement from President Barroso and Vice-President Rehn on 9 June 2012 (European Commission 2012p), which emphasized that the EC was 'ready to proceed swiftly with the necessary assessment on the ground, in close liaison with the ECB, EBA and the IMF, and to propose appropriate conditionality for the financial sector'. The EC's coordinative role between different institutions and member states was reinforcing, and its preventive approach to upcoming reforms coming from the member states ensured that the countries were on the right path, according to its review, towards structural reforms and growth.

In July 2012, Spanish and international media reported that anti-austerity protests in Madrid turned violent when Prime Minister Rajoy was defending the new measures in the Parliament saying that they are necessary since Spanish public spending exceeds the income by tens of billions of euros. Rajoy was also emphasising that even though the country was already under supervision of the EU and was committed to doing its part, also Europe needed to deliver by supporting Spain to overcome the crisis. (Reuters 2012)

The Spanish situation was critical at that point, but it was not the only country in trouble, and Germany, Finland and the Netherlands began to show doubts about the agreement. The Prime Minister appealed to Spain's European partners, emphasizing that the country had done its part with budget adjustments and cuts in public spending, and now it was time for Europe to act. The size of the Spanish economy, with a GDP of 1 trillion euros and a banking sector balance sheet of 4 trillion euros, meant that the reality was Spain was too big to save. One of the fundamental problems in the design of the euro area was culminating in Spain: governments were expected to recapitalize failing banks that were disproportionately investing in their own government's debt. One or another could have pulled down both the banks and the government. (Sandbu 2015, 145–146)

The turning point for the crisis in Spain came later that month. In the memorandum of understanding (MoU) on financial sector policy, conditionality included both bank-specific conditionality, in line with state aid rules, and horizontal conditionality. The financial assistance for Spain was provided for a period of 18 months, but the restructuring of the banks receiving public support under the state aid rules was expected to take up to 5 years. The conditions included strengthening regulatory, supervisory and bank resolution frameworks; enhancing the governance structure of savings and commercial banks and improving consumer protection legislation. Commissioner Rehn emphasized that the objective was challenging and necessary but achievable and required 'strong determination'. (European Commission 2012r)

To convince the creditors and markets, on 11 July, Prime Minister Mariano Rajoy unveiled additional budget savings worth 65 billion euro over the next 2-1/2 years. The media reported that the measures included a raise of the VAT from 18 per cent to 21 per cent, an increase in environmental levies and cuts in benefits and wages for civil servants and the unemployed. Rajoy made the following statements to the parliament:

> These measures are not pleasant, but they are necessary. Our public spending exceeds our income by tens of billions of euros. We have to get out of this mire, and we need to do so as soon as possible. Whether we want to or not, I said I would lower taxes and I am raising them. I haven't changed my way of thinking but circumstances have changed, and I have to adapt to them. (EFE, *El País* 11/11/2012)

The media (EFE, *El País*) reported analysts were saying that the measures unveiled by the prime minister reflected the recommendations made by the EC. However, according to the media coverage and labour unions, the message of the EC was not well received by the public in Spain. The labour unions called for a nationwide protest on 19 July against the new measures, arguing that they would exacerbate the economic crisis and cause the number of unemployed people to climb over 6 million that year, Reuters and the Spanish newspapers reported. According to the CIS's opinion polls in July, by that stage, most Spaniards felt that politicians, political parties and the government were the country's third-worst problem, behind unemployment and the state of the economy. Furthermore, 84.9 per cent of citizens considered the government's track record to be regular, bad or very bad, and according to a Metroscopia poll, 62 per cent disapproved of labour market reforms.

The media in Spain gave harsh analyses of Prime Minister Rajoy's first year. He was blamed for breaking all the promises he had made during his campaign the prior year, and even after implementing hard austerity measures, the unemployment rate in Spain was still skyrocketing and the economy was in a slump. Rajoy met with trade union leaders 2 weeks after the general strike. According to an article in *El País* on 18 December, he told them that there was no alternative to the policies he had applied over the prior year. 'We have no choice. Next year, we need to seek new loans of 230 billion euros'.

According to *El País*, Rajoy told the union leaders that German Chancellor Angela Merkel had let him know that a bailout, which could bring some relief to public accounts, might not be approved by the German parliament, in addition to possible opposition from other EU states'. The paper wrote that the real decisions were made in Brussels and Berlin: 'The German government and the European Union have made it clear that there will be no financial aid without major sacrifices'. The prior year, a few days before he was sworn in, Rajoy had commented to colleagues at the party's Madrid headquarters, 'I don't have much room for manoeuvring. I have to do what Europe tells me. I have read the letter that they sent to Zapatero and have to do what it says'. Opinion polls showed that at that stage, Spaniards had little confidence in Rajoy's ability to steer the country out of the crisis. He and his administration were blamed in the media for not listening to either the opposition or the trade unions. Growing numbers of Spaniards were taking to the streets to protest the austerity cuts and their impacts on health, education and jobs. Wages had been cut, and income and sales taxes had been raised. Two general strikes, in March and November, took place in 2012.

In Spain, the perception was that there was a growing disaffection with democracy and the market economy (*El País* 7/5/2013). After 2 years of wage cuts and tax increases, the expectations of people for solid growth in the medium term was low. Unemployment, especially among youth, remained high and reduced confidence in the future. In newspaper columns, analyses and opinion polls, there was also evidence of clear discontent with certain countries, such as Germany. The same tendency was seen in Finland and the Netherlands, but in the end, they were small countries that had limited influence. Different surveys published in the media emphasized a common feeling in Spain that Germany had become too powerful in Europe. In addition, its political and economic culture and its views of reforming the euro area were not congruent with the thinking in the PIIGS countries and Cyprus.

5.1.3 Grexit?

In 2012, some of the creditors, including the IMF, thought that Greece might be better off out of the euro area. Germany and its Chancellor Merkel were not entirely convinced. President Barroso warned Merkel that Greece leaving the euro or even the Union might cause much more political instability than keeping them on-board. Given that the EC's objective was to prevent dissolution of the euro area, Merkel made a trip to Greece in October of 2012 to bring the message that the EU was still willing to provide additional technical support for the needed structural reforms. Technical assistance and support were something that was easier to promise than more money. There was a counter-reaction in Greece, and banners on the streets declared to Merkel that she was not welcome in the country. (Peet and La Guardia 2014, 2)

The EC was assuming in December that the February 2012 agreement on a second economic adjustment programme, the large-scale debt restructuring operation in March 2012, the heated electoral campaign and the indecisive legislative vote of 7 May had led to extreme tensions in both Greece and the international markets. There were significant doubts emerging about the capacity and willingness of Greece to implement the structural reforms and fiscal consolidation to secure the sustainability of public finances in the country. According to the EC's analysis, there were signs of a lack of commitment in the Greek government, administration and citizens. The capability of Greece to continue with the programme was also openly questioned in creditor countries, where public support started fading, although large amounts of financial assistance were still being provided to the country. By mid-June of 2012, most analyses questioned whether Greece would be able to avoid a default or an exit from the euro area. There were also indications that it would even decide to leave itself. This would obviously have been followed by significant costs. The EC emphasized in December that widespread discussion about 'Grexit' in the market, including among the country's creditors, had been damaging for Greece. (European Commission 2012ee)

Fundamentally, the euro area at this stage faced a political choice: less ambitious reforms and fiscal targets for Greece would have meant higher costs for the creditor countries. Experts in the media debated the choice of less fiscal adjustment and fewer structural reforms and the need for more financing and debt relief. The same debate was seen in elite-to-elite communication and debates, but the level of technical details varied.

An interesting detail that *Kathimerini* revealed on 13 March was that every time those in charge of the tax policy faced a difficult decision in the Finance Ministry, they leaked the information to the press to 'test the waters'. According to the paper, this resulted in more confusion rather than helping with the decisions and implementation. The fact that one of the main newspapers in the country wrote a piece on the issue describes well the public space and confusing public debate in the country. Following the Greek media, political life had become more polarized in Greece, and the same trend was showing throughout Europe. Moreover, surveys reported in the media during the spring of 2013 showed that Euroscepticism was on the rise in Greece, which created more space for the EU-sceptic Syriza to find support.

In Greece, the opinion and media environments remained sensitive throughout the crisis. There was a common denominator in newspapers that included international coverage: a focus on negative stories. A common discourse concerned nationality and cultural habits. In the case of Greece, the stories particularly focused on the international press attention to corruption, overspending, bureaucracy and unemployment (Tzogopoulos 2013, 133–134). This was feeding the distrust narrative in Europe, and in Greece, opinion pieces, commentaries and interviews capsulized the disappointment, distrust and frustration of society. Also, the insecurity people felt and Greece as a nation were visible in the media. The country was constantly under the magnifying glass of not only the Troika but also the international community. This eroded the pride of the Greek people and fuelled a rising tide of populism. Following the impression from the Greek media at this stage there was a real risk of an out-of-control explosion.

5.1.4 Cyprus Between East and West

The media in Cyprus in the autumn of 2012 gave the impression that the president and unionists were strongly against the core proposals of the Troika. The Troika's presence in the small member state was a tangible political establishment in transition. On 8 October 2012, the CNA reported that EC president José Manuel Barroso urged Cyprus to swiftly come to agreement on the terms of a bailout deal with international lenders to save the country's economy. Barroso emphasized that political parties and trade unions were making a 'huge effort' to help Cyprus meet the austerity challenge needed to put the recession-hit economy back on track.

> I know the situation is difficult. The challenges are immense. They require a huge effort from the political system, but it is critically important for the future of Cyprus. (CNA 8/10/2012)

A document leaked to the media revealed that President Demetris Christofias had been negotiating with political party leaders and unions to aim for consensus on a counter package of easier cuts than those demanded by the Troika of international lenders. For the president, the austerity measures—especially those affecting public sector employees—were too strict, and he publicly resisted those austerity measures. The media reported that Christofias was determined that Cyprus would not suffer the same 'fatal neoliberalism' imposed upon Greece. For him, this seemed to be a question of national self-determination. The major opposition parties, right-wing

Disy and centre-right DIKO, were not convinced that the government would meet the Troika's targets.

The overall understanding in Cyprus was that the country's economy remained uncompetitive, and on top of the challenges in the insufficient banking sector, the public sector's workers who had generous perks and high salaries remained a binding issue. In the summer of 2012, the ratings agency Fitch downgraded Cypriot sovereign bonds, and it became clear to the rest of the euro area that the country would not survive without support. Still, Germany was not convinced. The argument for them was that if Cyprus was systematic, then everything would be systematic. The EC, the ECB and even France were more in favour of a bailout, which had become more of a habit than an exception (Brunnermeier et al. 2016, 198). For the president of Cyprus, the media analysis was that it was easier to request financial help from Russia than to enter into the strict conditional Troika program. For public sector workers, that step would have meant reducing their benefits, and for the president, it would mean a new level of binding pressure to implement painful fiscal consolidation and structural reforms. However, excluding the trade unions, the public opinion in Cyprus was leaning more towards the European partners and the road of reforms.

Cyprus President Demetris Christofias talked to the press on 5 July 2012 to say that Cyprus had asked both Russia and the EU to lend the country money. According to Christofias, there was nothing wrong with taking a loan from a country that was not a member of the EU. He said that Cyprus and Russia had 'very good, traditional relations' and that Russia was ready to assist Cyprus 'unconditionally'. The amount Cyprus was asking was 6 billion euros over and above the 2.5 billion euros the country had received from Russia in 2011. (CAN 5/7/2012) The EC commented in EURACTIV on 5 July 2012 that the EU countries had the right to seek financing on the world market. However, financing was not the only problem the Cyprus economy was facing. The media in Cyprus reacted with headlines warning that leaning on Russia could hurt the country's reputation.

After the EU summit on 16 March 2013, it became clear that the euro area would not lend more than 10 billion euros to Cyprus. The IMF demanded that the debt in Cyprus should be kept below 100 per cent of GDP starting in 2010. The newly elected president of Cyprus, Nicos Anastasiades (from the EPP) was insistent that none of the taxes on big depositors should be below 10 per cent. (European Commission 2013f) After a shutdown of banks, failed attempt to throw the country in Russia's lap and public ultimatum from the ECB, the president travelled back to Brussels and negotiated the compromise deal mentioned earlier, which was better than the first deal offered. It protected depositors and concentrated the problems in the two largest banks. It also restored some trust and a sensible hierarchy of creditors in bank resolution, meaning that senior bondholders also became responsible rather than only small depositors (Peet and La Guardia 2014, 2).

The shift in the political landscape in Cyprus was substantial when it came to finding solutions for the crisis in the Eurogroup. It was clear that Germany and Chancellor Merkel supported the political change; Anastasiades came from the same EPP group as Mrs. Merkel's CDU party. However, the negotiated deal came at a high price. The economy in Cyprus took a big jump into an unknown area. However, looking back at the situation from a historical perspective, it was not as big a catastrophe as some had feared, and what would have been the alternative? Given Cyprus's historical political division, EU membership was an important recognition of its independence and sovereignty. A common understanding was that the EU could provide a safety net against Turkey. The EU had also been seen as an advocate of democracy, stability and economic prosperity. (Kyris 2013) However, when the economic crisis deepened, the public sentiment in the media changed. In the Eurobarometer for 2013, 98 per cent of the respondents answered that their national economy was bad. The biggest worries were unemployment, the economy in general and the household's private economic situation. The important notion is that a majority of the respondents (25%) thought the national authorities had more responsibility for the situation than the EU (18%).

One specific case in the Cypriot media was that the press increasingly covered EU issues during the crisis with deeper analyses, especially in weekend editions. All of the major Cypriot newspapers ran a column devoted specifically to the EU. The media also used international sources and experts to comment on the evolving situation, and not only from the Island's perspective but also framing it within the wider context. It can be questioned, however, how widely these pieces were read. The viewpoint in the press and public opinion were influenced by internal political variables. The party affiliations and political orientations were prominently present in the media. In Cyprus, critics opposed to the EU institutions were framed in a similar manner as in other southern crisis countries—against forced measures and divisions between the south and the north, creditors and debtors. EU issues that directly concerned Cyprus attracted the most media attention, so the domestic framing of the EU was also strong in Cyprus.

5.1.5 Rhetoric and Responses of the National Governments: Is the Euro Worth Saving?

In autumn 2009, Prime Minister of Greece George Papandreou revealed the true state of Greece's finances, and this was condemned by the EC early 2010. The EC reported:

> Poor co-operation and lack of clear responsibilities between several Greek institutions and services... ambiguous empowerment of officials, absence of written instruction and documentation, which leave the quality of fiscal statistics subject to political pressures and electoral cycles. (European Commission 2010a)

Olli Rehn commented in the Parliament during a parliamentary hearing after the report was released that he thought Greece was an isolated case and he was not expecting to find similar frauds in other countries figures. (European Commission 2010a)

When, in May 2010, European leaders decided to provide financial support to Greece the question were raised widely in euro area: Where and what are the limits, how much the euro area should and is willing to help the country? More fundamental questions on future of the euro area and Greece exiting the monetary union were raised repeatedly. Was euro worth saving in a cost of wider European project? There was no centralized budgetary mechanism to move resources quickly in the euro area and rescue tools were invented at the same time as the crisis evolved. However, like Sandbu (2015, 125–126) analyses when the possible break-up of the euro was put on the table as a possibility, private and public investors with financial stake in the euro area crisis countries had a reason to pull out their money. The aim of the EU institutions like the EC was to calm the market to prevent any panic reactions that would spread.

Media echoed statements by economist, political scientists and journalists emphasising that more integration and political union were needed to save the euro area and build a real monetary union. Counter arguments came mainly from Nordic and some other wealthier member states like Netherlands stating that joint responsibility should not be increased at this state. These states and their taxpayers were not ready to take debt from Greece or other countries their responsibility more than was necessity (Harjuniemi and Herkman 2013). The Troika's and particularly the EC's role was growing in their search for finding solutions. This required intervening in national policies which raised the question on limits of competences and member countries' sovereignty.

In Ireland, the bailout program in 2010 and the introduced measures were comparatively broadly supported by the Irish media and public, even it was widely understood that there would be severe consequences for many people. It was clear that the country needed to cut spending and increase taxes, but the question remaining was how to keep the competitiveness and find a platform for recovery. (European Commission 2014c) Several media also raised the notion that even it was clear that the countries in trouble should have foreseen the economic situation more in advance and make the necessary corrections but also there was lack of predictability and preparedness at the EU level.

Ireland did not have much choice but to try to bridge the gap between revenue and expenditure by increasing the corporation tax rate. If the country wanted to keep its low tax policy, that would mean other cuts. Increasing the corporation tax policy would have been a real hit to the country's competitiveness; investment levels as well a reputation as a good home for big corporations. This was construed as the EU's attempt to harmonize corporate taxation and reduce Ireland's competitive advantage. (European Commission 2014b) Tax policy was not in the competence of the EU, but media and the public opinion got the message that the country would not have much choice. The question returned to the national sovereignty and the role and power of the EC (Whelan 2013, 22).

Lusa News Agency reported that President Cavaco Silva described Portugal's financial and economic situation as 'unsustainable' in his speech on 'Portugal Day' on 10 June 2010. According to Silva:

> The crisis required side-lining of partisan and ideological quarrels and the creation of a contract of national cohesion among all forces and sectors of society. Ahead of us we have much work, great tasks and inevitable sacrifices. (Lusa 10/6/2010)

Prime Minister Socrates contradicted the President commenting that he rather sees the situation difficult like in other European countries but not unsustainable. He defended the austerity measures which he mentioned were negotiated with the opposition, saying that similar measures were taken in other euro countries as well.

El País interviewed Prime Minister José Luis Rodríguez Zapatero 23 November 2010. His view was that 'We have to clean up the economy; but this crisis won't last for ever' and that he did not foresee further budget cutbacks. At this stage, the aim was to win back the trust of the voters. Zapatero admitted in the interview that he had tendency of making optimistic statements, which had often contradicted by reality and undermined his credibility. One of his key messages was that the country needed to protect the vulnerable:

> We have the best unemployment benefits this country has seen, which cover around 80 per cent of the population. Half a billion euros for people with no welfare benefit. We have not cut grants, nor education, nor any of the major pillars of the welfare state. (*El País* 23/11/2010)

This was the repeated political message from the ruling Socialist government in public. However, when comparing to the austerity measures and the budget presented and accepted in 2010 people's perception and reactions were not supporting the narrative.

In September 2010, the EC proposed an economic governance reform package for Greece with three elements: Strengthening Stability and Growth Pact to prevent an unsustainable fiscal situation from emerging, a new procedure for surveillance of macroeconomic imbalances with corrective actions recommended if excessive imbalances were identified, and a more effective enforcement mechanism with earlier and more automatic sanctions in the case of violation of the rules. Media reacted in Greece covering more news involving people's personal stories saying that they have paid taxes their whole lives and now their social benefits were cut. Pensioners, unionists, and public sector workers were protesting actively. The narrative from the government was that no new measures was to propose, the country was on a right track and getting Greece out of the crisis everyone needed to contribute. In October 2010, Greece Prime Minister was warning public that the next year was not going to be any easier in economic terms. There seemed to be light at the end of the tunnel when market showed signs Greece regaining some trust and Eurostat forecasting that growth could return in few years. However, trust in politics in Greece remained low and Prime Minister Papandreou and Finance Minister Giorgos Papaconstantinou had become faces of the austerity in Greece as well as the Troika, and the EC together with Angela Merkel and Germany in Europe.

In 2011, media kept speculating on possible debt restructuring and suspecting that there are speculations should Greece be distrained from the euro area. *Kathimerini* wrote on 6 February that possible costs for letting Greece go was going to be bigger than keeping it in, taking into account the euro area expose to the country via the ECB's liquidity operations and emergency assistance. Another big political question in Greece circled around national sovereignty. The rescue program included strict conditionality, and this required strong political commitment as well as coherence to implement all the austerity measures and structural reforms. People's frustration and the feeling of losing the national pried reflected increasingly to the political landscape.

In June 2011**,** the EC and the member states announced that they were ready to reinforce the technical assistance in those economic areas where Greece felt they needed it. Structural reforms were requested more urgently especially in the labour market and healthcare sector as well as transport and energy. As it reads in the statement by Commissioner Rehn after the ECB and IMF's fourth review mission to Greece there was a strong push in narrative to call on all political forces in Greece to implement the requested changes for 'the sake of the recovery of the country'. It started to show in the statements issued by the EC that Greece was not doing as much as the creditors and the institutions as well as the member states were expecting. (European Commission 2011i) The critics came increasingly from the member states. It became clear to national politicians that it was not easy to justify the rescuing packages to their citizens and in the national parliaments. Before the ministerial meeting of the finance ministers in June 2011, the EC did its best to convince member states to overcome the remaining differences and come to agreement on the disbursement of the fifth trance of the loans for Greece. (European Commission 2011l) As usual, in the responses of national ministers and heads of government or state, the messages were targeting national audiences. The reason for this is also that there was no clear European audience. Not even international media like the *Washington Post*, the *Financial Times* or Bloomberg could convey European-wide responses since the audience of these publications can be considered being a marginal elite.

In June 2011, Spanish media reported that Prime Minister Zapatero decides to hold early elections in November. The country was facing at this stage the tremendous market instability. Spain's risk premium ballooned to 400 basis points. This was reported convinced the Socialist leader that he had to send out a powerful message about the country's commitment to financial solvency. He had announced a second constitutional reform in the country's history to include a specific deficit ceiling in the constitution. Zapatero was reported consulting the opposition Popular Party (PP) and the party leader Mariano Rajoy confirmed that the conditions were favourable for an agreement on a deficit ceiling.

After the summer 2011, economic growth slumped to zero in Spain. In September 2011, Parliament passed a constitutional amendment, which forced future governments to balance budgets during times of normal economic growth. One important element following the crisis via Spanish media was that comparing for example to Spain and Ireland, there was less analysis of the situation in media and more opinion pieces. Stories were shorter and they were more event oriented.

Late 2011, Lucas Papademos, former vice-president of the ECB, was first proposed as a caretaker Prime Minister of Greece and the new government swore in 11 November 2011. Papademos' narrative was that he was convinced he would keep Greece in the euro area. The opposition criticized the new government with strong wording claiming that the parties that brought Greece to bankruptcy were now trying to unite their forces to save it. President Barroso was convincing in his communication that the institutions were doing everything in their power to help Greece, but fiscal consolidation should go hand in hand with the structural reforms needed. (European Commission 2012i) At this stage, it had become clear from Greece media that the public opinion was not supporting the reforms widely and more populistic rhetoric played stronger role than before. Rescuing the country's economy also became a question of who was leading the reforms and what were the limits of external authorities pervading to national territory.

Media reported that Italian parliament passed the new austerity package on 22 December 2011 proposed earlier in the month by the new Prime and Economic Minister Monti. The package was divided between 20 billion euros of budget measures over 2012–14 and a further 10 billion euros in measures to boost growth. Monti commented to the media that the package is ‘painful but necessary’ and his ‘plan to save Italy’. The package included spending cuts, tax increasement and pension reforms. Monti had broad support in the parliament and, according to analysts in the Italian and international media, understanding the necessity of the measures. In the press conference Monti announced that he had renounced his own salary and said, ‘We have had to share the sacrifices, but we have made great efforts to share them fairly’. Welfare Minister Elsa Fornero broke down in tears announcing an end to inflation indexing on some of the pensions. On Sunday 8 January, Prime Minister Monti gave an interview to RAI 3 public television saying:

> The euro is not in crisis, the currency has solidly maintained its exchange rate with the dollar… (Italy’s) banking system and commercial banks are not under threat. The problem we are facing is that some EU countries have a public debt crisis. Our crisis is a systemic crisis. (RAI 3 8/1/2011)

Referring to plans for a tax on financial transactions, Monti said:

> I have expressed the Italian government’s openness on that issue. We are prepared to work on it but never, and I mean never, if it was to apply only to Italy. By contrast, at a time when it is in our interest to cooperate closely with Germany and France, why not. (RAI 3 8/1/2011)

In Italy, accepting the national limitations to overcome the crisis seemed rational at this stage and there was no resounding resistance against help from international or EU partners.

In June 2011, national newspapers in Italy and international media reported that the worry on the Italian economy was raisin. The main fear was that Italian economy was not growing fast enough to get out of a recession to pay its debt. To get more loan at this stage, with high interest rates, would have made the situation worse. Prime Minister Monti commented the situation to media: ‘There is a permanent risk of contagion. That is why strengthening the euro zone is of collective interest‘. (*New York Times* 2012) Media was questioning the European mechanisms to deal with the crisis. The questions raised concerning the EMU and Troika were more about apparatus than policies. In addition, in Italy the critics were towards the austerity measures and new labour rules not so much about limiting national sovereignty or recommendations coming from the EU entities.

One of the main problems in Italy was the lack of growth and competitiveness. This was combined with growing public debt and unsustainable structure of the public sector and economy. There was a spiral effect in most of the crisis countries that effected to, especially, smaller companies and scale-ups, where businesses could not get anymore chap loans and at the same time austerity measures distressed the economy. The one dimension of the crisis was investor's reaction to what was happening, and this was out of the hands of governments and the EU institutions. Even they tried to restore the trust. (Morlino and Sottilotta 2020, 85–107) Continues rise in the unit labour costs and unemployment, fall in living standards, frustration, inequality and increasing social problems were continues stories in the Italian papers. In addition, according to the OECD (2013b), Italy had the lowest employment rate for women in Europe.

Daniel Gros, director of the European Centre for Policy Studies, wrote 9 November 2011 that Italy differed from other crisis countries since on traditional measures, like education, investment and innovation the country was doing better than the euro area average. However, one important thing been deteriorated was the governance. In Italy, since 2000, most measures of good governance had been downgraded. Corruption had been increasing and rule of law weakened. In addition, the governance had not showed dedication to weed the country's underground economy. The government regularly had released an official statement that grey economy was costing the government about 100 billion euros a year. (Gros 2011)

In mid-2012, Italian media begun criticising Prime Minister Monti and his reform policy increasingly. In June Monti's government had set on reform measures focused more on stimulating economic growth trying to get companies to invest. The impression was that his technocratic government had pushed through a number a hard austerity measures and reforms, but investors and markets remained nervous. Studying the media, the government was also criticized failing in its communication to people to reassure that the reforms were a necessity to support their future and sustaining the country's economy. Critical voices against Germany were also raising in media and in citizens protests more often. Germany was giving the face to the euro area in Italy rather than the faceless EU institutions.

In 2012, the EU was subject to increasing media attention but the gap between the professional and mainly economic media coverage and mass media was widening at the same time. The media-constructed agenda can shift political attention and overlook some of the issues relevant to wider public audience (Meyer 2009). In the case of the euro crisis, people's ability to cope was limited and the attention of the broader audience concentrated on those elements of the crisis with the most direct connection to people's everyday lives. Here we can also see that national political actors adjusted decision-making to promote 'good' and de-emphasize 'bad' or putting the blame on the bad news to the EU. Responses of the national authorities strengthened the common understanding that the EU was the same as the institutions in Brussels, even though most of the decisions made during the crisis involved primarily heads of state or government and ministers. Intentionally or not, communication of the governments emphasized the role of the EU institutions vis-à-vis its member states.

5.1.6 Limiting Sovereignty

The creation of the common currency in the EU was a unique case of sharing an essential sovereign function. For the euro area to work with limited overall sovereignty, this required from the beginning trust among the member states. Member states are responsible for their own economies, taxation, pensions, and social benefits, but at the same time they have been mutualizing debt in the euro area and during the euro crisis withdrew from the fundamental no-bailout clause. However, increasing distrust among the member countries and solutions that were presented for saving the monetary union did not lead to significant opposition to the common currency as such. The financial crisis was global and in most of the member states it was comparatively commonly understood that being part of the euro area was better than leaving the single currency (Howarth and Verdun 2020, 288).

Like Christophe Strassel (2013) argues in his study paper 'The Euro Crisis: A Crisis of European Sovereignty', the crisis that hit Europe was not primarily caused by internal weaknesses in the European economies, but to a large extent by political mistakes. Europe had chosen to adopt a common currency with limited sovereignty. The euro was from the beginning an embodiment of a vision and political will controlled by legal regulation in Brussels, but the essential decisions for social cohesion and well-being of the citizens were and are made by authorities in the member states answerable to their national voters. This left the European institutions no power to conceive a collective policy approach that would have better attenuated the increasingly severe shocks of rapidly changing situations. Strassel recognizes one of the main problems: the EU institutions' lack of competences to implement decisions rapidly. The euro's governing contracts made it a currency with limited sovereignty due to both its limited mandate and its political legitimacy. New policy instruments needed to be approved by member states, and these tools required increasingly the exercise of sovereign power at the European level.

The creation of the euro can be seen as a reduction of the scope of national sovereignty when the monetary power of governments that formed the euro area was transferred to a European authority without direct democratic legitimacy. European economic governance was facing emerging challenges during the crisis beginning with an imbalance in the policymaking process. Some processes were centralized, like the ECB's policies, and economic governance was partly decentralized and increasingly in the hands of the EU institutions. There were obscurities related to the coherent functioning of the euro area, international community, and the EU. In addition, distribution of powers between national governments and the EU level intergovernmental and supranational institutions was not clear. Without precedent and clear legal basis, securing the best possible way out of the crisis and the ability of the euro area to act required increasingly manifold trust (Schweiger and Magone 2015).

The euro can be seen as a creation of political power that is tightly controlled by regulations and technocrats not answerable directly to voters. The element of social cohesion and the so-called pillar of social rights was adopted only after the financial crisis turned into a sovereign economic crisis. Following the research material in this study, political polarization increased during the years of the crisis in member states, as well as between the EU and particularly the euro countries. In the north, protection of welfare state provisions was one of the key arguments, as well as raising opposition to mutualising debts in the euro area. Statements referring to lack of trust increased in governments' statements when adjustments in the economy reached the level of citizens. National politicians needed a scapegoat, and faceless Brussels bureaucrats were an easy target, albeit most of the disliked decisions had required intergovernmental decision-making.

Public discussion circled around the financial transfers from creditor to debtor countries, eroding trust between them. An important notion regarding the division of creditors and debtors is that on both sides of the division these transfers were subject to strong disputes. Governments were strongly criticized for the policies they implemented on both sides. The language used by political opposition grew harsher and populist tendencies gained traction. In addition, social media created new platforms for shorter messaging, direct and multi-dimensional communication. Echo chambers of like-minded people were increasing and the division between EU sceptics and supporters kept widening.

5.2 Power Discourse

Since the beginning of the crisis, the Barroso Commission was facing new kind of challenges. It needed to take decisions and propose solutions in a situation where no one knew the rules. The Treaty of the Union was not prepared to this kind of an economic and financial crisis and there were no precedent cases. It is important to acknowledge that all the decisions made during the financial crisis were made in time and without the same knowledge, we have today about the big picture of the crisis (Baldwin and Giavazzi 2015). For example, when the EC issued the statements that it was willing to work with the government in Greece to develop its reform program there was not yet evidence for EU institutions and the euro member states to understand the deep roots of the causes of the crisis. In addition, they could not foresee the upcoming political struggles needed to overcome, particularly with Greece's new political forces in upcoming years. From the ethical perspective, you only have today's truth as long as someone proves it to be otherwise.

At the beginning of the euro crisis, the EC began setting the narrative of the debate in 2008. Underlining the seriousness of the situation, President Barroso emphasized in his speeches and remarks already in 2008 that 'The financial crisis is indeed a very serious situation. It requires a major effort on all sides. Europe is taking its responsibilities'. (European Commission 2008a) He emphasized the role of the ECB in ensuring sufficient liquidity in the financial markets and describing the euro as a 'factor of stability'. However, he also set the frame that the EC will not only play an important role in contributing to stability of the markets and Europe, but also by building new bridges between different actors in Europe and globally as well as supporting structural reforms. This narrative and setting the frame on rebuilding—throughout and beyond the crises—was set to be one of the clear priorities and gave the frame to the EC's communication during the years of the crisis.

The EC had a new part to play in steering national economies and constructing new procedures. Its role in financial policies grew as it was in charge of monitoring developments and national budgets in member states. Even though its direct role was limited in policy areas where intergovernmental decision-making was not required (in the European Council or the Council of the EU), it had the capacity to provide analysis, reports and study papers on the evolving situation to national leaders and with active and comparatively comprehensive and continues communication it had the ability to set the tone of the debate. In these ways the EC was laying the groundwork for the decision-making. In 2009, President Barroso emphasized in his speech to the European Parliament the need of regulation and supervision:

> I said it in the guidelines: The economy needs a financial system that is more ethical, robust and responsible. Regulation and supervision have not kept pace with the integration and innovation of financial markets. Not in Europe, not at the global level. And let me say that I have been shocked by the scale of unethical behaviour we have witnessed. We cannot allow a return to business as usual. The issue of bonuses in particular requires urgent action. (European Commission 2009)

In the following years, the EC continued its efforts to respond to the crisis by new proposals addressing challenges such as the lacking mechanisms for the EU's economic governance. It fed into the discussion the idea of more supervision and regulation that according to the EC was necessary, being itself in a natural position to fill these requirements. It kept on producing documents and analysis, setting objectives for a more stable economy and future of the EU. The EC urged politicians to take action and pushed this forward increasingly not only in the elite-to-elite public sphere but also in its public communication, interaction with the European Parliament and during the EC leadership's visits to the member states. Right from the start of the crisis in 2008–2009, publishing new plans and recommendations in addition to implementing measures and economic governance became more of a habit than an exception in the EC's way of working.

5.2.1 Changes in the EC's Policies and Communications: The Unprepared Union

The year 2010 demonstrated that the EU was able to revisit fundamental provisions in the Treaty. It was time to accept that changes were needed. The threatened bankruptcy of Greece triggered quickly some demands for assistance measures in the Monetary Union's agenda. In June 2010, however, the EC stated that it seemed like Portugal could reach the budgetary targets set, but there were more challenges with its structural reform agenda. At this stage, it was also clear from the institutions' side that they wanted to highlight the importance of the better and more effective economic governance in the EU. Meaning that the EC needed to have better overlook and understanding what was actually going on in the country and how to control the situation (Frieden and Walter 2016). At this stage markets saw the weaknesses in the EU, which was that the single currency did not have common and coordinated economic policy to support it. In Portuguese case, the main problems were the high debt together with outflows of capital from the country. There was an urgent need to implement new policies to strengthen the sustainability of the economy and restore the trust of the markets.

During the years of the crisis, Greece was pushed into excessive austerity. Unquestionable, the public debt in the country was remarkable high, there was a lack of trust, turbulent political times, rise of populism and change in the political narrative. But, as mentioned, it was also to do with the lack of credible tools and practices in the euro area to deal with the situation. There was a very little experience in the EC of dealing with this type of balance-of-payments crisis. The vision of the EC was also of very technocratic by nature, looking at it from the silos' perspective. Based on the communication efforts of the EC, this technocratic institution modified its act in the new environment to be a more 'skilful political entrepreneur' (Haverland et al. 2018, 329) using its capacity of expertise to reinvent its narrative to be more political in its wording by increasing the use of storytelling and using more 'people' and 'citizens' in its communication. In other words, it was building the human interest perspective to its policies and narratives. New rules of economic governance and the way of communicating needed to be built in the most turbulent times. Here we can see the EC positioning itself as a provider of continuity, capacity and increasingly aiming at presenting the image of a more reachable and consensus-building European institution among the squabbling member states.

Following the evolution of speeches and narrative of the commissioner and the policies of the EC in 2011, the realization of the lack of a European ownership of the crisis was visible. For example, in the Irish case, the narrative from the EU institutions was many times more technical and more focused to the economic terminology than compared to Greece. In Ireland, the presence of the institutions was not so intensive as in Greece where the Task Force brought physically numerous of people from the institutions to work there and be present. In addition, the resistance of citizens towards to reforms was not that strong in Ireland as it was in Greece. In the Irish case, the key was to restore and reform that banking system and make it as easy as possible to return to the capital markets at affordable interest rates. A European public sphere seemed to exist only at the level of European elite, but even there it had a strong domestic framing. Media coverage and reactions to outputs of the EU institutions was also strongly domesticated, if there was any coverage at all.

Early in the crisis, 2011, the lesson learned from the crisis countries, especially from Greece, had taught the EC and other institutions that the communication should not only focus to the economic and fiscal measures. People in the countries might not have read the press statements of the institutions but journalists did. In the end of a memo of the EC and the IMF on 5 May 2011, the final paragraph was written like a political speech:

> This is a defining moment for Portugal. Significant challenges lie ahead. The Portuguese people have shown many times before in history that they can rise to the challenge. We have every confidence that they will do so again – and we offer them our strong support. (European Commission 2011f)

In November 2011, Commissioner Rehn gave a speech in Rome, in the parliamentary hearing with European and budget committees of the chamber of deputies and of the Italian senate. He made it clear that there was a need to press ahead with the reinforcement of the banking system. He also emphasized that the fiscal consolidation was not enough; the country needed numerous structural reforms. Rehn stressed that in a long-term Italy’s productivity will depend on a well-educated labour force and its capability to innovate. There was a rising worry of youth unemployment in Italy. (European Commission 2011w) Learning from the other crisis countries, the EC wanted to stress this issue strongly in Italy. His aim was to make it clear that the institutions also cared about the social fairness and helping people to overcome the crisis and underline that Italy was not in the situation on its own. The EC was learning by doing trying to frame its communication more as a political institution—not purely technocratic entity.

During the spring 2012, Greece prepared for the election period. The change in the EC rhetoric towards more growth-oriented narrative away from the austerity and budget discipline mantra was well received in the Greek media. *Kathimerini* wrote in April that a shift in the agenda was evident: recommendations for fiscal discipline and austerity were gradually being replaced by calls for measures designed to boost growth and contain recession. Greece was slowly turning away from the repeated fight between two groups against and for the bailout agreement. The upcoming elections were crucial, not only for the country but to euro area, showing the way Greece would choose moving from the crisis.

After the Eurogroup meeting 21 February 2012 Commissioner Rehn gave a statement making it clear that the Greek economy could not rely anymore on large public administration and high debt without finally implementing long needed structural reforms. It became obvious that the creditors, other member states and the institutions were frustrated with Greece and its way of handling the situation. (European Commission 2012d) The tone in the speeches and press releases by the EC hardened notably at this stage. The main narrative of 'needed reforms' remained the same but the implications and wording was moving more towards orders and did not have any more negotiating voice.

El País published a quote from one senior government official 18 December 2012:

> All efforts must be made to achieve the priority objective of reducing the deficit, as demanded by the European Union. All decisions are subordinate to agreements with Brussels. Brussels is a presence at the weekly Cabinet meeting and sets the lines that Rajoy and his government cannot cross. (*El País* 18/12/2012)

It was reported in media that in the government, there was a quite solid consensus that Spain was directly dependent on the support from the other euro area countries. However, in public the comprehension was not as straightforward. Comparatively in Spain, the two main daily newspapers in Spain El País and El Mundo are politically oriented, and the circulation was comparatively low. Local newspapers, focusing more to regional perspective, are popular in Spain emphasising the diversity of the country. Commentary journalism and focusing on the leading politicians was also clear in the media coverage at this stage. Arguable, these elements stressed the dispersion of the discourse on the euro crisis in Spain. (Galluzzi 2014; Parker and Tsarouhas 2018, 51–72)

Last week of March 2013, The Eurogroup reached an agreement with the Cypriot authorities on the key elements necessary for a future macroeconomic adjustment programme. The bailout terms Nicosia accepted from the EU, IMF and ECB were comparably harsh. The agreement was supported by all euro area Member States. The programme addressed the exceptional challenges that Cyprus was facing. The country needed urgently to restore the viability of the financial sector. The programme contained a decisive approach to addressing financial sector imbalances. In general, the recession of the country was expected to be deeper and longer, but the government of Cyprus implemented reforms reasonably quickly and efficiently. Structural reforms, fiscal consolidation and privatization were implemented in a shorter term that expected. (Eurogroup 2013)

Commissioner Rehn commented the situation on 23 March saying:

> Unfortunately, the events of recent days have led to a situation where there are no longer any optimal solutions available. Support from Europe can help minimise the economic damage and protect the most vulnerable from the effects of the financial crisis in Cyprus. (European Commission 2013f)

He continued underlining that no matter the situation was hard, the Cypriot people were ‘part of the European family’ and the EU would stand by them helping to rebuild the Cypriot economy. After the agreement he assured that the EC would do everything possible to ease the social consequences of this economic shock and help those who are most vulnerable. He spoke on behalf of President Barroso, saying that the EC will create the Task Force for Cyprus in agreement with President Anastasiades. The aim was to provide technical assistance with strong focus on employment, growth, and competitiveness. This was According to the EC, this was a ‘necessity for the Cypriot people to build their economy on a new basis and the Commission is ready to mobilise all the resources at its disposal to help them face that challenge’. (European Commission 2013f)

The EC decided to set-up the Support Group for Cyprus 27 March. At that day, banks in Cyprus had been closed for nearly 2 weeks, and the unions were calling for new strikes. (European Commission 2013g)

The same message was repeated several times in spring 2013 by the institutions. According to the EC, there was a need to solve the problems with the banks and put forward ambitious reform in the public sector. The EU was again in the situation, that it needed to explain to ordinary people, why the harsh austerity measures were a necessity. The Troika’s message in Cyprus was that also reviewing the social welfare system was the only way to ensure ‘sustainable social fairness’ (European Commission 2013f; European Commission 2013j). The term ‘sustainability’ had become together with ‘jobs and growth’ one of the most used terms in the EC’s communication.

The EU was roaming around the no-bailout clause that forbit the EU and its members states rescuing collapsing economies in the euro area. The ECB proved to be a good tool to use purchasing government debt on secondary markets. In addition, establishing the EFSF the EU could cover its rescue mission under the new technical tools helping countries like Greece to survive (Tuori and Tuori 2014). This was all about political choices and rhetoric to cover the decisions. Different narratives and wider discourses were built around deep fundamental questions: How far was the Union and particularly the euro area willing to go with growing distrust, pushing for the narrative of solidarity, and walking on a tightrope with issues of legality.

5.2.2 Adapting a More Storytelling Narrative

In June 2013, the IMF staff gave a devastating conclusion statement on the program in Greece:

> Market confidence was not restored, the banking system lost 30 per cent of its deposits and the economy encountered a much deeper than expected recession with exceptionally high unemployment. (IMF 2013a)

According to the IMF the fundamental problem in Greece case was that there was no determination from the Greek authorities to engage to reforms and there had been insufficient country ownership from the beginning. The IMF’s summing was that the only sufficient debt reduction at the right moment would have really saved Greece’s economy. The Commission did not give in. Commissioner Rehn stressed again how disastrous a debt reduction would have been for the beginning of the outset of the crisis. (Brunnermeier et al. 2016, 306)

Compared to the historical trajectory of the EC’s communication, emphasis on storytelling and more positioning narratives was not something that usually had appeared in the EC’s statements before. The rise of critical voices in the member states against strong austerity measures and the role of the EU in the economic adjustment programs was steering the institutions to reconsider their communication efforts (Bauer and Becker 2014; Picard 2015a; 2015b; Spanier 2012 68–112). One example of this new approach was in October 2013, when Commissioner Rehn gave a speech in the European American Press club in Paris. He emphasized that:

> This crisis was not caused by any ordinary cyclical downturn. Its origins lay in the large and unsustainable macroeconomic imbalances that were allowed to

> accumulate in the first decade of this century: the years that were once somewhat misleadingly known as “the great moderation”. (European Commission 2013q)

There was irony in his words considering the place where the speech took place and where the crisis took off. Of course, the crisis and its spreading were seeded by Europe itself. In his speech, Rehn highlighted the three key elements to sustainable growth in Europe according to the EC: adjustment capacity in the real economy, a well-functioning financial system that can also contribute to efficient investments, and credible and trustworthy public finances. His main message was that Europe needed to reform its social market economy. This can be interpreted as a politicized narrative and statement.

Later in November 2013, Commissioner Rehn’s remarks after the Eurogroup meeting were positive regarding Spain. Like the Irish program, the Spanish program had turned out to be successful. Although the banking sector remained fragile, the situation was much better than when the program started in 2012. He emphasized that Europe had supported the Spanish and Irish people in their efforts to emerge from intense crisis caused by ‘irresponsible financial practices and insufficiently effective governance, at either national or European level’. (European Commission 2013v) The EC’s message was clear; the new rules were now put in place to ensure that this kind of turbulent times would not be repeated. The language used by the EC at this stage was much harsher and straightforward compared to the language used in similar situations in the early stages of the crisis. However, comparing the EC’s communication on Spain to other PIIG countries and Cyprus, the difficult situation and effects of the crisis on ordinary citizens were not mentioned as often, whereas support to Spain from the rest of Europe was underlined.

In November 2013, in his remarks at the press conference on the autumn fiscal package, Commissioner Rehn announced that the economies of Spain and Portugal have moved into positive growth and will exit their financial assistance programs on time and according to plan. There was still a notion that Spain’s budgetary plan for 2014 was at risk of non-compliance with the SGP rules but despite that, for the EC and the Troika this was another win. It showed that adjustment effort played off and it was worth giving financial support. This also marked a milestone to the EC in Europe’s reinforced economic governance. There was now an annual cycle of budgetary policy and structural policy in Europe, European Semester and for the euro area member states Stability Programmes, which the EC assessed against the provision under the Stability and Growth Pact. (European Commission 2013v)

While at the same time, Ireland was preparing exiting the bailout program in 2013, media emphasized that a successful exit would be as important to Ireland as it was for the whole euro area. Olli Rehn commented in October 2013 saying, ‘the conditional financial support takes the chance that Ireland, which has still one of the highest deficits in Europe, should exit the programme unaided.' Ireland's successful exit would be a proof that the rescue programme was working and the EC, as well as the whole euro are, needed some success after what was going on in Greece. (European Commission 2013t)

Taoiseach Enda Kenny highlighted for the Irish media that the exit from the bailout would be a highly significant to Irish people, and undoubtedly to him as a political win. In the Irish media, the rhetoric of 'Euro-speak' was criticized, pointing out that terms such as 'supposed concern' from 'exclusion', 'social solidarity' and 'social cohesion' were expressions with little flesh around the bones. This had undoubtedly to do with the limits of competences of the union but also with the political culture emphasising the national standpoint and the perception of a lack of democratic decision-making during the crisis.

In the Eurogroup's press conference 9 December 2013, Commissioner Rehn stated that the Irish program was a strong signal that the euro area's common response to the crisis was delivering results. It was also an example of an adjustment program that had clear start and end. The EC emphasized that it required the determination of the country to deliver results like Ireland had done. (European Commission 2013x) This rhetoric can be seen directed to other crisis countries. However, the situations in the countries varied remarkable and we can see that the same rhetoric was not received in the same way. In addition, we can see the trajectory that a European public sphere could be found in the level of elite, but this did not reflect to mass media's response to the crisis. Ireland mind have been a success case for the EU institutions but for a wider public audience in Greece this had low impact.

As mentioned in the previous chapter, the crisis was also a result of political choices and communication. The EC had four different communication directions. First, they spoke behind closed doors with other institutions. In the euro crisis, this mainly meant discussions with the Council representatives, the Eurogroup leaders, the IMF, and the ECB. Second, they needed to address their messages to correspondents and other journalists in Brussels in the daily midday press briefings and in off the record talks. Here we can separate the tone and messages that were directed for markets and financial institutions. Third, the EC needed to be increasingly in direct contact with national authorities and politicians. Fourth, the traditionally technocratic institution needed to adapt to a forthcoming communication strand, addressing their messages more directly to citizens. This evolvement is seen especially in the speeches by the commissioners but also in additional notes, and storytelling lines in press releases. The aim here can be seen as trying to legitimate new actions taken by the EC. However, the debate remained limited due to the lacking European public sphere.

5.2.3 Question of Authority: Who Is in the Lead? The Growing Role of the EC

In January 2010, ECB president Jean-Claude Trichet tried to convince markets and people that Greece leaving the euro area was an ‘absurd hypothesis’. After the leaders of 16 euro member states agreed in principle rescue package for Greece on 27 March 2010, Trichet stated a result being a ‘workable solution’. The IMF’s role was strengthening while the package agreed combined bilateral governmental loans to Greece with support from the IMF. Previously, the vision that euro area should deal with its own problems was strongly promoted by the ECB. Angela Merkel had commented earlier in the year to international press:

> The Greek example can put us under great, great pressures. Who will tell the Greek Parliament to please go ahead and pass a pension preform? I do not know that they will be enthusiastic about Germany giving them instructions. German lawmakers would not be happy if Greece told them what to do. So, the euro is in very difficult phase over the coming years. (*eKathimerini* 15/1/2010)

At this stage, Germany and France had played an important role working together to safeguard a solution stabilising the situation in Europe with help from the IMF (Trichet and Papademos 2010). The role of the ECB and the EC was growing to accommodate concerns that without the expertise of the IMF and political support from the biggest member states the stability of the euro area would have been more in danger.

This rhetoric was well placed by the German Chancellor and made a wide coverage in Greece. The division in the euro area was getting clearer during the spring 2010. Both sides tried to frame the situation from their own perspectives but there were also politicians like Angela Merkel, Jean-Claude Trichet and President of the Eurogroup Jean-Claude Juncker who were convincing also publicly that there was no real chance that Greece would be leaving the euro area. This might also have been firstly their way of convincing the other euro area countries, international markets but also the authorities and people in Greece to continue with the reform path as well as trying to convince the public audience to support their government.

The role of the IMF was raising criticism in Europe and creation of a European Monetary Fund was speculated particularly by some leading thinkers and politicians in Europe, including Germany’s Finance Minister Wolfgang Schäuble. However, the involvement of the IMF can also be seen decentralizing the power from the EU institutions—them not being the only international institutions trying to solve the crisis. The governments also created two complementing instruments, the EFSF and, later, the permanent ESM, which were setup by and for all euro area member countries and established by an intergovernmental treaty. The ESM was created as a permanent rescue mechanism aiming to safeguard the financial stability of the euro area (Tuori and Tuori 2014).

The EC was given a role in managing conditionality on the European side in cooperation with the ECB, when channelling support via special purpose vehicles. The EC was also running the European Financial Stabilization Mechanism (EFSM) issuing bonds worth 60 billion euros. However, the size was not remarkable comparing to EFSF and the ESM, which was made permanent in 2011. (Frankel 2015) Governments were securing some power to themselves from the EC which was claimed to be turning into a supranational institution. Franco-German political leadership wanted to also make sure that their role was not ignored. Particularly Germany was guaranteeing a remarkable amount of debt in the euro area. It was important for Germany that there was an EU institution, in this case the EC, that was – at least in theory – separate from the members states in governing the responses and new economic surveillance tools. (Sandbu 2015, 109–10)

Public and credible support from the two biggest member states was crucial for the euro area to succeed in overcoming the crisis. Particularly with Italy and Spain that were struggling with their economies, Merkel, and Sarkozy (and his successor president Holland) did not miss occasions to hold bilateral meetings and kept up the dialogue with member states on their initiative. However, as Brunnermeier, James and Landau (2016, 18–19) emphasize the fact that many initiatives that the EC pushed forward got rejected by member states. The weaknesses of the EC were its institutional constrains for reacting when crisis hit the euro area as well as its inability to sufficiently anticipate the economic imbalances exposed during the crisis. However, these are all elements that were reorganized during and after the sovereign debt crisis.

5.2.4 The Man Who Really Runs Ireland

Irish media reflected the crisis during the spring 2010 mostly comparing Ireland's situation to other crisis countries, mainly Greece but also Portugal and Spain, and focusing on economic reforms needed in the common currency area. The question circulated around trust nationally and internationally. Nationally banks remained the main culpable, as well as the elite around them. As mentioned, in the euro area, the main blame revolved around the institutions and flaws of the common currency as well as mutual trust between the euro countries as well as who was in charge. One of the key lessons of the crisis according to Irish media was going to be learned from the capacity of economies to respond and overcome in a reasonable speedy manner. The policy infrastructure, the narrow mandate of the ECB, lack of political leadership and proper instruments were mentioned several times during the spring.

The *Irish Independent Business Week*, 4 November 2010, referred to Commissioner Rehn as the man who 'really runs Ireland' and his role in supervising the unofficial rescue of the country might have proven to be crucial. The paper warned that there have been times when politics trumped economics and that the EC had taken too big role over the member states as well as overruling smaller member states. Rehn's job according to the *Irish Independent* was presumably to keep Ireland out the rescue program and to 'shore up the euro and make sure the Stability and Growth Pact, the financial rule book of Europe, retains some measure of credibility'. Later the same week, the paper reported, 'It is dangerous to ascribe rationality to something as amorphous as financial markets'. 'The European Commission seems more important than rescue mechanism. The former represents a temporary loss of sovereignty for those who land themselves in the soup. The latter will be permanent and apply to all'.

The paper was referring to the fundamental problem of the Economic and Monetary Union and the lack of an economic union. It had become only monetary union and now the EC was trying to patch up the leaks in the economic side at the same time as preparing the rescue packages. Simultaneously, its role was growing, and this was noticed in Irish media repeatedly.

On 24 March 2010, *Irish Independent Business Week* emphasized in its column that the euro area was about to define new fiscal rules without a proper public debate and that the leaders in the euro were mainly focused on the budgetary problems. 'Eurozone leaders want everything to be a budgetary problem because that is where they think they have the remedies'. The paper also raised a question about the lack of democratic decision-making and the increasing power of technocratic institutions such as the EC:

> One result is that fear of the sterile debate on loss of sovereignty creates a genuine loss of sovereignty from our unwillingness to engage seriously and publicly with processes which, to a large extent, will determine how we are governing. (*Irish Independent Business Week* 24/3/2010)

Donal Donavan and Antoin E. Murphy proposed a counterargument in their book *The Fall of the Celtic Tiger: Ireland and the Euro Debt Crisis* (2013), noting that the EC played a limited role in the Irish case. According to Donavan and Murphy, the EC constantly praised the efforts and measurements Ireland was making and implementing, taking only a supportive, but not publicly visible, role pushing Irish authorities. However, the authors recognized that when the time came to launch the bailout programme, the EC was well prepared. In addition, Donavan and Murphy makes the observation that before the bailout programme was implemented, in the

EC's and Commissioner Rehn's rhetoric, there was always a thrust towards more ambition and speed to correct errors in the country's economy.

Charlotte Galpin's study 'The Euro Crisis and European Identities: Political and Media Discourse in Germany, Ireland and Poland' (2017) frames Irish media reactions to the crisis as strongly defending Irish national interests. According to Galpin, the policies during the crisis were legitimized by the Irish elite and pro-European media, emphasizing the utility of the EU and its importance for Ireland. There were articles analysing European solidarity. However, Galpin makes an important point that for Ireland, like many of the crisis countries, the most important reason to defend the EU was to guarantee the assistance from European partners and institutions. One of the unique elements of the Irish case was that the opposition and the ruling elite opposed tax harmonization as a breach of Ireland's self-determination. The opposing discourse, especially in the tabloid press, was that Ireland had lost its economic sovereignty to the EU and the IMF. In the Irish case, the historical background needs to be taken into account when talking about power and sovereignty, stretching back to its fight against the UK for its independence.

5.2.5 Rethinking Economic Policy in Europe

In 2011, there was a strong call in the EC for a major renovation of economic policy coordination and supervision. Commissioner Rehn highlighted in his statements that financial institutions and markets must be regulated and supervised much more carefully. This also indicated the increasing role of the political EC. He also raised the question of expanding public debt. According to Rehn, the EU institutions did not pay enough attention to the potential of unsustainable debt dynamics. There was a lack of coordination and follow-up on larger macroeconomic imbalances like credit booms and asset price, wide account imbalances and erosion of competitiveness. There was also a clear underestimation of the importance of spillover effects in the euro area's integrated economic system. Commissioner Rehn gave a speech at the annual Brussels Economic Forum on 18 May 2011 entitled 'Rethinking Economic Policy in Europe—A New Era of EU Economic Governance'. He highlighted that these financial assistance programs in crisis countries, which Portugal had joined earlier that week, had brought to attention that there was a clear need for better monitoring of the economic and budgetary situations in member states, as well as stronger economic governance. However, it was clear that the programs were not enough themselves. There needed to be strong commitment from the member states to implement the reforms and adjustments. (European Commission 2011h; European Commission 2011k)

Particularly for the audience in the Business Forum, it was obvious that the institution wanted to highlight the importance and success of the Stability and

Growth Pact. In addition, the need for better policy coordination was a necessity, according to the EC. At the same time, its own role was growing, but its struggles with Greece did not make the EC and its decision-making look good. Portugal, however, despite its challenges, was again a fine example of a country where with strong guidance, the economic situation was manageable. It seemed important for the institution to keep the critical voices down and try to get the civil society to also support the requested reforms.

In Greece, the rhetoric in the media developed in 2011 to emphasize that recession and unemployment, as well as uncertainty and distrust of the political system, were threatening an entire generation in Greece and increasing a demographic decline. The private sector and investors were unconvinced that Greece could put its debt on a suitable track. The EC's line was that the Greek authorities were doing what was necessary to implement their commitments. A new support program was in preparation, together with the ECB and the IMF. The EC task force to coordinate technical assistance for Greece was also put in place. The task force reported quarterly and worked in close cooperation with Greek authorities and with a direct link to Commissioner Rehn and President Barroso. In 2011, the alteration of the EC's role was emphasized, giving it a standing role coordinating and assisting with economic stability. In addition, it was one of the main institutions preparing the support programs as well as implementing them. (European Commission 2011i)

Commissioner Rehn gave a speech in Bundestag, Berlin, on 27 October 2011 with a clear message that the EU was making every effort possible to secure sustainable economic growth in the whole Union. Rehn highlighted that a stability culture is a core principle of economic governance in the Union and the EU leaders had committed to further reinforcement of economic governance. In practice, this also meant that the role of the EC was growing. The EC would be the institutional body monitoring economic development in the member states. Commissioner Rehn's message was also obvious that the institutions wanted to keep the EU and the euro area as united as possible. The narrative was entitled 'The Destiny of Europe is the Destiny of Every European State'. (European Commission 2011u)

After long negotiations, in late October of 2011, the deal—which involved banks accepting a 50 per cent cut on Greek debt and euro area countries offering Greece another 130 billion euros in emergency loans—was communicated in the country by the Prime Minister as a necessity 'the agreement allows us to make the necessary reforms without the burden of debt hanging around our necks'. (*New York Times* 2011) In answer to the criticism in the parliament the next day, he announced the confidence vote and a referendum over the cut to Greece's debt. This move was interpreted by the Greek media as being a gamble and bringing more uncertainty in the country. He quickly abandoned the idea of a referendum under political pressure and even survived the confidence vote, but he resigned on 9 November. The media were putting pressure on the negotiations, emphasizing that the country would need not only a strong leader to put things in order in Greece but also to be able to cooperate and be sturdy in the eyes of international creditors. *Kathimerini* wrote on 7 November 2011, ‘The new government will need the genuine support of the responsible elements of our society, because Greece’s failure will equal bankruptcy’. The narrative in Greece evolved into requesting strong national and also international leadership.

In September of 2012, the Eurogroup meeting took place in Nicosia, Cyprus. After the meeting, Olli Rehn gave a press statement emphasizing that it was crucial for every member state to continue with their hard work on structural reforms and fiscal consolidation, in line with ‘their specific needs and challenges’. Spain got his special attention, as he had been following developments in the country closely during the prior couple of months. The financial sector program of restructuring and recapitalization of banks was on track. Still, an effective, responsible supervised and healthy banking sector was needed in the country in order to restore and maintain sustainable growth and jobs. Spain had informed the Eurogroup that it intended to adopt a national reform program by the end of September on further fiscal policy and structural reforms. According to Rehn, this was based on the recommendations of the EU (European Commission 2012v). In September, the Spanish Structural Reform Plan was published. The important factor was that the plan responded to the country-specific recommendations issued to Spain by the European Semester. Also, the results of stress tests of Spanish banks were published in September. The necessary State aid provided to Spanish banks was going to be based on these results after the banks, which needed the recapitalization, presented the restructuring or orderly resolution plans. (European Commission 2012x)

October 2012 marked the 1-year anniversary of the Task Force for Greece. The EC gave a statement that following the slowdown during the two elections in the country, the new government had intensified its efforts in many areas, and the Task Force had become a solid platform to help Greece to reach its targets. At this stage, 20 member states were already providing technical assistance to Greece (European Commission 2012z). For the EC, the Task Force was a concrete element to have some control over the reforms as well as the ways things were improving. It focused on projects like budgets and taxation, public sector administrative reforms, corruption and money laundering, privatization, judicial reform, health or labour and social security. The EC had two hats in Greece: It was part of the Troika monitoring the reforms, and then, with the Task Force, it provided a helping hand. This can be seen as the EC having a bigger role than others, and its power was increasing. But the political situation in Greece was setting the limits to its work.

5.2.6 New Identity of the EC

Studying communications the EC produced in 2010–2014 shows that the EC struggled with its identity as a technocratic entity and reinvented itself to be a more political ensemble—combining permanent bureaucrats and political commissioners with their half political cabinets. The lack of experience in hard fiscal and monetary policy, as well as a limited understanding of people's everyday struggles in the middle of the crisis, was visible in the communications of the EC. In addition, the EC communications were somewhere between institutional information sharing and political communication. They used more examples from peoples' everyday lives and, at the same time, tightened the leash around economic surveillance. The EC also needed technical assistance and analysis in its growing role as a coordinator of national policies and supervision of the financial sector. Financial stability support and economic policy surveillance strengthened its role as a supranational executive. (Bauer and Becker 2014, 2–9, 13)

There were examples from the member states, like in Greece, where the media had a tendency to present the EU institutions, such as the EC, as powerful. News in media covered actively implementation of new measures, forced by the EU, building confrontation by reporting ongoing demonstrations and peoples' growing frustration. News was delivered from the national perspective even there was a reference to the EU's role as well. In news coverage in Greece, we can see the separation of the general news and economic coverage, which presents more analytical stories also about the Europe's situation. News coverage in Greece was polarized: European public sphere seems to exist at the level of political, academic, and business elite. For ordinary citizens, the crisis was described more through national perspective.

There were several fundamental and ideological as well as economic policy perspectives that ended up increasing contradictions during the crisis in Greece: austerity policy versus stimulus, Greece leaving the euro area, bailout or no bailout. In all, the crisis was combination of several crises that were fed with batch of confrontations and power battles. Defining a supranational union, it is a type of multinational political union where negotiated power is given to an authority, like in this case to the EC, by governments of member states (Bauböck 2007). During the Greek crisis, the EC's role as a negotiator was emphasized also as an institution setting the agenda, implementing decisions, and creating new rules. Based on the analysis of media narratives on the national and the EU level, there was a growing number of narratives building into a power discourse that its role and power as a supranational institution was increasing.

According to *El País* (2/6/2013) the EC had asked Spain to raise VAT on more products that currently fall under a special rate category, but the Rajoy administration has declined. Rajoy repeated the message for Europe to do more to move quickly toward a fiscal and political union. According to him, this was needed to calm financial markets and guarantee the future of the euro. 'We aren't growing because Europe isn't growing', Rajoy concluded. On 2 December 2013, El País asked in its article 'Memories of the euro crisis'—Who is in charge in Spain? The article reflected well the overall sentiment in the Spanish media how the country was treated by its European alliances, as well as how the country itself let it be treated. According to the Eurobarometers, in 2007, at the beginning of the crisis around 65 per cent of Spaniards said they trusted the EU and just 23 per cent unhappy with it. At the end of 2012, 72 per cent were unhappy with it and with barely 20 per cent said that they still had faith in the Union. In December 2012, the OECD suggested several cuts to workers benefits and wages as well as a tax policy in Spain. The paper was arguing that democratically elected government should not take straight recommendations from unelected organizations, such as the EC, and implement them without a proper public debate.

The fragmentation of power in the EU is one aspect that can be considered to have strengthened the EC's role and influence. The Union does not have one clear political executive, since the EC and the Council share this role in a way that nothing can be implemented if member states are not committed to it. Also, legislative power is divided between the Parliament and the Council, although the EC's role can be seen as significant in proposing legislation and influencing the legislative process (Nugent and Rhinard 2015, 251).

Summing up the fragmented powers of the EU, the EC plays a role in all levels, after setting the agenda and preparing the strategies as well as concrete legislative proposals and overseeing their implementation. The euro crisis added to this a strong surveillance aspect, increased the visibility of the EC, and resulted in the EC becoming more active in people-to-people communication. In addition, international as well as national media showed a growing interest towards the EC's communication, it being the institution sharing information about the overall development of the crisis as well as technical details.

5.2.7 Criticism of the EC

Since the beginning of the crisis, and when it escalated in Greece, the country moved from political turmoil to identity crisis and from desperation and frustration to anger, violent protests and a wave of populism. The Troika, especially the EC and Germany, became the representations of the primary enemies of the country (Tzogopoulos 2013, 53). One special element in Greek media that we can see was the strong focus on political leaders at the national and international levels. This especially emphasized the turbulence in national political situations. (Godby and

Anderson 2016) In addition, there were a lot of commentaries and opinion pieces in the media, as well as interviews of people giving their opinions on the situation.

People's growing frustration and use of social media created fruitful soil for populism and populist movements to grow and manoeuvre new narratives. Here, it was not only established national politicians and politics but also the EU being framed as the root cause of the crisis. Narratives in the media were not only against the EU as such but also against the claimed anti-solidarity of some of the member states that were not willing to help Greece. This was framed by the populists as being anti-European.

The narrative in Greek newspapers during the spring of 2010 was that the Troika, and especially the EC officials, were 'grilling' Greek authorities on the requested reforms. The urgent pressure was focused on labour market reforms and deregulation. There was also the rising worry that international financial markets were abandoning Greece without support from the rest of the euro area and the EU. EFE and other media publications reported that Prime Minister Giorgos Papaconstationous tried to convince the public by stating that Greece had 'no more skeletons in the closet', referring to the misleading economic figures the country had been giving to the EU. He was also convincing people in Greece, as well as the international audience, that the country had a solid basis for cutting its deficit.

In February 2010, Papandreou criticized the EU:

> There was a lack of coordination between the various bodies of the Union, the Commission, the member states and the European Central Bank. There were even different opinions within those bodies. (*Kathimerini* 13/2/2010)

According to the Prime Minister, Greece was not the only one to blame for the mistakes that were made in the euro area and how it was originally built. Papandreus argued that the EU was 'hiding their responsibilities behind Greece'. He continued this line before the Eurogroup meeting, saying that there should be an automatic mechanism for the euro area countries who could not pay back their loans.

Reuters reported on 23 November 2010 (Baker) that the institutions were handling their crisis communications poorly. According to Reuters, poor message management was exacerbating the EU's economic woes as a risk of problems. The report, which was widely circulated in the crisis countries, including Greece, claimed that EU leaders and euro officials were unaccustomed to speaking publicly about sensitive financial issues and had misspoken or been contradictory. Also, some new ideas were already communicated before being properly processed. This, according to Reuters, was causing a cumulative market uncertainty. The agency interviewed several experts from think tanks and private sector banks. An economist from ING

Bank Brussels commented, ‘Sometimes the solutions put forward and the communication are just too short-sighted’ (*Kathimerini* 24/11).

Kathimerini interviewed Commissioner Rehn on 15 December 2010. The newspaper described the commissioner as a calmly speaking technocrat and pressured him about the EC’s slow reaction in warning Greece about its financial problems. Rehn said that there had been warnings before, but the real state of the public finances and high fiscal deficit in Greece had only become clear to the EC—with more realistic data—in the previous year. Rehn also commented, ‘For a long time, you lived beyond your means’. He continued emphasizing that the country had made good progress, but all the reforms put forward had to be implemented, and that underscored the importance of regaining the country’s credibility. Showing his political colours, he emphasized that privatization is essential to the overall economic program, ‘to make Greece’s public sector more effective and less costly for the taxpayer and also to make these enterprises more competitive and efficient’.

On the same day that Rehn gave his comments, Greek labour unions from public and private sectors had scheduled mass rallies and a 24-hour strike in protest of the government’s plan to privatize state-owned companies and allow private businesses to bypass collective labour contracts. The criticism on the national level was mainly towards national politicians who implemented the measures. However, the role of the Troika and particularly the EC’s presence in the country were represented as being faceless and technocratic. Especially in the international media, questions about the lack of democratic decision-making were raised. The growing role of the EC was not strengthened by democratic decision-making. The ECB and the IMF were not democratically elected institutions, either, and the EC and Eurogroup roles were mainly to defend the member states’ own national positions. The EC’s role would have been to bring national parliaments and citizens into the debate and defend parliamentarism and democracy, but its role in the EMU development for finding solutions to the crisis was more consultative.

According to media reporting in 2010, there was a serious budget deficit and severe problems in the banking sector in Cyprus. In addition, there was a property bust and waning growth outlook. There was a real risk of contagion. At the same time, the situation in Greece did not bode well for its neighbouring country. Cyprus’s real estate market, which was a significant component in the banks’ loan books and represented a majority of the collateral for loans, remained a risk area, together with weak demand and unclear growth prospects. In addition, the EU had started legal action against the country for running a fiscal deficit exceeding 3 per cent of the GDP. On 2 February, the *Financial Mirror* questioned the EC’s ‘alleged’ decision to remove Cyprus from the excessive deficit procedure (EDP). The details in the report on Cyprus and other EDP countries published on 27 January by the EC show that Cyprus had not been removed from the EDP, but there was a list of recommendations, and if the country managed to bring the deficit to below 3 per cent by 2012, it would get off the EDP.

The paper underscored that the EC was a bureaucratic institution of the EU, but it was the one giving the recommendations. In the article, the paper touched on the role of the EC in the process as well as the meaning of the recommendations to Cyprus. This raised the question of how to reconcile the escalating role of a technocratic institution and the lack of democracy. Statements on this debate also touched on the question of sovereignty. Political volatility was on the rise, and there was a growing cleavage between the national and EU level undertakings trying to solve the crisis. The power of economic control had been centralized in Brussels, and this was followed now with ruling and evaluation of national structural reforms touching areas like social policies, which were in the national competence of the member states. Statements were increasingly made in the national and international media and analysis that the one-size-fits-all concept of reforms did not fit all of the member states. There was a growing discourse in the euro area that the member states were giving up national democracy together with national sovereignty.

5.2.8 Lack of Democracy and Ruling Economic Idealisms

In criticisms of the EC, the argument was that it was unclear how the claimed practice of neoliberalism, or rather ordoliberalism, inherited from Germany, was going to bring about economic recovery (Kumar 2014; Sandbu 2015, 135). The labour market reforms were criticized for leading to increased inequality with decreasing wages in a country where they were already low. Opponents claimed that the public spending cuts were increasing unemployment and uncertainty also in the much-needed areas of new business and industries. Youth unemployment rates were growing and living conditions worsening at the same time the government was cutting support to families. This had far-reaching implications for confidence-building. To relaunch the economy, it did not seem sufficient to have only the elite on-board. In reactions in the media, there was growing pressure to have necessary social protection policies in place. Spain was not the only country at this stage with growing criticism against neoliberalism and harsh austerity. It can be argued that this discourse was multi-level and the terminology used in elite-to-elite communication varied from the mass media terminology. Similar debates and criticisms can be recognized in other crisis countries, framed with domestic angles.

The worry that was rising in the Irish media during the spring of 2010 concerned the lack of democratic decision-making while constructing the new economic and monetary policy in the euro area. The *Irish Times* published a column (14/5/2010) written by Thomas Klaus, editorial director and head of the Paris office of the Paris-based European Council of Foreign Relations in which he emphasized that major economic policy reforms require strong democratic support and legitimacy.

> Every Commission proposal so far for better economic governance in the euro zone has been contaminated by the platonic ideal of a commonwealth run by wise men in grey suits, striving to sanitise economic policy by shielding it from the vagaries of the electoral cycle. The Commission, with its outwardly non-partisan politics, is the embodiment of such a concept of politics; and while this has worked quite well for competition or trade, the notion that economic, fiscal and budgetary policy choices of countries can be similarly shielded from the interference of democratic politics is a dangerous illusion. *(*the *Irish Times* 14/5/2010)

He made a strong case that democratically elected governments and parliament should take the lead in reforming the Monetary Union and reconsider the role of the technocratic EC. The paper's commentator, Paul Gillespie, continued (15/5/2010) underscoring that the EU should 'move from an elitist approach to face up to its systemic challenges'. Gillespie argued that the EU needed to take a more proactive and democratic approach when trying to solve any of the global challenges in general. Irish politicians praised these arguments. The new budgetary control rules issued by the EC were particularly criticized by left-wing politicians in Ireland.

According to an *Irish Independent* analysis in 2012, there was a clear design flaw when individual member states' debts could threaten the whole currency area. When correcting this and other flaws of the euro area the paper emphasized the question in 1 and 22 March:

> A financial crisis has opened the biggest political European question of all: 'Can the crisis be solved without some kind or euro zone democracy?' Europe is run by faceless Brussels eurocrats who are immune to criticism or sanctions, but the signs are that a move in that direction (introducing greater accountability) should be made urgently if the EU's credibility is to be safeguarded and restored.

This was the repeated element in the analysis of the media in Ireland throughout the crisis.

In March 2012, the debate in Ireland focused more on questions about fairness, the shift from the fiscal union towards a more political union, analysis of the role of the EU institutions such as the EC and the so-called multi-speed Europe or two-speed Union—a division between south and north, rich and poor Europe. There were also questions about austerity measures, budget decrements and how well this political approach of hard cuts actually worked in the long run overall. The *Irish Independent* wrote on 22 March,

> Europe's crisis is about fairness, with widespread and growing discontent over wealth disparities now being highlighted by cases of real hardship as austerity policies bite. The European Commission's low profile in tackling, first, the near-meltdown of the bans and then the sovereign debt crisis is largely the result of the limits to its political mandate, but the impression given is that it has not been championing the interests of the underprivileged.

However, there was a consensus in the media that, despite the difficulties, Ireland was better at the core of the EU and euro area than outside. Focus was more on reforms required to safeguard and renew the EMU and the governance of the euro area, as well as rebuilding growth in the country itself.

In 2012, the EC was facing increasing criticism in southern member states about its hard austerity policy as well as its excessive concentration on economic measures, forgetting citizens who were suffering from the bad politics and required reforms. For ordinary citizens, the debt ratio of the state did not matter as much as their pensions or monthly salaries. The EC also needed to change its narrative towards more understanding rhetoric, highlighting the necessity of the reforms for people's everyday survival. From that point on, the EC and its partners were 'providing more support to Greece in solidarity with the people of Greece at these difficult times'. President Barroso continued in the European Parliament on April 18:

> We are all in agreement on the necessity both to ensure that Greece delivers on its commitments and to support Greece and its people… We can transform Greece for better: I would like to tell the Greek people that we shall succeed together. (European Commission 2012i)

The criticism towards the EC, and especially Germany, also increased in the Spanish media in 2012. They were blamed for the country's economic and social difficulties alongside the national authorities. The main blame was that in Germany and with the Troika, the objective was to reduce the public deficit without taking into account longer-term aims to boost growth and well-being.

In the autumn of 2013, the media in Cyprus was speculating on different scenarios that would occur if the country were to leave the euro area, how the austerity policy was harming the country and what the next steps would be to renew the euro area. French economist and public policy expert Jean Pisani-Ferry, whose books and research have also been used in this study, wrote regular columns for the *Financial Mirror* on the development of the euro area. The impression was that it was a surprise how much one nation-state could shake the whole euro area and that the austerity policy was coming from the thinking of 'northern member states' and was not a one-size-fits-all solution for all countries. The Troika was criticized but also seen as an entity bringing some structured solutions to the situation in the country. However, there were several analyses emphasizing that there was a lack of democracy and predictability in the Troika's work and that the euro area would need clear rules and more transparent structures for the future.

The *Irish Times* wrote on 6 November 2013,

> In the last decade, even the rhetoric has been modified as the cruder features of neoliberalism have become embedded in the ethos of the EU, which, anyway, was all about free markets or rather a single free market from the outset—the mumbo-jumbo about bringing peace to what had been a war-ravaged Europe was also just spin—it was the cold war that brought peace to war-ravaged Europe.

Neoliberalism has been described by the anthropologist David Harvey (2006) as the following:

> A theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedom and skills within an institutional framework characterised by strong private property rights, free markets and free trade.

At this stage, it was interpretable that the criticism in the Irish media culminated not only in criticism of the rhetoric of the EU institution but also of the politics, political theories and construed elitism around them.

In Ireland, arguments against the politicization of the technocratic EC and lack of democratic decision-making were raised repeatedly in the media. Other criticisms concerned the rise of a neoliberalism 'more markets and less government' ideology and a lack of real empathy from the EU institutions towards suffering citizens. In all, to summarize, in the Irish media, the analysis of the crisis was comparably profound and broad. Opinion pieces by experts and analysts revealed the root causes of the crisis and different options moving forward. However, we can also see in the Irish case the European public sphere was divided between elitist works—economics, academic, political and business analysis describing the wider global and European picture—and mass media articles looking at things more from the national perspective.

For Ireland, the crisis, created mainly by the national banks, still touched people's everyday lives after 5 difficult years on many levels: unemployment, especially youth unemployment, remained high and emigration and household and sovereign debts were decreasing but still significant. Criticism of the Troika's policy of fiscal consolidation intensified across the continent in 2013. Ireland, together with other crisis countries, struggled with austerity measures, and the fundamental idea behind the policy was questioned in many member states. There was a clear need for a positive story to support the policy line, and for the EU institutions, Ireland became the showcase of a program country that delivered and made a successful exit in a reasonable time. However, this created media coverage mainly in the economic and business publications and among economic journalists (Mercille 2014). It can be argued that the lack of a European public sphere for a mass audience downplayed the positive narrative the Irish case had created.

There were several overlapping and rival narratives about how the crisis was addressed, and these were shaping the discourse during the crisis. The European idea was seen differently, not only in different countries but also between different political ideologies. It has been claimed that neoliberalism, and more precisely, ordoliberalism, was ruling ideology during the crisis, challenged by the binding circumstances requiring the interference of governments, central banks and international institutions. In Germany, a rule-based liberalism focused on stability can be seen as ruling the discussion during the crisis period. It is also important to note that we cannot frame all of the new policies under traditional ideologies or philosophies. The banks, including the ECB, and other institutions were delivering, for example, massive rescue packages based only on severe circumstances, not on the ideologies involved. (Brunnermeier et al. 2016, 61–62; Kumar 2014; Sandbu 2015, 135)

In many academic and mass media articles covering the crisis, neoliberalism is the dominant and repeated economic ideology. However, as mentioned, a German variant of economic liberalism—ordoliberalism—was closer to being the ruling ideology, with a strong emphasis on responsibility and accountability, as well as a strict approach to government debt and debt ceilings. The difference between neoliberalism and ordoliberalism involves the role of the state. Neoliberalism wants to minimize the role of the state, or put more precisely, it is against state interference in markets. Conversely, ordoliberalism recognized the role of the state in ensuring free markets. The aim is for the free market to work close to its theoretical potential. Without government interference, powerful private interests can undermine competition. (Brunnermeier et al. 2016, 61–62, 238) For example, in the EU, competition laws are a central part of the competences of the Union. Ordoliberals also give key importance to price stability. The EC followed Germany's instructions in a surprisingly straightforward manner. This might be due to the fact that Germany was supporting the role of a strong EC guarding the price stability and declaring financial discipline.

The French approach emphasized a more flexible approach, where rules can be renegotiated if necessary and price stability does not itself have an absolute value. However, the divisions between the economic ideologies of different member states and schools of thought were not as wide and clear-cut as they are often described. Clearly, German leaders had more rigorous ordoliberal ideas, but there were also French leaders, such as the central bank governor Christian Noyer, who can be placed within the ordoliberal domain. However, President Sarkozy's ideas on monetary issues, particularly pre-crisis, were of a more Keynesian nature. (Van Esch 2014)

5.2.9 The EC's Response to Criticism

The EU was repeatedly accused in the media of incoherent decision-making—for not responding well and for not raising the issues where policies and practices could have been improved, such as internal and external communication and transparency in decision-making. It may be that the EC was avoiding responding to these accusations and critics in public and instead tried to solve issues and improve its practices behind the scenes. In addition, as previously mentioned, the institution was not seeking publicity for its work. A counterargument would be that some persuasion could have helped form the needed political majorities to support reforms in member states and also shift the discourse about the way the crisis was handled in favour of the EU institutions. That could have, in turn, had a long-term impact on the image of the EU in general.

In 2012, reading into the EC's communications, it can be surmised that the EC knew that not everyone was happy and the atmosphere in the EU was inflamed. Commissioner Rehn tried to take the edge off of the criticism, saying,

> I know that for some years, for some time, some people have blamed us, blamed the European Union, the euro area for being behind the curve. Well, I want to say that those who still predict a Grexit or bank on it are themselves badly behind the curve. (Europawire 2012)

This was Olli Rehn's response to Barroso's November 2012 speech (12/897) announcing the blueprint for a 'deep and genuine EMU'.

The blueprint was a good example of highlighting the role of the EC in dealing with the crisis. In a memo published 28 November 2012 (European Commission 2012cc), it is stated that the EC had taken a leading role in tackling the crisis by reforming financial sector supervision, revising the governance of budgetary and economic policies and heading support for the real economy. It had also supported member states with limited market access and helped banks gain access to ECB liquidity. The EC admitted that there was still a lot to do before the market area and the Monetary Union would work as it should. That is where the blueprint tried to build a comprehensive vision for the future of the EMU. The blueprint was the EC's response to the 'four presidents' approach to deepening the EMU and the concrete proposal made after President Barroso's State of the Union speech earlier that autumn.

In late April 2013, the EC and, more precisely, DG ECFIN, which was responsible for economic policy, and Commissioner Rehn faced a series of accusations and critics over miscalculating the fiscal multipliers in the implementation of austerity measures in the crisis countries, including Greece. Commissioner Rehn responded to the critics with the following:

> The Commission do not design our policies on the basis of any single piece of research. Structural reforms, financial sector repair and consistent fiscal consolidation are equally important parameters for ensuring sustainable economic growth.

He also emphasized that there was no one solution for every country, and according to Rehn, it was clear that there could only be sustainable growth 'if it is built on the solid foundation of sound public finances'. (*Kathimerini* 18/4/2013)

This debate underscored the bigger question behind the EC's agenda and behaviour during the crisis, which was also raised in the Greek media repeatedly: the Troika and the EC were driven by a political agenda and not a technocratic one. Historically, the EC had been seen as the technocratic unit bringing balance to the combination of the EU's political institutions (Bauer and Becker 2014). Several civil servants serving in both Barroso Commissions described the change during the crisis as the institution trying to find a new balance between political entity and technocratic advisory service (Kassim et al. 2013).

The criticism against the EC and the institutions continued in the Irish media throughout 2010. The main arguments were about the politicization of the technocratic EC and the lack of democratic decision-making. Arthur Beesly wrote in the *Irish Times* on 18 May 2010, referring to Luxembourg's Prime Minister Jean-Claude Juncker, saying,

> We all know what to do, but we don't know how to get re-elected once we've done it that the Monetary Union was lacking leadership what to do next and who was leading the reforms. Thus, austerity is the new vogue, with Spain and Portugal rushing our drastic cost-cutting plans last week in a bid to shake off market pressure. Others will have to follow, with Ireland's drive to tame its wayward deficit being held up as a shining example of resolute corrective action.

He repeated the criticism of the EC's pressure to open national budgets before national parliaments had their say. This also became a question of national sovereignty.

Klaus Regling, head of the euro area bailout fund, gave comments to the *Irish Times* on 28 April of 2011,

> The strategy that was adopted to preserve financial stability in the euro area was working. This does not mean that all problems have been resolved, but overall, the euro is no longer questioned.

According to Regling, the reason the crisis was so deep-rooted was that it was a combination of many crises and elements at national and international levels, including banks, supervisors, fiscal policy and more. The failures of the Irish institutions and bodies were against a background of the global scene.

Later the same month, EU President José Manuel Barroso criticized the increasing economic nationalism in Europe. The EC was pushing new internal market proposals and it needed support from the member states. The EC's message was clear: it wanted a more united internal market as well as the completion of the EMU. (European Commission 2011c) At the same time, several members were struggling to get their economies on stable footing and were trying to overcome the worst part of the financial and economic crisis. The criticism in the media was in response to the institutions' ambitious plans to make reforms without a proper public debate at the national level. Part of the criticisms about the institution's work underscored the lack of a clear and comprehensive understanding of the whole reform package and the political thinking behind it. The consequences of the crises were felt and lived at the national level, but the reforms and next steps were decided at the EU level.

In the media and in Brussels, the credit was given to the Irish government and people, but the success of the program also gave much-needed political support to the European project, at least in the circles of European elite. The EC also emphasized the fact that in the Irish case, the unhealthy banking sector was the main factor for the country entering into the crisis and infecting the rest of the euro area. The EC emphasized that several concessions from Europe, including the decision to reduce the interest rates on loans and extending loan maturities, had benefited Ireland's return to markets. According to the EC, the Irish case showed that there was a 'need in Europe for a partnership, solidarity and mutual trust as well as close cooperation'. This can be seen as the institution's response to the wide criticism against its growing role that was spreading through the media and in academic publications in Ireland. (European Commission 2013t)

Commissioner Rehn gave a speech in the Italian parliament on 17 September 2013. This time, the icebreaker was Finnish Formula 1 driver Kimi Räikkönen, who had moved to drive for the Italian Ferrari team.

> Ferrari, like Italy, has always stood for tradition, style and quality craftsmanship. But in order to win on the global growth racetrack you need to design the most competitive engine and stay ready to change and adapt. (European Commission 2013p)

With these words, he encouraged Italy to take the steering wheel and stay focused on putting the country back on a growth track. He warned Italy of the threats to its fragile economy posed by political instability and backsliding over fiscal consolidation. Commissioner Rehn reminded that Italy's borrowing costs on debt markets had overtaken Spain's. 'To my mind, this is a warning sign to Italy to ensure political stability and fiscal sustainability', Rehn said. To boost competitiveness, the EC had recommended shifting the burden of taxation from production to property and consumption, but Italy's government had moved in the opposite direction. The left-wing deputy economic minister Stefano Fassina commented that the EC and Commissioner Rehn should concentrate on 'mistakes' made by Brussels in handling the euro crisis 'instead of giving us lessons'. (European Commission 2013p)

The criticisms of Rehn and the EC were used as a tool in internal politics. Berlusconi, who was seeking a return to the government in 2014, was campaigning with a narrative criticising the austerity policies imposed by the EU and relentlessly pushed forward by Mario Monti the previous year. Commissioner Rehn avoided interfering in the domestic debate, commenting on 17 September 2013 'I am not entering into the field of politics but giving policy advice' (*FT* 2013).

The recovery of the country was underway, but there were still reforms to implement. The EC described Italy being one of the example cases where the institution's strategy of differentiated fiscal consolidation and economic reforms were working to help the country overcome the crisis and get back on a growth path again. Rehn highlighted that he was aware that Italian households were still facing hard times, unemployment levels were not sustainable and SMEs were struggling to obtain affordable credit. According to him, this was why it was important to include in the reform packages 'a combination of stability culture, entrepreneurial drive and social justice' (European Commission 2013p). Following the statements of the EC, social justice was repeated often. However, the definition of social justice in general includes primarily aspects that are between an individual citizen and national state, such as distribution of wealth, social privileges and opportunities. Legally and directly, the EC could not take the power over these policies, but in its communications, it increasingly used terminology from policy fields that were not in its competence.

5.2.10 ‘Rehncession’

In September 2013, in the fourth review of the financial assistance program for Spain, the Spanish financial markets had finally further stabilized. Financing conditions for large parts of the economy had improved, and the liquidity situation and financing structure of the Spanish banking sector had further improved. Right before this review, Commissioner Rehn published a blog post on Tuesday 6 August 2013 seconding recommendations made by the IMF. A week before that, labour unions had agreed to a wage cut of 10 per cent over next 2 years as part of a bigger package with business aimed at tackling unemployment in Spain. In his blog, Rehn wrote,

> I don’t underestimate the political challenge to bring about a broad political and social consensus on an economically optimal path of adjustment. But wouldn’t it still be worth a serious try, for the sake of those millions of young Spaniards who are currently unemployed?

The EC’s spokeswoman Chantal Hughes commented to the press that, while the views Rehn expressed in his blog were personal, they were also in line with those of the Commission.

Unionists in Spain rejected Rehn’s backing for proposal. The director of communication of the CCOO, Fernando Lezcano, gave comments to news agency EFE (7/8/2013) expressing the leading labour union’s ‘absolute’ rejection of Rehn’s text. Lezcano said that people in Spain were already working for ‘subsistence’ salaries. The Unión General de Trabajadores (UGT) described the idea of salary cuts as ‘outrageous’ and said they would lead Spain to misery. Socialist leader Alfredo Pérez Rubalcaba advised Rehn to ‘forget about his (neoliberal) recipes’, which had been ‘venomous’ for Spain.

Spanish political scientist Jordi Vaquer wrote an opinion piece in *El País* (23/9/2013) strongly criticizing Commissioner Rehn’s political line and public output:

> Perhaps Rehn sees himself as the saviour of the euro and the master of strict public finances, who has disciplined the recalcitrant countries of the South. But, for many, Rehn is the most tenacious, inflexible defender of the policies that have caused the second recession—a “Rehncession”—that might have been avoided.

According to Vaquer, ‘the Troika dictates the economic policies of Greece, Ireland, Portugal and Cyprus to an amazing degree of detail’. He refers to the ongoing debate between economists on austerity versus stimulus and hinted that the only direct democracy in the EU Council was the only institution elected directly from the EU citizens dealing with the financial crisis. Vaquer reminded that the Commission president is elected indirectly by the European Parliament.

The media in Spain differed during the euro crisis from, for example, Ireland and Portugal in the sense that there were less analytical articles about the overall situation in Europe and that reacted strongly to national governments decisions. The stories were shorter and emphasized the political characters, like chancellor Merkel when reporting about Germany or nationally Prime Minister Rajoy. The EC was not much presented in the media; however, the Commissioner Rehn’s personal views triggered media attention. In Spain, the media landscape was also very diverse across the different regions (Weymouth and Lamizet, 2014, 173–200).

Following media coverage of the crisis, a negative image of the EU was not initially widely reflected in the public debate concerning the crisis. The criticism was targeted more towards the difficult cuts in public spending and increasing unemployment on the national level. However, when the crisis evolved, the blame was increasingly put on strong economies in the euro area and the most visible EU institutions, including the EC. However, in, for example, the Portuguese mass media, the effects of the crisis on fundamental issues such as EU integration gained little attention. Arguably, this may have to do with the fact that responses to the crisis were decided in Portugal at the national level. However, in some other countries, like Greece, the role of the Troika and the EC following the implementation of the measures was more visible and gathered more negative attention. In addition, in most of the cases when the media was reporting about decisions made at the EU level, these decisions were covered in the member states’ media with a national frame and linked to national or even regional politics.

5.2.11 Criticism of the Euro and the Future of the EMU

The media, particularly in Spain and Italy, had a stronger tendency than other countries to highlight and report about the harms of the euro. In the Spanish media, criticism was also directed at the banks. Banks were one of the main factors pushing and financing the construction bubble. In Spain, as in Greece, the media also focused more than in other countries on trying to find a solution to the crisis on their own (Nienstedt et al. 2015, 33–61). However, the need for short-term solutions and applying loans from the ECB, the IMF and the euro area were also reported repeatedly, and the response was on average supportive of the actions. This can also be seen as negatively impacting the public opinion in general towards international creditors and institutions. Long-term responses, like implementing new structural reforms and proposing new austerity measures, were also repeatedly analysed in the Spanish media. (Weymouth and Lamizet 2014)

In Spain, the crisis raised fundamental questions regarding the euro area's structure and future. There was a widespread perception that national governments' room for manoeuvring had been reduced beyond the point where the question was if it was democratically acceptable. Institutions such as the ECB and the OECD, which are not democratically elected, and indirectly elected representatives in the EC, were recommending and imposing racking conditions from the economic perspective. At the same time, democratic national governments had no alternative but to follow the rules of the common currency area, even when the member states' national economic policies and social systems were not compatible.

When comparing to Greece, the public opinion of the EU in Cyprus showed significant differences. From the beginning, many Cypriots accepted the harsh terms of the deal, understanding that there were no other options. Although there were also protests and different opinions in public, the situation did not escalate the same way as it had in other crisis countries, like Greece or, later, in Spain. However, the role of the institutions and opinions of the people unfolded. The economic newspapers in Cyprus made repeated critical analyses during the late spring and early summer of 2010 about the way the euro area was handling the crisis with bailout programs. There were speculations that Greece might be exiting the common currency, particularly if losing the support of Germany. (Demetriades 2017) The general analysis was that the euro would survive, but it needed fundamental reforms to its basis to overcome the struggles it was facing, as well as a more unanimous economic policy. ECB governing council member and Central Bank of Cyprus governor Athanasios Orphanides gave an interview to the *Financial Mirror* on 16 June 2010 withholding speculation on the possible division of the euro area. He emphasized,

> The euro area would clearly benefit from more effective economic governance. We need to strengthen the mechanism of fiscal surveillance and enforcement to ensure compliance with the rules of the Monetary Union. We must do that much more effectively than in the recent past. (the *Financial Mirror* 16/6/2010)

One of the core problems of the EU's banking union was pivotal in Portugal—Portuguese banks held large amounts of Portuguese government bonds. In December 2010, the European Banking Authority stress tests showed that the exposure of Portuguese banks to Portuguese government debt was estimated at 23 per cent of their assets (Reis 2013, 34). This meant that the dependency ratio between the indebted state and the indebted banking sector remained high.

The banks and the state were unsustainably interlinked in many of the countries in crisis, which was the situation in Portugal. As Markus Brunnermeier et al. (2013) reflected, the sudden panics and run-ups in sovereign bond yields in Portugal were the consequence of a 'diabolic loop' between banks and sovereigns. Fears about the solvency of a sovereign put the solvency of banks in the country at risk since banks held so much of their assets in the sovereign debt of their country. If the banks would have failed, the government's net spending would have increased, either directly because of the need for a bailout, or indirectly because of the recessionary impact of the banking crisis. Either way, this leads easily to the situation where the economy may fall to a lower equilibrium. (Reis 2013, 34)

Commissioner Rehn gave a speech (European Commission 2011d) in Washington on 14 April 2011 where he described to the audience how, 12 months earlier, Greece had been about to default. The EC discovered that the country's public finances were in much worse condition than the Greek authorities had indicated and let other member states and the EU institutions know. The loan was provided, together with the 3-year financial stability mechanism, with a community arm (EFSM) and an intergovernmental body (EFSF). In total, the rescue package involved financial support of 500 billion euros. Rehn described to the American audience the creation of the European Semester and was convincing the audience that the EU was doing its best to strengthen the European Monetary Union (EMU). The main message was that despite a 'few sick men', the EU's aim was bringing economic stability and growth back to Europe.

In February 2012, Commissioner Rehn gave a speech in Hague, the Europe House Lecture. The title of the speech was 'A New Stability Culture in Europe'. According to Rehn, to build a strong Monetary Union there needed to be a clear understanding of interdependence and accountability between member states. The new rules of economic governance also required it. He said that Greece still needed to make decisive progress on reforms, and an agreement on substantial involvement of the private sector to reduce the country's public debt was a key condition for a second EU financial assistance program (European Commission 2012a). The main message in the speech was that the euro was here to stay and the implementation of the common rules of the EMU was now the key to its sustainable future. The push for structural reforms also remained strong.

The EU's new rules on economic governance, the so-called Six Pack, had two streams: fiscal and macroeconomic surveillance. The aim was to help detect and correct risky economic developments in member states. In the rhetoric of the EC, citizens' interests were highlighted more than before. In the EC's press release, Commissioner Rehn said,

> This crisis has highlighted risks that macroeconomic imbalances pose for financial stability, economic prospects and for the welfare of country, its citizens and the European Union as whole. (European Commission 2012c)

The term ‘citizens’ had been increasingly repeated in the EC’s communications since the beginning on the crisis.

Commissioner Rehn delivered a speech at Oxford University on 17 May 2012. He explained that the Eurozone was facing a new and most serious stage in the sovereign debt crisis. In the last quarter of 2011, Europe fell into recession, and the economic climate remained fragile. His main message was that the Union needed to pull together in one direction to further deepen the Economic and Monetary Union to overcome the crisis and restore trust. He also appealed to the audience, which were mainly political scientists, to rethink the future of political and economic integration. He said that individual freedom is the pre-condition for bringing about the structural changes Europe needed to overcome the crisis, but such a freedom can only reach its full potential if it has the right institutional foundation. And that was, according to the Commissioner, ‘a deeply—economically and politically—integrated European Union’. (European Commission 2012n)

In Ireland, the debate about Europe remained civilized and constructive despite the difficulties the country was facing. The media focused more on analysing the possibilities the country had of getting the growth ratio back on track again. Skills, high technology, scale-ups and big corporations wanting to stay in the country were crucial. That is where the EU got criticism for trying to interfere in low-level corporate taxation. However, the country remained in relatively good economic condition compared to other crisis countries, and that was reported in the media, which may have calmed public opinion. Business and more economics focused publications speculated and wrote analyses about the future steps of the Banking Union. The *Irish Independent* wrote on 20 September 2012, ‘A true banking union is farther away than the ECB supervision. That would include deposit insurance and a collective method of winding up failed banks so that all the costs do not fall on the banks’ home country’. The EC had highlighted earlier the same year that the ECB should take over all of the supervision of the Eurozone banking system.

In his remarks at the ECOFIN press conference on 10 July 2012, Commissioner Rehn said that the EC was closely monitoring Spain’s commitments and he was confident that the Spanish authorities would adopt convincing measures within the agreed upon time frame. For the EC, this was also important to show that the single supervisory mechanism and excessive deficit procedure, along with the Six Pack, to strengthen the Stability and Growth Pact and reinforce economic governance rules that would then work. (European Commission 2012r) The institution needed these elements to work to exert pressure to rebuild the Economic and Monetary Union.

In September 2012, the president of the European Council, Herman van Rompuy, gave a press statement together with Italian Prime Minister Mario Monti. The message was that the aim of the Italian government was to implement the necessary reforms to 'bring Italy back where it belongs: in the heart of Europe'. According to the joint statement, Italy was breaking its monopolies, fighting against vested interests, cutting red tape and continuing the fiscal consolidation. The core of the statement was that there was a need to create full-fledged banking, fiscal, economic and deeper political union. And Italy was yet another example of the country that would have benefitted if the structures would have been in place already. President Rompuy appealed that there was a need for a further discussion of the European idea. He said that he was aware of tensions and constraints, opposition and critique, 'caricatures and cartoons', but he was convinced that there was also European solidarity. He added, 'If all leaders and institutions across Europe work together in finding the solution and in bringing our citizens along, I am confident we will get there'. (European Commission 2012s)

Commissioner Rehn gave a speech in Brussels at the European Policy Centre's breakfast event on 11 January 2013. His main message was that the year 2012 was undeniably a year of crisis but there was also progress made. The reforms and rebalancing of the euro area was delivering. The EMU was to be completed. That required fully functioning banking unions together with supervisory and resolution mechanisms as well as more solidarity, mutualization of risk combined with increased responsibility and further sharing of budgetary sovereignty. According to the EC, there was also a need for a deeper integration of decision-making and adequate steps towards a political union as well as increased democratic accountability. Rehn underscored that it was important to stay the course on fiscal consolidation.

> Our patient may be out of intensive care, but it will still take some time before she can be given a clean bill of health. That is why any lapse into complacency would be unforgivable. We need to stay the reform course to revitalize the European economy. (European Commission 2013a)

For the EC, it was a continuous narrative to highlight that there was no sustainable growth without sustainable public finances.

In January 2013, Commissioner Rehn continued with a speech in the European Parliament admitting that the EC is fully aware of the variety of views concerning rebuilding the EMU. He mentioned possible Treaty changes required and highlighted that according to the EC the guiding principle for any steps towards more solidarity and mutualization of risk would have to be combined with increased responsibility and further sharing of budgetary sovereignty. Rehn continued: 'That implies deeper integration of decision-making, as well as commensurate steps towards a political union and increased democratic accountability'. (European Commission 2013c) There was a growing concern also in the EC that popular legitimacy was incompatible with the politics in the euro area. Competing ideologies coupled with the rapid decisions made during the crisis and new powers presented were not tested directly with citizens of the euro area. The EC recognized that its competence was to propose, but it was up to the co-legislators to make decisions on the new legislative guidelines and thus deepen the European integration. The EC's role was not directly tested in democratic elections and its communication in this respect suffered from wider coverage in national media.

The salient questions in the Irish case were the separation of bank and sovereign debts. The 'vicious circle' of these two was one of the main reasons the country was forced to go into the programme in 2010. This vicious circle was something that the EU institutions had been trying to break since the crisis hit the euro area. Under the Banking Union, the losses arising from failing banks had to be paid by their own shareholders and creditors (that is the bail-in) or by the industry itself, not by the governments—and if needed—with the contributions to the resolution fund. This Fund would be owned and administered by the Single Resolution Board. The aim was that taxpayers should not be the ones carrying the risks of the unhealthy banks.

In April 2013, Commissioner Rehn gave a statement on Cyprus in the European Parliament, Strasbourg. He emphasized that the process leading to the support program for Cyprus has not been easy and 'not without mistakes'. The institutions needed again to find a solution to a unique problem without previously tested instruments and in a short time. The key lesson learned was that there needed to be secured deposits and wide overview of the economic and financial situations in the member states. Saving the banking sector in Cyprus was a necessity to secure the deposits and contingency of banking in the country. The EC repeated the message during the spring and later on, adding that learning from the crisis in Cyprus, the euro area needed a banking union to prevent the development of an unsustainable banking sector like what had happened in Cyprus. And when it becomes obvious that a country is in need of financial assistance, action needs to be taken as soon as possible and without a wait, as happened in the Cyprus case. (European Commission 2013j)

Strengthening and correcting the design of the EMU was one of the core missions of the institutions during the crisis. The dialogue concerning the reform of the EMU was controlled significantly by the division of fiscal transfers and debt mutualization. Most analyses of the crisis cover a broad range of institutional, financial, and fiscal reforms. However, studying the discourses that were raised in different statements during the crisis, we can identify the power discourse between the member countries, institutions, and political ideologies also when trying to build and strengthen the basis of the Monetary Union itself. The process of reforming the EMU, as well as the reformation and development of the EU in general, can be described as a negotiation of compromises and coalition-building around bigger and stronger member countries. This revolved primarily around Germany, which was the clear leader of the northern bloc, dominating its narrative. In addition, the Franco–German pair was a strong shield against too ambitious plans going deeper towards supranational integration. French politicians, including President Sarkozy supported by left-leaning economists, condemned—in Jacques Chirac's words—'Anglo-Saxon ultraliberalism' and emphasized the mission of European humanism. (Brunnermeier et al. 2016, 73; Waters 2012; Howarth and Verdun 2020)

The French position was much closer to the original Keynesian thinking also in what comes to fixing exchange rates, international economic relations, and cross-border capital flows. The German position has traditionally supported open international capital markets, free trade, and competition as well as exchange rates that are free to move. This difference between the French and German approaches can be seen as one of the core discrepancies in the crisis. An economy cannot concurrently have all three: a fixed exchange rate, free capital flows and an independent monetary policy. (Brunnermeier et al. 2016, 63–82) Another fundamentally dividing issue between these two countries was the question of no-bailout clause. For Germany, the clause was a key component of the common rules that it believed must be followed for the euro area to work, but for France, it has never held the same significance. Germany also tried to consolidate public finances where France supported more stimulus. However, German Chancellor Merkel and French President Sarkozy found a common goal in saving the common currency when the financial crisis escalated in the EU.

This required the two countries to bury some of the historical principles and build new sovereignty practices. Germany needed to convince the other northern hard-line countries to support conditional bailouts, and France had to adjust its position – shared by the southern countries – to accept stronger discipline on national public spending as part of the conditionality clauses (Zetlin and Nicoli 2020). However, the French narrative around European solidarity and the German emphasis on strong economic governance and discipline do not necessarily contradict one another, as they can also be seen as complementary elements of the narrative on increased European sovereignty. The discourse that binds these different paradigms closer together was building around the question of power. The power discourse during the euro crisis consisted of narratives about finding a balance between different historical backgrounds, cultures, policies, ideologies, and expectations in order to be able to agree on the responses that were needed to take the EU out of the crisis.

To sum up, there were fundamental historical reasons behind the different ways in which countries were behaving, justifying their positions, and pushing forward different ideological views on how to control the situation. A broad spectrum of statements from institutions, member states, global actors, experts, and politicians as well as other representatives of different ideologies can be framed with the power discourse during the crisis.

5.3 Solidarity Discourse

Solidarity has been one of the key values of European integration throughout its history. Solidarity has been linked to cohesion and the term appears in the Maastricht Treaty (1992, article 3) and, as mentioned (p.48), the Treaty of Lisbon (2009) refers to social solidarity focusing on employment and social issues (article 2(3)) as well as to act jointly to 'prevent the terrorist threat in the territory of an EU country; to provide assistance to another EU country which is the victim of natural or man-made disaster' (article 222). However, the terms social justice and social protectionism have meant different things in member states due to the diversity of economic and social models (Papaioannou and Suman 2018, 206–225). The 'no bail-out clause' (article 125) states that 'the Union shall not be liable for or assume the commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of any Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project'. In this regard, when looking at the Treaties, the euro area could not have foreseen any help for the insolvent countries. In reality, stronger member states needed to rescue those running into difficulties to prevent a domino effect and the collapse of the common currency. The EC's message was to prevent the collapse of the euro and secure stability. Solidarity became an increasingly impassioned expression and frame for the more empathic approach to the difficult situation springing from the history of the Union as well as from its legal basis.

5.3.1 Austerity and Growing Populism

The unions in Greece were getting nervous during the spring of 2010 when there were more talks about even tighter austerity measures concerning salaries. The media in Greece reported that Prime Minister Papandreou was trying to convince people in Greece to 'rally together' to stop the country from going under. On a televised cabinet meeting in February 2010, Papandreou appealed to people saying that if the country would not work together, 'we risk losing the ability to determine our own fate'. He said that people were stopping him on the streets and telling how they were ready to sacrifice their salary 'for the good of the country'. Speaking to the MPs in April, he was trying to convince the parliament by using the narrative that the crisis was a chance for 'rebirth'. At the same time, Standard & Poor downgraded Greece's long-term sovereign credit ratings to BB+ from BBB+ and its short-term rating to B from A2. Several media were reporting that this brought down the mood in the parliament and Papandreou focused on convincing the politicians to focus on the reforms that needed to be made. 'Let us stop worrying about the bond spreads and pay attention to the reforms and changes that need to be made. Our "guardians" will only leave when we have put our country in order' (*Kathimerini* 28/4/2010). The reference was made not only toward the creditors but executive and supervisor body of the rules: the Troika and particularly to the EC. Bureaucratic institutions were easy to blame, however, the problem for national politicians was that people needed to have faces to these scapegoats.

Prime Minister Papandreou had two audiences: he had to convince his home audience that the austerity measures were necessary for the country to survive and the international audience to make sure that the taken measures were enough to win back the confidence. Thousands of people were protesting on the streets of Athens and strikes paralysed the city centre. At the same time, when the austerity package was voted in favour in the parliament, protests turned violent, and the unionists underscored that people's reactions were 'seen on the streets'. Newspapers also reported that according to the Public Issue poll (2010) there was no support from the public audience for the austerity measures. Only taxing luxury goods and increasing tax on cigarettes and alcohol were mainly accepted. There was also more news and opinion pieces indicating that harsh austerity measures might not be the best solution to boost competitiveness.

In late March 2010, euro countries and the IMF agreed on approximately 110 billion in direct bilateral loans to Greece in hopes of preventing the country from falling into insolvency (Pisani-Ferry 2011, 181). At the end of April, the interest rates on Greek bonds rose so high that, without a mortgage, it would have been nearly impossible to collect the necessary capital for the loans that were past due on 19 March 2010 (Eurogroup resolution on 2/5/2010). The political opposition and people in Greece reacted strongly to the decision. Several party leaders boycotted the meetings on trying to agree on how to implement austerity measures. The unions claimed that the decision would make the 'rich richer and the poor poorer'. General strikes were ordered, and the opposition was using the narrative that they were the ones standing up for the Greek people. The media reported in Greece that the major political parties started to lose support. Together with the Greek people, markets were not convinced that the rescue package would save the country. The poll reported in several newspapers suggested that two-thirds of Greek were against the measures. Almost 7 out of 10 Greeks supported strikes, and 6 in 10 announced that they would take part in the protests. Despite this, 8 out of 10 Greeks believed that the austerity measures would be implemented regardless of the protests (*Kathimerini* 10/5; Public Issue 8/5/2010).

In August 2010, there started to be more signs that not all member states supported the Greek loan program. After long negotiations, Slovakia's parliament rejected the participation in the loan for Greece. Reactions in the Greek media were moderate, focusing more on well-managed progress of the deficit cutting and worrying that new measures would be announced; however, the cleavages in the euro area were building up. (Zeitlin and Nicolo 2020) The *Economist* had written already in May 2010 that 'Fiscal irresponsibility is one thing. A lack of solidarity appears to be another'. Slovakia had only adopted the single currency a year earlier, being much poorer than Greece, and yet it was supposed to provide more than 800 million euros to the rescue package. Quoting the Slovak Finance Minister Ivan Miklos saying, 'It's true that our attitude angered highly-placed politicians in the euro zone, but that's only because they had behaved irresponsibly, and we held out a mirror'. According to the paper, the response from Germany and Brussels was that all member states had committed themselves to assist Greece and every member state relies on solidarity. The EC and Olli Rehn supported Germany's push, condemning Slovakia for its 'breach of solidarity'. Prime Minister Radicova argued that solidarity could not be applied arbitrarily. (European Commission 2010g)

In March 2010, the media in Portugal reported tens of thousands of civil servants striking as a protest against plans to freeze public sector workers' salaries. The government had announced a package of austerity measures, including raising taxes and cuts in public spending to reduce Portugal's budget deficit. In June 2010, Italians marched on the streets in different towns and cities in a general strike protesting an austerity budget. Their main narrative reported widely in the media on 26 June was that the budget takes from workers but spares the rich. The leader of Italy's largest union, the Italian General Confederation of Labour (CGIL), Fulvio Mammoni said, 'we say 'No' to this budget. It is wrong, unjust, it stunts growth, it does not kick-start production, it doesn't touch the rich and it punishes workers. (the *Irish Times* 26/6/2010) In Italy, there are three main union confederations: CGIL, the Confederazione Italiana Sindacati Lavoratori (CISL) and the Italian Labour Union (UIL). The national strike called by CGIL split Italy's trade union movement, which has historically been divided along political lines. Reuters and ANSA reported that the CISL and UIL asked their members to stay on the job to support the government.

Compared to other crisis countries, trade unions in Spain were surprisingly cooperative with the government's policies in early 2010 although there was a remarkable shift in the government's priorities to the main objective being the reduction of the public deficit and control of public debt. In 2010, the presence of the EU was mainly limited to the ECB's monetary rescue policy, and the reactions in media remained moderate. The government approved an austerity program in May 2010. Austerity measures passed over in 6 months, including a 2 percentage point rise in the VAT. The budget was cut by 50 billion euros for the next 3 years, there was a reduction of 5 per cent on average in public sector wages, a 1-year freeze in pensions was instituted and there was reform of labour legislation and of public pensions. The aim was the reduction of the public deficit and control of the public debt. (European Commission 2012ff) In June, the government passed on a labour market reform, which the Parliament approved in September. On 8 June 2010, Spanish public workers went on strike against wages cuts. This was the first of several union-led protests against the government's austerity measures. According to trade unions, 75 per cent of the country's 2.5 million public workers had gone on strike. The government argued that the true number was about 11.85 per cent. Deputy Minister in charge of the civil service Consuelo Rumi commented that, 'this strike had a limited reach'. Media reports suggested that some regions were far more active and affected by the strike, such as Catalonia, but the reactions and impact remained limited (EFE). The media also emphasized that the unions criticized this 'hurtful' plan 'undermining workers' rights', and it was also criticized by the private sector for being too weak. Trade unions called a general strike to protest the reforms and austerity measures (Arrese and Vara-Miguel 2016).

El País reported early in 2010 that one of the main reasons for the crisis from the beginning was badly managed boom periods in the country (6/2/2010). The banks, private sector and politicians were responsible for high debt levels as well as growing mistrust in Spain. The effects of the austerity policy started to show more in the media later 2010 as 'being frightening' for Spain. The debate was around the negative consequences for exports and to growth as well as to people's everyday life and the future. Lack of confidence had also spread increasingly throughout the euro area and dominated the narrative in main media. In September, the Spanish Parliament approved the 2011 budget. The so-called austerity budget included a tax raise for the wealthier and 8 per cent spending cuts. Finance Minister Elena Salgado described the outlined 2011 budget as 'austere'. The aim was to cut the country's deficit to 6 per cent of the GDP in 2011 from 11.1 per cent in 2009. Spanish unions called a general strike that took place 29 September 2010 to protest the labour reforms and spending cuts.

There were critical voices in the media in Cyprus against austerity policies in general, but even the critical analysts admitted that there was a real need for structural changes and fiscal consolidation in the country and a push was needed to make it happen. Following Greece's lead, Germany was seen in the Cypriot media as the main catalyst behind the thinking in support of strict budget lines and frugal public spending. EU institutions, foremost the EC, were seen more as a subordinate of the strongest member states. Studying the narratives in member states the austerity was seen in general as a short-term solution to support the development of sustainable economy at the national and EU level. General understanding among elite in Europe was that more reforms were needed like a European level backstop for euro area banks and reconstruction of the EMU in the long run. However, this messaging was not generating among wider public audience suffering from the short-term measures and economic turmoil.

Protests and dissatisfaction in Greece continued during the spring 2011. Pensions and cutting wages were an Achilles heel for many who had supported at least some of the cuttings in the first place. Unemployment rates kept rising. At the same time, government was failing to fight efficiently against the tax evasion and the Troika kept pushing for more privatization. The pressure was piling up. Politicians chose their wording carefully, but the main narrative remained that the county was on a right direction to heal and bringing back the economic growth, but some painful reforms remained to be implemented. ‘The alternative would be worse’ kept repeated in media. In May 2011 thousands of people in Greece were on the streets rallying against the new measures chanting ‘thieves, thieves’. (Kakaletris 2014) During the spring it had become clear that Greece had to seriously reinforce the implementation of the economic reforms and their privatization programs before there was going to be any indications of gaining back the trust from the private financiers or from their European and IMF creditors. Idea of referendum aired by the government on the new lean agreement. Further austerity measures and privatization were pushed by the creditors. By the end of the month, it became clear that Greece would need more time. (Featherstone 2011) The fear was that the protests would turn into violent. Media in Greece was reporting that the EU needed to be more constructive. The claim from the Greek media was that the EU, especially pointing to the EC, was focusing too much on public debt and possible additional funding the country would need than helping Greece to build sustainable growth strategically.

In Greece, one of the main issues was that the political environment started to be more turbulence and it was harder to build consensus needed to implement required reforms in the country. At the same time protests and resistance of the opposition increased against the new austerity plans. The government worked under a huge pressure from the creditor’s side as well as from the citizens and opposition side in Greece. Prime Minister Papandreou refused to step down but reshuffled his cabinet by pointing Defense Minister Evangelous Venizelos as a new Finance Minister to buy some more time to his government and ‘to signal a new start’ as he framed the move in media. He also called for a constitution vote in order to overhaul state sector. The opposition claimed that the Prime Minister was avoiding a new elections and media was emphasizing that the country was lacking political leadership and strategy. According to newspapers and previous analysis made of the crisis (Tzogopoulos 2013) citizens in Greece did not trust the politicians anymore.

The spokesperson of Olli Rehn, Simon O’Connor admitted on 6th June 2013 in the EC’s press conference that the Greek case had been ‘a learning process’ for Europeans. He continued: ‘Keeping Athens in the Eurozone was not an easy task.

We strongly reject claims that we have not done enough to spur growth'. (Voxeurop 2013) For the EC, preventing contagion, keeping the euro area united and restoring trust became recurring themes in its communication. However, it was lacking in contact with the citizens facing hardships not only in capitals but in different regions. The EC's repeatedly technocratic and duplicated messaging in the program countries did not reinforce the solidarity message of the Union, but on the other hand strengthened the understanding that letting the euro collapse was not an option – creating the injurious conditions for a moral hazard. Since the Troika and the EC did not have a direct democratic link to voters, the suffering of the people was paid by national politicians. The lack of engaging, direct and sufficient communication from the EU to citizens created a favourable platform to growing populism.

5.3.2 'It's Not the Crisis; It's the System'

The anti-austerity movement in Spain that was called the 15-M Movement 'the Indignados'. The movement started from the social media and held its first protest on 15 May 2011, just 1 week before the local and regional elections. The Spanish public broadcasting company reported that 6.5–8 million people participated to the first protests. Demonstrations continued like a wave around the country throughout the year. Protests movement was against wage cuts, reduced welfare, housing problem, raising unemployment, national political system, and institutions as well as politics in general. The motto of the movement was 'It's not a crisis, it's the system' and 'They don't represent us'. (EFE, *El País*) The movement avoided engaging with the political parties, ideological agendas, and trade unions. It coordinated online actions and gathered people to protest. The aim was to challenge government's actions. The focus was against the national political system, institutions, and politics. Studying the news coverage, the Troika or the EU was not particularly visible in these protests 2011.

Protests against the austerity measures continued also in Portugal the spring 2011. Thousands of citizens protested against the government's austerity measures. Media reported 300 000 people on the streets in Lisbon on 5 June 2011. The CGTP union's representative commented that demonstration was directly against 'unemployment, in defence of workers' rights and better wages for all', Lusa News Agency reported 5 June. The narrative of the protestors was similar when comparing to other countries. The common themes opposing the reforms can be said existed.

In Ireland, many spending cuts and tax increases were already implemented before 2011. There was an increasing sense of 'austerity fatigue' and the planned spending cuts and tax increases over the next few years were likely to cause more political problems than before. This had an influence on the political atmosphere. In the months after the adjustment agreement, market sentiment towards Irish debt worsened. Investors worried that Ireland would be among the other countries that would subsequently default like it seemed happening in Greece. After all, as mentioned, it turned out that Ireland became one of the success stories of the euro crisis in Europe. August 2011 onwards there was significant improvement in market sentiment towards the country's debt and growth returned slowly. (Ragone 2018)

In Italy, on 6 September 2011, CGIL called a general strike against a package of austerity measures and labour reforms. Media reported widely that trade unions in Italy were strongly against the proposed labour reforms. The government put the austerity measures to a confidence vote in the Senate where Prime Minister Berlusconi had a majority. Media reactions in Italy were strong. *Il Sole 24* editor-in-chief Roberto Napoletano, wrote on 6 September that the government should bear the 'honour and burden of representing Italy if it is capable of doing so. Or if it is not', he added, 'it should have the honesty and dignity to face the consequences'. The impression was that if the country could not change its policy the support from rest of the euro area was not guaranteed. Economist and journalists were warning Italy that if that would happen, the country's borrowing costs could rise significantly. However, following narratives in media, the public opinion was responding to the fears of the economic elite with worry that the proposed austerity measures could harm households widely and increase unjust and inequality. Repeated message from striking people and comments in newspapers repeated that the government was not listening people (Morlini and Sottilotta 2020).

People and the trade unions continued to be active in Italy during the spring 2012. Protests against the austerity measures and Monti's government continued. Media in Italy reported in April 13 that thousands of protestors were on the streets marching against the new rules that would affect tens of thousands of recently retired workers without pension cover. The protests were organized by three trade unions CGIL, CISL and UIL. Protestors were also carrying the message that the government was not democratically elected since it consisted only technocrats. The interpretation here is that EU institutions like the EC or the ECB were not the direct target of these protest movements in Italy. These institutions were bureaucratic, complex, and far from citizens. National politicians paid the price. Also, there is a language and knowledge barrier on many occasions if the EU level decisions or actions are not covered widely in the national media. In addition, diversity of interests and values of the member states created obstacles for more European wide debate and protests. (Papaioannou and Suman 2018, 206–225)

At the beginning of 2012, the government in Greece was struggling to push forward new austerity measures and the Prime Minister lost the support of several ministers before the crucial vote in the parliament. Tens of thousands of people gathered outside of the Parliament for a first peaceful anti-austerity protest, but the mood changed after some anarchist clashed with the police. At the same time, ministers in Germany put more pressure on Greece over the required reforms. Parliament approved the new terms for a bailout, but streets of Athens were not the only ones to suffer, political landscape in Greece was cracking increasingly and people's frustration became even more visible (Kakaletris 2014; Tzogopoulos 2013). In media the impression was that Greek people had lost their fate and Europeans their solidarity.

Political crisis escalated in Greece before the summer 2012 and the country held two elections in May and in June. The Coalition of the Radical Left Syriza made its way up in ratings rapidly and in the first 2012 legislative election held on 6 May; the party polled over 16 per cent becoming the second largest party in the parliament. The language used by the political opposition and individual politicians became harder and more populistic. Syriza's message was well received: no more austerity. According to Syriza's economic program it was necessity to renegotiate the loan agreement with international creditors and postpone payments to reallocate money back to Greek people. The problem was that the country did not have any leverage or credibility in the eyes of the international community. This however was not relevant for an average Greek citizen. For them, Tsipras was offering the new way out of the crisis. (Morlino and Sottilotta 2020, 74–75)

At this stage, it was clear that it was necessary to do even more cuts to public spending to meet the targets set in the Troika program. People felt that Europe was punishing them and not helping the country. The impression was that citizens wanted to have change, but they were not sure what they actually were aiming at. Greek voters were scattered among anti-austerity groups to the extreme left and far right. (Doxiadis and Placas 2018; Kanellopoulos and Kousis 2014) One thing was clear: old political elite supporting 'Brussels' was not widely supported by Greek people anymore. The Troika and the EC were seen increasingly as a threat and the opposition was strengthening.

From the beginning of the adjustment program for Greece, the primary deficit was very large. Even if existing debt had been completely eliminated, the primary deficit would have had to be reduced as well to help the country (Morlino and Sottilotta 2020, 63–64). The defenders argued that fiscal austerity was a necessity. From the economic perspective, this was simpler than arguing the same in political terms. However, raising taxes was not an alternative neither. Less fiscal austerity would have required even more cuts in public spending to be able to save the economy from a total collapse. It can be argued that there was a political limit that politicians could ask their own citizens to contribute, despite of the pressure from the Troika or other EU member states.

The argument in public was that growth-killing structural reforms, together with fiscal austerity, were the reasons for an economic depression. The same debate was ongoing in several crisis countries, supporting the argument and creating a common narrative. Many of the proposed structural reforms were not implemented because of the public pressure or not implemented on a sufficient scale. There was fierce resistance to open closed sectors and professions. IMF reported that efforts to improve tax collection and the payment culture failed. The economic crisis had turned out to be deep political crises where the national politics steered the debate and decision-making at the EU level. This and slow recovery together with insufficient reforms and 'Grexit' fears had an impact to low business and investment confidence not only in Greece but also more broadly in the continent (Ragone 2018).

Tens of thousands of people were rallying in anti-austerity protests in Athens and other cities in Greece 2012. According to international and national media Greece was lacking ownership of the reforms. The agreement with the Troika was done during the old government's mandate. Implementing structural reforms took time and that was something that the country was lacking. Following media in Greece, the impression was that there were just cuts after cuts, people protesting and the Troika visiting the country telling the politicians that more austerity was needed. There was no coherent strategy that was conveyed to people if the situation would be under control. From the political perspective, the government and the political establishment inseminated a plenteous public field to populism to prosper. Investigative journalist Alexis Papachelas wrote a commentary in *Kathimerini* on 1 October 2012 about the role of media in the crisis. After the crisis hit, Papachelas claimed that the Greek media took too populist tone in their reporting backing everyone: 'the farmers demanding more subsidies, civil servants who wanted raises, everybody'. He emphasized that there was a long tradition in Greece that journalists and politicians were closely linked, and journalists failed to report about problems the system was facing.

El País reported on 9 October 2012, speaking at the Americas Society in New York on 6 October, following the protests in Spain against the austerity measures and against politicians in general, Prime Minister Rajoy saying:

> Allow me to acknowledge the majority of Spaniards who do not demonstrate, who do not make the front pages of the newspapers and who do not appear in the opening item on the newscasts. They are unseen but they are there, and they are the majority of the 47 million people who live in Spain. That immense majority is working, if they can, giving the best of themselves to attain the national goal that concerns us all, which is pulling the country out of this crisis.

The Prime Minister's statement escalated two additional protests in Spain, and *El País* (9/10/2012) announced that it received dozens of letters to complaining about Rajoy's words and published wide range of comments from citizens, researchers, and experts. 'I felt insulted, and coming here is my answer to that', said a lawyer who joined a new march before Congress on Saturday, the paper reported.

Media reception and narratives in the crisis countries reflected frustration against the political elite, the political and economic system and inconsistent and transparent communication lacking in transparency as much as against the reforms themselves. The presence of the EU varied between the countries. For example, European creditors and the institutions were not as visible in Spain at this stage of the crisis as they were in Greece. The difference was also that many of the demonstrations and protests were gathered on social media and the communication actions were spread in these channels as well (Morlino and Sottilotta 2020, 194).

Social media and other online forums brought a new level to communication across Europe. This offered citizens a new way to find like-minded people beyond national borders. Despite this potential to increase transnational debates on EU affairs, discussion remained mainly in national foxholes throughout the euro crisis (Hepp et al. 2016, 109–140). The European public sphere continued to exist only at the elite-to-elite level. Building real European narratives would have required a wider understanding of the EU integration and system among citizens as well as increased awareness of different political and power dynamics between the relevant actors.

5.3.3 Uniting and Dividing Austerity Measures

Chancellor Merkel visited Portugal on 12 November 2012. Merkel's visit at this stage to Portugal was marked as 'high risk'. There was a great concern reported in the media to deal with spontaneous acts of violence towards the Chancellor who supported the euro area's economic adjustment programmes and austerity measures. (BBC 2012) People were also reminded by Merkel's comments, reported widely in the media, back in 2011 when she said,

> It is also important that people in countries like Greece, Spain and Portugal are not able to retire earlier than in Germany -- that everyone exerts themselves more or less equally. That is important… We can't have a common currency where some get lots of vacation time and others very little. That won't work in the long term. (Böll and Böcking 2012)

Organised Crime and Terrorism Observatory (OBSCOT) chief commented to the press (Lusa 12/11/2012) that Angela Merkel was seen by many Portuguese as a symbol of austerity and 'is regarded as the cause and the enemy'.

Demonstrations against the government's austerity plans and state budget continued broadly around the time of Chancellor Merkel's visit as well as during it.

Merkel gave comments that ‘austerity was not an end itself’ but the aim was to ‘resolve the accumulation of debt’, and ‘people feel the impact’. She was praising the way the country was handling the situation and was pointing out that Germany could especially help Portugal to tackle youth unemployment. Her presence and messages were not received well in the country. (BBC 12/11/2012) Communist Party leader Jerónimo de Sousa gave his comments to the media, saying, ‘She is not welcome as the face of those who wish to increase the exploitation and poverty of the Portuguese’. According to the trade union leader, the country was not protecting the interests of its workers. (TVI24 12/11/2012)

At this stage, consequences of the EU’s longstanding leadership problem became increasingly evident. The role of the biggest and strongest member states created continuing imbalances to power distribution in the Union. The EU has never had an undisputed source of leadership. In this respect, the EC has historically been—or aimed to be—a balancer of powers in its bureaucratic role. During the crisis, however, its role as a solution seeker, supervisor and an executive arm grew, and its role as a protective shield between strong political leaders of bigger member states and smaller countries weakened.

In the Portuguese case, the disciplinary actions of the nation and the government’s strict policy line can be seen as the core pillars of the successful implementation of the bailout programme as well as the country’s ability to sustain the economy. President Silva’s role cannot be ignored, as the media also emphasized.

In Portugal, Germany was seen by the public in a comparatively more negative light than the Troika and the EC. In the media, the institutions were not mentioned as often as austerity measures. Unfairness and unevenly made cuts remained a core narrative from the trade unions. The opposition emphasized the confrontation between austerity and economic stimulus. (Dooley 2020; Parker and Tsarouhas 2018, 161–181)

Here, it is culturally relevant also to consider that EC President Barroso was a former Prime Minister of Portugal known for strict budget policy and difficult reforms. In the EC’s communication, using the word ‘austerity’ was avoided and the focus was instead directed towards structural reforms and building growth. Even when the communication was framed around building new trust and stability, budgetary discipline remained one of the main targets. In economic terms, this could have been the right practice; however, it can also be argued that inequality and uneven distribution of income can affect macroeconomic performance negatively. (Stiglitz 2016, 212)

Two main trade unions in Spain, CCOO and UGT, formally approved a general strike for November 14 to protest the government’s austerity measures. ‘There are more than enough reasons for the stoppage. Government policies will deepen the recession. They have beaten all records’ said UGT spokesman Toni Ferrer. Protests were called by the European Trade Union Confederation against the austerity drive in Europe, and general strikes were also to be called for the same day in several other European countries. The CCOO spokesperson Fernando Lezcano gave remarks:

> This is a strike against austerity policies that have shown themselves to have failed. They are going for education and health, abandoning young people to their fate. Under these conditions what more do we need to wait for? If we have opted for a strike, it's because there is no other remedy. (EFE 14/11/2012)

This was the first coordinated strike in Portugal and Spain's history. Hundreds of flights were cancelled, car factories and ports were at a standstill and train schedules were scrapped. Protests spread in Rome, Greece, Italy, France and Belgium as part of a 'European Day of Action and Solidarity'. In Spain, more than 60 people were arrested and 34 injured. The 'European strike' was reported widely in the media. (EFE 14/11/2012; Fitzgibbon et al. 2016)

In 2012, the worrying element the media had been warning about for some time was the rise of populism in several crisis countries. People wanted to have clear answers in uncertain times, and the media reacted to this, writing 'warning' thought pieces and columns. Especially in Greece, the Coalition of the Radical Left Syriza, the party that presented itself as being against the austerity measures, was using harder language with a lot of figures of speech. Before the vote in the parliament on a new reform package on 7 November, Syriza protested against 'the dictatorship of the memorandum' and 'social genocide'. The party was leading in the polls later in November, and the leader of the party Alexis Tsipras was repeating calls for early elections. According to him, 'The country was turning into a debt colony'. (*El País* 7/11/2012)

There were internal debates in Greece about the impacts of the austerity to the economy. Syriza leader Tsipras was accusing government not capitalising the IMF's error in calculating the impacts year before. The finance minister was convincing that the government has raised the issue with the Troika but said that the response from Commissioner Rehn was that the Greek program had suffered from domestic political instability and implementation problems. This did not help the case in Greece trying to calm the opposition. The clear line from the government and the opposition was that the whole recession was not a result of just Greece's mistakes. (Morlino and Sottilotta 2020; Tzogopoulos 2013) For the EC, blaming solely Greece would not have been politically wise. In its Communication, it needed to bring the feeling of injustice in the country to a wider attention, however, for Greece unbalancing the market and political stability in Europe did not serve its purpose of strengthening the market stability and building stronger Monetary Union.

In March 2013, the division between anti-austerity and pro-austerity groups widened. Nobel Prize laureate Paul Krugman (2013b) wrote in his *New York Times* blog:

> Commissioner Rehn's problem with austerity is not that it does not work; it is the fact that economists keep publishing studies showing that it does not work.

He referred to a 'Rehn terror' in the euro area. The article was reported in Greece with additional commentaries from different think tanks from Brussels and the US. They were not directly defending the EC's austerity line but showing understanding to both sides. Janis Emmanouilidis, senior analyst at the European Policy Centre (EPC) commented to *Kathimerini* (11/3/2013) that,

> Yes, the voices of criticism are increasing. But even both sides are right or, rather, have strong arguments. One cannot go either way—'austerity' or growth-enhancing measures, which at the end costs more money. The 'right' recipe—as is often the case—lies somewhere in between, and one needs to find the right balance at given time—which, by the way, also means that one needs to learn from one's mistakes.

The aim of the EC's communication was to underline two parts of the programs—macroeconomics where the focus was to decrease expenditures and structural reforms. However, as we can see here, the criticism it faced in media was more fundamentally directed against austerity as such.

In Portugal, the opposition and trade unions as well as the President were against hard austerity line in 2013. Portuguese media reported the last week in March that President Cavado Silva addressed in opening ceremony of a new factory saying that he has already expressed very clearly that it is not via low salaries that shall resolve the problems of the Portuguese economy. According to Silva, Portugal should foster innovation, new markets, quality, and creativity. The left wing opposition parties emphasized that if jobs and growth policies will not be in the heart of the EU the European project itself could questioned. These reactions in Portuguese media built in 2013 from a wider narrative of lack of solidarity in the euro area.

The EC President Barroso and the EC were under pressure to emphasize the growing unemployment figures in Europe. Speaking in Strasbourg on 11 September, Barroso said,

> All the EU's economic efforts must be focused on growth because that was necessary to remedy today's most pressing problem: unemployment. There were 26 million people across the union at this stage and according to Barroso that

> was economically unsustainable, politically untenable, socially unacceptable. (European Commission 2013o)

The message of the EC was to response growing criticism against itself but also more broadly towards the common currency and the EU. It recognized that it needed to decrease the communications deficit towards suffering citizens and seek justification to imposed measures and its own role in the evolving crisis.

Following media reporting 2010–2013 what was the conclusion in Greece late 2013 was that the crisis was still ongoing, the political landscape was fragile and people in the country felt humiliated. There was a threat that Greece was facing further austerity measures in the following year and with its looming financing gap need for a third bailout – and subsequent consolidation program – appeared to be likely. The country faced the raise of far right, creasing violation and populism. The European system was shaking and in Greece, the risk for complete breakdown was very close. There was also a rise of new type of politicians using increasingly populistic voices. One example was the Troika and Greece deal in April 2013 encompassing series of reforms including layoffs of thousands of civil servants. The Deal was shot down by the opposition leader Alexis Tsipras who reacted particularly on the issue with civil servants' dismissals which he described as 'human sacrifices'. 'Instead of emerging from the crisis, we are sinking further and further into it'. (*Kathimerini* 15/4/2013)

For people in Ireland, the consequences of the crisis were palpable. The Irish government spent billions bailing out the banks and then had to cut spending to the bone. Public sector salaries and people's pensions were slashed. Households remained heavily in debt and many people lost their homes because of the housing bubble (Donavan and Murphy 2013). However, in media in autumn 2013 the summary of the austerity policies the government had practiced, Troika keeping a tight grip, seemed comparatively positive. The *Irish Times* wrote on 15 October that 'people have endured pain, but austerity is succeeding'. At this stage, Ireland had steered clear of default and regained market credibility. The analysis of the paper was that without assistance from the international partners, a potentially catastrophic default could have occurred in the country forcing a much more severe adjustment.

At this stage, the EU's crisis response had shown that the Union's tools for economic governance were insufficient for tackling economic downturns. At the same time, the no-bailout clause was forbidding member states to move fast in providing financial support to crisis-hit members. There was also widespread opposition against issuing common debt for the euro area as well as financial transfers between the euro area member states. According to some researchers, the Maastricht clauses (maximum allowed level of government debt 60 per cent of GDP) portrayed a philosophy of economic policy that prioritized austerity measures over stimulating the economy. Some studies made of the crisis argue that the neoliberal austerity policy of the Maastricht Treaty was strengthened in the course of the euro crisis by the fact that the political and economic mainstream interpreted the main cause of the crisis as debt (David 2018, 23; Horn 2011, 160). In its communication the EC's task was not only to defend the Treaties of the Union, but to combine this legal basis in its argumentation with justification of the new rules and responses proposed and implemented by the member states in responding to the crisis. The division between these austerity and stimulus approaches was visible between southern and northern member states but it also divided political commentators and economists. Questions around solidarity discourse were building from narratives raised on both sides.

5.3.4 The Killing Cure

At the early state of the crisis, in 2011, many politicians in Portugal repeated the term 'social emergency'. The crisis became quickly an 'unemployment crisis' the Portuguese unemployment rate hitting 16.4 per cent in 2013. Media reported that the crisis led to a lost generation of skilled labour particularly in southern Europe. The financial and economic crisis had become a political and social crisis. The austerity measures demanded of Portugal via the International Monetary Fund and the EU were widely viewed as tough including severe decreases in wages, social benefits and pensions and public spending. Leading politicians expressed their worry repeatedly underlining too much austerity deepened a recession, created vicious circle of decreasing social benefits and social justice, and accelerated disaffection. Higher economic growth and more productive work were the aim but to get the bailout—austerity came as given and triggered the debate on its drawbacks. However, Portugal also benefited from Europe's economic recovery in a several ways: export, growing tourism and increased domestic investment (Parker and Tsarouhas 2018).

In early July 2012, Portugal's Finance Minister Vitor Gaspar resigned. Gaspar was respected by the Troika for keeping a tight rein on Portuguese finances since 2011. The country was still in recession with high unemployment, more than 18 per cent. Gaspar announced that the failure to hit public deficit and debt targets had eroded his credibility. Important note was also that he mentioned the falling public support for austerity. The appalling situation had prompted unions to organize 4 days of national strikes over the last 2 years. According to the *Portugal News* (28/12/2013), almost every news event during 2013 was steaming to some extend from the austerity imposed to the Portuguese government by the Troika bailout program. Despite of numerous protests and falling support of the governing parties, the government survived without collapsing. In its analysis, the paper highlighted the role of President Cavaco Silva who had openly supported coalition's efforts but also sympathized people's distress and anger against the austerity measures.

From 15 November to 18 December 2013, social protests in Italy got intense. Italian and international media reported demonstrations, rallies, blockades of railways and highways. The demonstrations were against the government's politics: taxation, red tape, austerity, and the EU and more specifically the euro area and the common currency as well as the common agricultural policy and globalization. The so-called Pitchfork Movement begun originally from Sicily where farmers were pushing for more help from the government. This grew into a wide movement around the country expressing discontent in national, European, and international politics. (Goldin and Kutarna 2016, 221)

The lack of confidence in politicians and in politics was a long-standing problem in Italy. In 2013, Italy was in a deep economic recession with no positive signs in the near future with youth unemployment around 40 per cent. Prime Minister Letta had warned repeatedly that more sacrificed were needed to keep Italy's public finances in line with the EU rules. According to Italian media, the government's support ratings did not make it easier to gather support for new austerity measures and cuts that were required to stabilize the economic situation. News publications, opinion polls and interviews on Italian TV showed how public opinion had grown to be increasingly frustrated after the country had been in a recession for more than 2 years. Wider dissatisfaction had increased steadily throughout the crisis. Political culture in Italy had long roots of instability and turbulence, but the problems were multiplying with unstable economy and fast reforms during the euro crisis. The country needed a government that was stable and able to implement the needed reforms while taking into account worries expressed by the civil society (Jones and Pasquino 2016, 335). There was a clear need for better political communication and engagement. The EU and especially its institutions dealing with the euro crisis as well as Germany were dragged into national political fights in Italy. The 'faceless' Brussels was an easy target to blame. There was a growing feeling of lack of solidarity from European partners. This made the ground fertile for anti-EU and anti-elite populism to grow.

In Portugal, the government described the 2014 budget as 'one final sacrifice'. Finance Minister Albuquerque commented in media that, the 2014 budget was going to be tough on families, companies and on the country. He continued saying that while the budget is tough, 'it will also be an exercise in freedom as it will be the last budget, we present under the bailout programme. It is pointless trying to be gentle with words to describe it'. Albuquerque emphasized that the austerity measures introduced now should be proportionated to the fact that 2 years ago the Portuguese economy was on the edge of collapse. (Lusa 15/10/2013) The response of the opposition and trade unions was harsh. Series of protests and strikes were organized against austerity measures and the Troika. The main arguments were underlining increasing poverty and social inequity. The same narratives were repeated in several program countries. According to the opposition, the budget was unfair and unjust and a manifest for austerity policy. The Socialist Party's opposition leader António José Seguro commented that the budget deal made was destroying the social welfare state, which took 40 years to build and which until recently 'boasted the best improvement in life expectancy and infant mortality rates'. 'This budget also destroys the country's capacity to product and lacks any sort of ambition', he continued. (David 2018, 141; Lusa 31/11/2013)

Ahead of the Italian elections in 2013, Paul Krugman, Nobel laureate in economics, wrote in his *New York Times* column on 24 February that elections in Italy would be a referendum on austerity (2013a). According to Krugman,

> Monti's medicine turned out to be too bitter for a public that could not wait any longer to scrub off more than a year of 'tears and blood' without a clear perspective of recovery.

Electoral volatility peaked in the national election on 24–25 February: The Five Stars Movement (M5S) offered an EU critical option for people disappointed with the technocratic government. BBC and several other international and Italian newspapers underlined in their post election coverage on 26 February the victorious moment of anti-austerity movements and campaigns in the Italian elections. An increased division between the traditional socio-economic left and right as well as between EU supporters and anti-EU forces became more visible. Populist parties and politicians gained in popularity: some 57 per cent of voters supported parties that opposed austerity. The Five Star Movement got votes particularly from younger voters who struggled to find a first job as well as middle-aged and older blue-collar workers (Di Virgilio et al. 2015; Jones and Pasquino 2015, 152–153). The results were followed by a political deadlock in the Senate.

Italian commentators and analysts in media saw the country entering a period of instability in the wake of the indecisive election result. Many headlines used the word 'ungovernable' to describe the post-election situation. They also viewed the votes for the anti-establishment Five Star Movement as a 'tsunami'. Massimo Giannini in Rome's *La Repubblica* wrote on 28 February that 'The tsunami has arrived… Beppe Grillo's gigantic and anomalous wave has swept over the Italian political system and altered it forever. The Five Star 'non-party' has become the largest (single) party in the country'. Five Star Movement leader Beppe Grillo wrote in his blog,

> We will be an extraordinary force in the parliament, and we will do everything we said in our election campaign… We are the obstacle, and against us the established parties can no longer make it.

Another element in post-election media coverage was the ‘miraculous’ comeback of Berlusconi, the old leader of the centre right. This was also seen in the financial newspapers as a backlash to Prime Minister Monti’s austerity ‘medicine’. Berlusconi’s success was also seen as the political right winning over left. (BBC 2013a; Di Virgilio et al. 2015)

Left-wing and right-wing parties, opposing the austerity policy and continuation of fiscal cuts, together garnered over 60 per cent of the votes. The two political groups that called for a referendum on Italy’s Euro membership, Grillo’s Five Star Movement and the Lega Nord, got together almost 30 per cent of the votes. Previous Prime Minister Mario Monti, who represented fiscal austerity line mandated by the EU, suffered a clear defeat getting only 10.5 per cent of the votes. In Italy, the overall level of trust in the EU remained below the EU average: 31 per cent versus 33 per cent and 62 per cent of Italians thought that their country’s interests were not fairly taken into account in the EU. However, the level of support for the Euro remained high 57 per cent despite a 10 per cent drop since the spring of 2007 (Dehousse 2013; Eurobarometer 2012).

In December 2013, according to Eurostat, the EC’s statistics office, Spain was the most unequal society in the EU, together with Portugal, Bulgaria, and Latvia. Poverty had spread and living standards fallen remarkably. Austerity policy was excessively criticized in the Spanish media and alternative options as well as opinions were published actively, particularly in 2013. El País published a long article on 5 May 2013 with the headline ‘A Thousand Days of Austerity’, quoting the French Minister of Economy and Finance Pierre Moscovici speaking about ‘dictatorship of austerity’ and stating that ‘austerity is when they kill the patient‘. Austerity was seen in media as one of the main reasons of increased poverty and inequality. The paper emphasized that, in exchange for help to Spain and other near bankrupt economies, the EU had sent ‘men in black suits’, meaning the Troika, and requested to implement adjustment programs to intensify fiscal consolidation of the countries and structural reforms. The paper argued that imposing long-term austerity programs on societies with economic difficulties did not reduce poverty nor unemployment but instead generated further inequality. The discourse around lack of solidarity from the euro area was tangible.

The media made an analysis throughout the crisis that Spain systematically misconducted its public and private economy during the boom years preceding the crisis. In Spain, as well as in Portugal, youth unemployment rose above 40 in 2011, and the anti-austerity M15-movement, also known as the Indignados, started its protests in May 2011. The term ‘indignation’ was used in the media frequently. This illustrated the atmosphere in the country well and gave the term double meaning. Movement’s slogans such as ‘they don’t represent us’, or ‘they call it democracy, but it isn’t’ reflected a widespread feeling among the people in Spain that their vote no longer counted for anything. The younger negations paid a high price of the poorly managed economy. (Kutarna and Goldin 2016, 221)

In the Italian media, the perception was that the EU and Europe matters to Italy, however, national politicians also used the EU as a tool and a scapegoat to do national politics. News was focusing on domestic leaders. It was widely noted that the country needed the rest of the Europe to overcome the crisis. However, the public was aware that being one of the biggest economies in the euro area, its economy and existence mattered. The collapse of the Italian banks and state finances would have had an enormous impact on the euro area and the EU. As mentioned, there was increasing populism in Italy, like in many other countries during the crisis. News was mainly event oriented and focused on national level issues, however, in Italy commentators and opinion writers were used in newspapers to widen the understanding on the overall situation. Comparing to for example Spain, comments from commissioners and reactions to the EC’s communication was more frequent. (Nienstedt et al. 2015, 33–61, 191–212; Ragone 2018, 107–129)

Austerity programs during the crisis have been criticized for being too focused on tackling excessive sovereign debt. Together with the fear of inflation, as has been pointed out, this thinking was rooted deep in German society (Sandbu 2015, 12–13). Even though high level of private debt can often be seen to be more detrimental to economic growth than high public debt, there is a clear link between excessive sovereign debt possibly reducing economic growth significantly. In the case of the euro crisis, households and corporate sector in many countries also had a high debt ratio. In addition, high private indebtedness can lead to a banking crisis, when governments can be forced to salvage collapsing financial institutions to prevent a wider financial sector collapse, with an even more severe impact on the country’s economy. Debt is particularly problematic when it is short term and needs to be refinanced continuously. In the case of the euro crisis, governments were particularly prone to lose the confidence of investors and markets when they were under pressure to implement difficult cuts on public finances and force through structural reforms. (Kopits 2013, 77–80)

We can see that the French tradition emphasized solidarity much more than German which underlines the individual responsibility of each member state. Here we can see the clash between the Keynesian and neo-liberal, or in the case of Germany more precisely ordo-liberal, ways of thinking. Public narrative in many of the crisis countries was supporting stimulus rather than austerity. However, the EC’s narratives supported rapid implementation of structural reforms and austerity measures. A broader change of overall political line would have required unanimity in the Council. The Union itself had a very small fiscal capacity, which underlined the role of economically stronger member states like Germany as well as the role of the ECB and the IMF. Taking this into account, European solidarity was not due to a solidarity of the European institutions, like the EC, towards struggling member states, but an outcome of the politically and economically strongest member states contributing sufficiently to common reserves. Here the EC was sharing the narrative of the majority of the intergovernmental decision-makers.

5.3.5 Citizens and Social Justice

In general, the mood in Irish media was emphasising more solidarity from the EU during the spring 2010. As well as boosting a united and strong domestic take on to overcome the crisis in Ireland. Paul Gillespie wrote in the *Irish Times* on 27 February 'the euro area crisis and social pressures are going to require fresh political thinking'. He argued that economist too often dismissed politics as a separate domain and, doing so, it abandons policymaking to international markets. His message was that there was a need to put new rules in place to help—not only Greece—but any other euro area state which comes under pressure and needs fresh loans and/or onerous conditions. According to Gillespie, solidarity in the EU needed a political push. Former Taoiseach, Garret Fitzgerald continued 20 March in his weekly the *Irish Times* column arguing that the euro area countries needed tighter control. His main point was that Europe could not afford to permit irresponsible member states to act in a way that undermined the economics of others. He claimed that the stability and growth pact, negotiated in Dublin in the 1990s, needed to be radically reviewed.

Overall, the tone in Irish newspapers was comparatively constructive and the analysts offered solutions rather than just went through the troubles the country and the euro area were facing. In addition, solidarity, or more precisely European solidary, was repeated in several newspapers and weekly magazines, underlining that Ireland was not only a receiving entity of the European community but an active contributor in the bloc's efforts to ride out the crisis. It came clear that banks and bankers were to blame for the situation in Ireland and even, the government took rapid actions over the situations, they would never be allowed to destroy the country's economy again. The wording in the newspapers was harsh: 'Those who broke the law in pursuit of greed and reckless lending must face the decide, they must be send to jail' (the *Irish Times* 22/3/2010).

In Greece, Deputy Prime Minister Theodoros Pangalos was trying to convince people in January 2010:

> People know deep down that this government is working hard and cooperating well. The plan has been prepared with the decisive involvement of all the ministers and of course, will be implemented with the help of teamwork. (*eKathimerini* 15/1/2010)

However, according to the survey provided by *Kathimerini*, people in Greece did not agree with the politicians. Almost 6 out of 10 answered that they believed the country was heading to the wrong direction (*Kathimerini* 15/1/2010).

In 2010, Greek politicians including Defence Minister Evangelos Venizelos used the narratives trying to convince people that all the necessary reforms were implemented: 'always with a sense of justice, always mindful of the needs of the great majority of Greek citizens'. In Prime Minister Papandreou's rhetoric, words like 'fait' and 'trust' were repeated frequently. At this stage the stage and development of the crisis was reported daily in Greek media (*Kathimerini* and *Naftemporiki*, ANA). It became clear from narratives of European politicians at national and European level that the country was paying for its unreliability of previous years, like the President of the Eurogroup Jean-Claude Juncker framed it after the Eurogroup meeting 15 February 2010. Political tensions of the crisis were increased due to the narrative around distrust. Comparison with the situation in other crisis countries remained constant. Since the EC was responsible for monitoring Greece's progress in implementing the requested reforms and measuring economic development in the country, the institution's—mainly EC's and Troika's—role became more active and placed it as the main scapegoat in narratives that were forming.

After the Eurogroup meeting and Economic and Finance Ministers Council in Brussels 15 and 16 of February 2010, where Greece was required to implement further adjustment measures of a permanent nature, improve country's budgetary framework, and continue with tax administration reforms, newspapers in Athens reported Brussels demanding that the ball was in the Greece's court to submit new measures. Athens had announced fuel tax increases, cuts in public sector pay and pension reforms as it strived to deliver on commitments to reduce its public deficit from 12.7 per cent to less than 3 per cent in 2012. Minister Papaconstantinou reassured that the country was not going to require any bailout from the EU. (ANA 16/2/2010) This narrative was needed for the international audience as well as for people in Greece suffering from the reforms.

Politicians in Greece were showing to the national audience that they were resisting the EU's pressure. February 18, *Kathimerini* reported that Greece 'needed a friend'. The country's budget deficit was too large, and its public borrowing was facing huge difficulties. According to the paper, tough negotiation tactics were needed to some extend but the country was in too big trouble to survive without the support from its European friends (*Kathimerini* 18/2/2010). Later in Spring, 27 April 2010, Greek media reported that, Bank of Greece Governor Giorgos Provopoulos gave a speech emphasising that the crisis in Greece is not similar to anything we have seen in the past, at least in post war history. He continued that the country needed to take action on the reforms front or otherwise prepare to pay a huge price, and this would require a break with the past.

The opinion poll by Public Issue on behalf of Greek TV channel Skai and *Kathimerini* reported in Greek media on 11 June 2010 indicating that the majority of Greeks were pessimistic about the future of the country's economy fearing that more difficult reforms were still coming. Seven out of ten people believed that the country was not on track to economic recovery. Only 18 per cent thought that the government had made the right decisions. 80 per cent of people in Greece feared rise in social unrest. A third would not have voted any of the five parties in the Parliament. Worrying sign was that if the elections would have held that day, third of the people would have either boycotted or casted a blank ballot (*Kathimerini* 12/7/2010). Frustration and arguments stating lack of solidarity from Europe was increasing in Greece rapidly building the deep roots to narratives around the wider discourse.

The EC highlighted in its communication in 2010 its efforts to build new mechanisms of economic governance that could be used to support Greece and other crisis countries. The EC's narrative was that the mechanisms build would be under the current legislative framework, meaning in conformity with the current the Treaty of Lisbon and in particular with the no bailout clause. According to President Barroso it would include stringent conditionality. Olli Rehn quoted in his speech in Athens December 2010 President Giscard d'Estaing:

> I am convinced that Greece will find here (in the European Community) a source of progress and prosperity; it can count on the active solidarity of its fellow members. (European Commission 2010c; European Commission 2010k)

The EC was ready to propose a European framework for coordinated assistance, but this would require the support of euro area member states. The EC was building this narrative already in 2010 and onwards around trust and solidarity underlining its role as a facilitator, supervisor and implementor.

5.3.6 'Europe Stands by You'

In May 2010, EU Commissioner Olli Rehn and IMF Managing Director Dominique Strauss-Kahn gave joint statement on the Greece situation. In the statement, the EC and the IMF convinced that they understood the sacrifices that citizens in the country needed to make and that the required reforms could not happen overnight.

> We believe that the program is the right thing to do to put the economy back on track. Importantly, the authorities' have also designed their program with fairness in mind so to protect the poorest and most vulnerable and ask for a fair sharing of the burden across Greek society. That is the right thing to do as well. (European Commission 2010e)

Both institutions were certain that the reforms were necessary and the only way to build sustainable growth to the country in a long run. The same narrative continued during the spring 2010 from the EC side convincing that they were working closely with Greek authorities to implement decisions needed to meet conditions of fiscal consolidation and structural reforms. There was also another stream in the communication trying to convince other member states that the financial support to Greece was a necessity to give the country a sufficient breathing space from the pressure of financial markets and debtors.

Studying media 2010 in the crisis countries showed that the EC had learned, particularly in Greece, that to manage big reforms it was important also for the EU institutions to include civil society into its communication. Commissioner Rehn underlined frequently that the adjustments took time and they required determination, political courage as well as social and political dialogue. At this stage it seemed to be clear that the institutions needed to adapt more political narrative and tone. For example, Commissioner Rehn's message in Ireland 2010 was that the cause of the crisis was not only due to budgetary indiscipline, but unsustainable imbalances emerged in the private sector:

> On the fiscal side, the program spells out both spending and revenue efforts over several years to repair the budget position, with due regard for Ireland's system of strong social protection. Carrying out this plan calls a sustained effort by the Government and the people of Ireland. But it also offers a sound basis for stable, job-creating growth. (European Commission 2010jj)

In Ireland, principal economic driver was throughout the crisis the private sector, especially exports. According to the EC, that is why taking the necessary structural measures to support fiscal adjustments would pay off for a growth and jobs as well as contributing to social justice for all. The message from the technocratic institution was not well received and heard in all the involving countries, however in the Irish case the news coverage on the EC's communication efforts was reported relative constructively. (European Commission 2010jj)

Commissioner Rehn gave speech in Dublin, Ireland 9 November 2010 with the title: 'Reinforcing EU Economic Governance: relevance for Ireland'. He highlighted that Ireland had suffered sharp fall in its economy over the last 3 years and now when it is undergoing an important structural reforms and adjustments the EC supports not only the Irish economy but also its citizens to face the current challenges. According to Rehn, earlier and better surveillance of the economic imbalances might have helped. He also reached to listeners on a more personal level comparing for example Finnish way of thinking to Irish and adding that he had no doubt that Ireland will overcome the crisis.

> You are smart and stubborn people. Time and time again you have proved you can overcome adversity. And this time you do not face the challenges alone. Europe stands by you. (European Commission 2010j)

This was part of the EC's narrative to trying to sell and highlight the importance of the Stability and Growth Pact and the EFSF.

In autumn 2010, media in Portugal reported the results of the newest Eurobarometer, that Portuguese were mainly in favour of the idea that stronger economic and financial coordination was required in the EU, but they were less optimistic about the results of how the union was handling the crisis. In November and December 2010, the situation escalated for wider strikes and the crisis closed thousands of restaurants. Media reported increasingly about the division between wealthy and low-paid—or poor citizens. National statistics institute (INE) confirmed in December that the division between rich and poor in Portugal was one of the highest in the EU. At the same time property values fell across the country. (Ferreira-Pereira 2014)

June 20, 2011, in the statement by the Eurogroup on Greece ministers stated that Greece is unlikely to regain private market access by early 2012. The Group agreed that additional financing will be needed and provided from both public and private sources. (European Commission 2011l) Continuing this message, on 28 June, Commissioner Rehn gave a strong worded statement announcing that the future of Greece as well as Europe's financial stability was at stake. He made it clear that if Greece did not implement fully the revisit economic program, there was 'no plan B'. The EC's official line was that if Greece does not help itself—Europe could not help it either. Both, the medium-term fiscal strategy as well as the privatization program needed to be put into practice as soon as possible to avoid immediate default. In this, late June's statement the wording of the EC changes to be harsher than before. Commissioner Rehn appealed directly to people in the country. He underlined that the reforms required were difficult and painful but needed to be done to save the country defaulting. In the statement, he said that this was also about 'social justice' signalling the country's fight against tax evasion to 'encourage real entrepreneurship that supports honest work'. (European Commission 2011n) There was increasing criticism against the EC as an undemocratic institution making proposals on the measures and following the implementation, that were seen to put hardship upon people. The claim was that the democratically elected leaders needed to make these hard choices.

In September 2011, Greek media reported about growing numbers of homeless persons on the streets and lack of money for schoolbooks. Pressure to do further cuts in tax allowances, salaries and other items of public spending was hanging in the air and the political and citizens frustration was increasing. The unions and students organized protests on the streets and the online campaigns against tax hikes collected remarkable number of supporters. The Facebook group called 'I won't pay any special taxes' attracted 21,872 likes in 1 day, *Kathimerini* reported on 16 September. Media and politicians used strong language about the country's situation such as 'truly dramatic'. At the same time, the language and actions used by the protestors harshened.

As referred earlier, Commissioner Rehn gave a speech in Bundestag, Berlin on 27 October 2011. He thanked Germany for taking the difficult decisions to support other European countries and their commitment to the common project. He used Ireland as an example where the approach of conditional financial assistance had worked. According to Rehn, in Ireland restructuring of the banking sector, structural reforms and determined fiscal consolidation put Irish economy back on track to sustainable economic growth. Rehn's main message was to first, convince that the Stability and Growth Pact, as well as the financial programs were working and second, that the EU should stay united and not let populist voices to get any louder. (European Commission 2011u) The solidarity narrative seems to have been aimed at strengthening the idea of communality.

In February 2012, Commissioner Rehn gave a statement on Portugal clearly brining more human interest into his statement. He welcomed the progress Portugal had made and underlined that the broad political support remained a key asset for its success. He emphasized that:

> I fully recognise that the inevitable economic adjustment and the ongoing reforms involved courage and sacrifices from Portuguese people. At the same time, the programme pays particular attention to protecting the most vulnerable in society. (European Commission 2012e)

He also underlined the continues support from the EC to Portugal. The conclusion from the EC was that it needed the support and acceptance of the citizens to implement the proposed policies and move to the next phase of the recovery. It could not relay only getting the acceptance of the voters via the co-legislators, the European Parliament, and the Council. This can also be seen strengthening its role as a more politicized actor.

Commissioner Rehn continued in March 2012 in his speech in the Portuguese parliament welcoming efforts and commitments made. He made a special note to liberalization of regulated professions to reduce input costs for other sectors, supporting competitiveness and reducing prices for consumers. Rehn highlighted that overall, the program was socially balanced and tries to protect and defend most vulnerable groups of the society.

> I believe that the programme is overall socially balanced and tries to protect the most vulnerable groups of the society… I am mindful of the sacrifices some of these reforms imply for the Portuguese population in the short term. But as Fernando Pessoa has written into the logbook of the Portuguese nation of seafarers: 'There are ships sailing to many ports, but not a single one goes where life is not painful'. It is essential that the momentum is maintained… Europe is here to help you in this endeavour. (European Commission 2012f)

However, he also mentioned that it remained crucial to cater for the most vulnerable in a targeted and cost efficient way to avoid general distortion of policies. It was obvious that it was important for the EC that when implementing the program there was wide political and social consensus supporting it.

In March 2012, Commissioner Rehn gave a statement in the European Parliament with a clear wording that the situation in Greece remained serious and it is 'the legacy of years of irresponsible politics'. It was a question of credulity, not only to the country but the whole euro area. He also said that it was thanks to European solidarity that 'we avoided the worst, a social disaster'. The EC had publicly acknowledged that Greece had made major fiscal adjustments, but challenges remained. There was a clear narrative in his speech to underline the social fairness of the program. For example, the cuts in pensions had been targeted at the highest pensions and reduction in rents, and in the healthcare system were designed to maximize 'benefits for the ordinary citizens'. (European Commission 2012g) Rehn gave a clear message that the country will need some time to implement its reform program but, in the end, it is only Greek people themselves who can take the action and responsibility of their country. The emphasize of the EC's messaging was to share the responsibility of solving the crisis with member states and stress the importance of the implementation.

Early in 2012, there was rising tension between Greece, institutions, and other partners in the country. The EC was convincing in its communication that it will 'stand for Greek people' and help the country to correct the serious imbalances affecting the economy in Greece. (European Commission 2012b) The Greek Parliament voted on the second program on 12 February. There were protesters on the streets and fighting against the police. Despite strong words against the austerity plan, the proposal was approved. In Greek media, the situation was described ruthlessly from the perspective of the society and people. *Kathimerini* wrote in February daily a piece about the situation from different angles. According to the paper, Greece was entering to a new era, burdened with old debts and sins, under foreign stewardship, with its people tired, unsettled, and deprived. Commissioner Olli Rehn and his comparison between the situation in Greece and running a marathon was not well received. Media and commentators were condemning creditor countries and the technocratic EC. France seemed to be one of the few countries showing any sympathy. There was a clear lack of trust and solidarity. It was not only about the economy; at this stage it was about how people would need to handle the situation and how they saw their future. The crisis touched people's everyday lives: medical care, medicines, pensions, and wages. The crisis had a more profound effect on people's lives in Greece than any of the generations after the Second World War had ever faced. There were debates about a lost generation. If not a lost generation, wounds would be deep, and this created space for a new populist political culture that became visible also in language used and narratives in the context of the crisis. (Wiesner and Schmidt-Gleim 2014, 160–161)

In June 2012, the Troika concluded the fourth review on its mission to Portugal. The program was on track, but rising unemployment emerged as a pressing concern. The Troika emphasized the need for a strong political support and social consensus in the country to overcome the remaining challenges. For the EC it remained important to underline that the program was ambitious but at the same time realistic, that 'works towards restoring a growing and heathy economy for the benefit of future generations in Portugal'. (European Commission 2012o)

In the autumn, the EC and the Troika continued with statements on the conclusions of the fifth and sixth reviews mission to Portugal. From the institutions' perspective, news was positive. The country continued to implement aspects of the program and in that regard its international partners and investors showed more confidence towards to country. Commissioner Rehn emphasized that he was fully aware that this adjustment and reforms brought hardship to many Portuguese people in a short term. He convinced that when looking at a long-term perspective, the program was to create sustainable growth and better jobs for the citizens of Portugal. It seemed like the growth was to return to the country in 2013. (European Commission 2012aa)

Here we can see that the narratives of the EC were building around conveying new confidence and trust by emphasising the role of the institutions as intermediaries and enablers serving member states and their citizens. The institutional setting was also portrayed to patch up the perceived lack of European solidarity by showing how better economic governance was being built. As part of these narratives, the EC had a new role as a mitigator who was delivering not only technical support and supervision but also more political messages aiming to calm not only governments and citizens but also local and international markets. The increasing institutional solidarity made the role of the EC stronger as the executive body of the EU. The same trend can be seen in 2020 with the EC was implementing the COVID-19 rescue package.

Media in Portugal reported in April 2012, Portuguese Socialist opposition leader António José Martins Seguro repeating the same message that the left parties in Portugal were pressuring to the home audience saying the EU should adopt pro-growth and jobs policies. According to Seguro, Europe had lost its competitiveness with too much austerity, and it was time to find a political consensus to support economic stimulus. After a turbulent summer, youth unemployment under 25 hit 38.5 per cent in August. Prime Minister Pedro Passos Coelho gave comments to media saying that he keeps calling for each and every citizen to ensure that future generations are not saddled with the excessive spending of governments who came before them. He emphasized that it was important to control the deficit, and this was what the country was doing. Coelho also called to involve all social partners and main Socialist opposition party in negotiations over the state budget for 2013. The public opinion was not supportive towards the Prime Minister, who announced on 7 September, that private workers and civil servants were losing 7 per cent of their salary in 2013 as part of the measures to compensate for the Constitutional Court decision on the public wage and pension cuts. He wrote on his Facebook after the announcement 8 September that ‘it was the hardest address I had to make’ but people’s—and not even his followers’—sympathies were not with him. Several other new measures were also introduced and as a reaction to this, trade unions called for a general strike. It was reported that 1 in 10 Portuguese participated to the protests. Shrinking salaries and increasing unemployment did not help the situation and the Troika’s message that ‘the programme remained broadly on track’ was not reaching the citizens. According to media, public opinion against the government took a huge shift down. (Ferreira-Pereira 2014; Lusa and Deutsche Welle 2012)

In 2012, according to the Metroscopia poll, 80 per cent of Spaniards wanted to see a cross-party agreement on the measures taken to address the crisis. On June 5, *El País* criticized that since taking the office in January, the Prime Minister had given up press conferences and ‘the bridges of communication between the prime minister and the leader of the opposition have been broken for months’. According to the press, the 10 billion euro cuts in health and education spending were pushed through with just 2 hours of debate and announced via a press release. The public opinion was not showing to be in favour of the national politicians and the political system or the European institutions and international creditors.

In early June 2012, media in Spain reported newest survey by pollsters Metroscopia (EFE) showing that 90 per cent of Spanish people thought that the economic crisis was not the most pressing concern in their everyday lives. However, the same percentage believed that they have been abandoned by politicians—throughout the political spectrum. The accusation was that the politicians were acting only on their self-interest. From October 2011 to May 2012, the number of people who believed in the current political system had fallen from 72 per cent to 56 per cent. Bailout of the banks, unprecedented unemployment levels, several corruption cases and the growing dissatisfaction against European and international partners were increasing the frustration in the country. Living standards of millions of people had fallen in the country and tens of thousands of people had lost their homes. Public perception as described in the press was that Spain was pumping money to save the banks but at the same time making severe cuts to education and health spending. The general criticism from the public was that none of the leading politicians had explained well to the public the nature and scale of the crisis since it began. The public was also asking for rationale behind the government's policy to save private banks with public money.

On November 14, 2012, general strike started from Spain and Portugal and spread to Greece, Italy, France and Belgium to show solidarity. The main message was against the worrying economic prospects in Europe, austerity and raising unemployment. In Italy, public sector civil servant went on strike and national transportation stopped for 4 hours. Media also reported confrontations between students and police in Rome (Kaldor et al. 2015, 31–59).

In November 2012, the EU–IMF Troika announced that, even there had been difficulties and delays, progress in Greece had been made on fiscal consolidation and on structural reforms. EC's narrative was quite blunt noting that there was challenges ahead but Greece had made an effort 'for its people'. The EC welcomed the reforms in retirement age and in healthcare sector. The notion was that the country was delivering. Even the reforms were tough for people (European Commission 2012z). After the Eurogroup meeting in same month, Commissioner Rehn announces that it was clear that the government in Greece was fully determined to ensure that the program remains on track.

> All of this is not to deny that there have been difficulties and delays. Nor is it to minimise the challenges that lie ahead. But it is right and necessary to recognise how far Greece has come in terms of fiscal reforms, and in the most of trying of circumstances for the Greek people. (European Commission 2012bb; European Commission 2012z)

The EC was clearly the institution trying to build sustainability with its communication after a long period of frustration. In almost every speech and statement, the perspective of the Greek people was included instead of only focusing on government-level action. Human interest and efforts to understand and take into account the public opinion in Greece were key elements of the EC's narrative in these years.

In December 2012, the Council agreed granting Greece an additional 2 years to correct its excessive budget deficit. Greece was supposed to bring its government deficit below 3 per cent of GDP reference value in 2016, instead of 2014. (European Council 2012b) The EC's message was that 'the EU stands by you and will continue to do so'. Commissioner Rehn convinced that he knew how the situation must be for the people in Greece and the EU has not forgotten them. In the same speech he highlighted that it is important to keep up the speed of the reforms. According to him, this was 'not only because of credibility but also social justice'. (European Commission 2012dd) The debate in Europe was at this point divided between those asking for more solidarity towards suffering citizens and those demanding strong control over the handling of reforms in the crisis-hit countries. In the speeches of its representatives, the EC was trying to avoid these divisions by using expressions such as 'for people' and 'social justice'. The aim of the EC's communication was to reinstate confidence and trust. Communication was not only used to stabilize the situation, but also to help implement the proposed reforms and build positive narratives, which meant the EC's visibility was again increasing.

5.3.7 Inconclusive Inclusivity

In March 2013, hundreds of thousands of people protested against punishing belt-tightening measures in Portugal despite that there was a growing investor confidence in the country. The EC's message in 2013 was that it had stood alongside by Portugal throughout this difficult period. The EC continued that Portuguese people have made a very significant sacrifices and that it was fully aware of how hard the economic situation of Portuguese households remains. The EC also put pressure to the democratically elected decision-makers in the country to find right solutions in a long term. (European Commission 2013h; European Commission 2013n) The main message was that these reforms were a necessity and the sustainability of the country's economy, labour market and public finances was being improved through consistent fiscal consolidation and determined implementation by the Portuguese authorities. The narrative from the EC emphasized inclusivity and solidarity. These messages were framed more with political narratives than purely technocratic communication.

In November 2013, it was noted in the twelfth review on the mission in Ireland that the proposed savings in health expenditure required particular attention. Also targeting social support toward the most vulnerable would help achieve the needed further fiscal consolidation in a durable and growth friendly manner, according to the statement by the institutions. One of the main issues of public criticism in the country was that the institutions as well as the Irish authorities focused mainly on saving the banks. In responding to this, the same message about ‘helping those most vulnerable’, was added almost identically to the EC’s speeches, memos and notes. (European Commission 2013t) The aim of the Communication was to build stability.

Messages of the EC was not well received in Spain in 2012–2013. After the summit in July 2012, protests against the new reform package were wide and the language used harsher than before. Demonstrations on the streets become more aggressive and violent. Commissioner Rehn had a joint press conference with minister DE Guindos in Madrid, 1 October. He started by emphasising that he was well aware how difficult the present moment in crisis was for Spain and for Spanish families and enterprises. He underlined that he was there to help the Spanish authorities who did the hard work to ‘unwind the imbalances, which was going to be difficult and painful’. He also stressed that if those imbalances were taken care of now, it would only get harder in a long run. He brought up again that the reform program responded effectively to the EU’s country-specific recommendations for Spain. In his conclusion, Rehn emphasized his confidence that the government would keep its determination to implement the reforms and quote: ‘I have full confidence in the resolve of the Spanish people to overcome the current challenges’. (European Commission 2012y) The EC’s message was clear, the confidence had to be restored, this was vital not only for markets but for the future of the euro and the existence of its own role.

Commissioner Rehn continued in the press conference with minister De Guindos in Madrid 29 January 2013 emphasising that he was aware of the difficult social situation of many citizens of Spain at this point because of the effects of the economic crisis. According to the EC the important progress had been made and for example, the labour market reform had moved forward, touching many people’s everyday life. He was assuring that the EC was committed to support Spain to take forward this wide reform program.

> This will be another difficult year, but I am confident that it will also be the year in which the corner is turned, in which Spain and the euro area as whole can move from stabilization to a sustained recovery. (European Commission 2013d)

Against the background of rising inequality in personal income distribution and falling labour income shares the EC’s narrative echoed comparatively empty, even comparing to its Communication in Greece and Italy (Bitzenis et al. 2015). In its communication in 2013, the EC was focusing on delivering results: Its role had become central in surveillance and ensuring that new methods of economic governance and proposed reforms would become successfully implemented. Even though the narratives emphasized solidarity in wording, the wider narrative here could be framed also under the power discourse.

On 14 November 2013, Commissioner Rehn gave a statement on Ireland's decision to exit the EU/IMF program. He highlighted that the decision was for Ireland to take, and the EC would support the country, whichever decision they would make.

> Today is a good day for Ireland and Irish people. It provides clear evidence that determined implementation of comprehensive reform agenda can decisively turn around a country's economic fortunes and put it back on a path of sustainable growth and rising employment. (European Commission 2013v)

According to Rehn, adjustment efforts undertaken by Ireland, with support of its European and international partners, had paid off. For the EC, there was a clear need to prove that the programs were paying off since they affected societies and the European community on many levels and in fundamental ways.

Reactions in the Irish as well as European media were ambivalent. Ireland was the first of the bailed-out countries to break free from the Troika's scrutiny. However, it was feared that the consequences particularly for the poorest section of the population were insurmountable. The EC's narratives were built around success and satisfaction, but this applies fully only when looking at the programme's technical perspective. Bailouts, austerity, and the imposed structural reforms worked well from the economy's perspective, but the question remained if the years of austerity had weakened European solidarity permanently? In the Irish case the question was more about national pride than requesting European solidarity. The division between the creditors and debtors and Ireland relinquishing its standing as one of the 'northern' euro states had been hard to digest. Commenting on Ireland 'breaking free', finance Minister Michael Noonan said that:

> There will be no safety net; Ireland will gradually fund itself from the markets. We are confident we are making a clean exit. We are not junk. We are doing well. (BBC 2013b)

On 26 November 2013, EC President José Manuel Barroso gave a speech 'Acting together, learning from each other' in the third annual Convention of the European Platform against Poverty and Social Exclusion in Brussels. The situation was difficult. 25 per cent of Europeans were at risk of poverty or social exclusion. He reminded the audience that last year, on 5 December 2012, he said: 'We will not allow there to be a lost generation in Europe. We will not allow our inclusive and cohesive social system to crumble'. The EC presented the work around the youth employment initiative, monitoring social protection, social funds, and inclusivity. Its aim was to strengthen the social dimension of the EMU. Its claim was that fiscal consolidation was a necessary precondition for the European social agenda. The social inclusion and addressing social exclusion and poverty had been taken as a part of the country specific recommendations the EC was giving to member states as part of the European semester. Barroso emphasized that the EC had been consistently asking Member States to show this commitment to European solidarity. (European Commission 2013w) Social dimension and the momentum to introduce more policies around EU-wide social rights was building up in the EC's narratives and policies throughout the crisis.

European social policy was first introduced in 1986 in the Single European Act, when social policy began to gain in importance for the first time. The adoption of specific regulations on minimum health and safety standards and the prohibition of pay discrimination were few of the first EU wide pieces of guidance on social policies. However, employment and social policies remained primarily under the responsibility and competence of the member states. The euro crisis brought a new impetus and requests to the discussion on European social rights. However, the EU lacks competence and—due to this fact—institutions and financial resources to have a comprehensive response to social injustice or problems on social policies in the member states. During the euro crisis, divergences among national social policies of the member states became ever more visible. To increase social justice, as the EC was repeating in its messaging particularly in 2013, new standards of prioritization in the economy and in society at the national and European level would be needed. Calling for more social justice, inclusivity and social rights at the EU level can also be seen as the EC's way of aiming to strengthen its own power. (European Commission 2013z; Starke et al. 2016, 19–40)

During the spring 2013, the social consequences of the crisis had made it clear that it was important to modernize the welfare systems in many of the crisis countries. The EC adopted the Social Investment Package and used the social, regional and cohesion funds to support regions and people that had suffered the most. The EC also put more emphasis on better social dialogue with citizens and launched the Citizens' Dialogue concept to communicate more directly with people. In the EC's communication, 'maintaining our social model' and adapting to new social and ecological challenges came up more often. 'Inclusivity' was the new trending narrative in the speeches and other communication. 'Sustainability' was there from the very beginning. The EC had begun to highlight that its strategy was all about reforming the European social and economic model for its people. Narratives were building around investing in human capital and social cohesion. These proposals by the EC brough a new dimension to the discussion on European solidarity, but the question of the EU institutions' limited competence in this field remained. The EC was pushing its limits on its own, but for real change, the final push and contributions needed to come from the members states to change the Treaty. (European Commission 2013l; European Commission 2013b; European Commission 2013e)

Studying the narratives in the media of the crisis countries shows that the EC was not able to build a bridge with its communication to reach citizens directly. For the general public, national interpreters of the crisis – in particular politicians and civil society representatives—played a more significant role than the EC. Especially in the crisis countries where the Troika, and especially the EC, were not as present as in others, like in Greece, to follow the implementation of the proposed measures, there was no direct and clear structure on how the communication of the institutions would have reached citizens outside of the context set by the Eurogroup and Council meetings. The EC's presence at a high political level was limited to unofficial and official meetings arranged occasionally. Reforms were a necessity at the national and the EU level, but a stronger commitment to implement them in the crisis countries would have required strong support from the civil society—voters—and the commitment of politicians. It can be argued that this would have required a better understanding, communication, and engagement from both sides.

The independent function of the EC was also questioned during the crisis. According to the Treaty on the EU, article 17, 'the EC has to act completely independent in carrying out its responsibilities, and they shall refrain from any action incompatible with their duties or the performance of their tasks'. When supervising the financial assistance programs, the EC was acting on behalf of the member states. This was beyond its original independent legal role and can be seen to have increased its political function.

Analysing the EC's communication and the media during the euro crisis shows the absence of a genuine European public sphere or any common space for engagement among Europeans. A European-wide dialogue was missing in media coverage and official statements from the member states, as were links between civil society, media and the EU institutions. The missing European public sphere can be seen to have contributed to the lack of solidarity among member states.

5.3.8 Whatever It Takes

As the crisis progressed, political atmosphere at the EU and national levels remained tense. With help from mass media, raising populism and the increasing role of social media for discussions revolving around the crisis, the distrust discourse and questions concerning the perceived lack of European solidarity were arguably getting more intense. National prejudices were reinforced. Taking example, we can see that the debate in Portugal, as in many other program countries, was often entangled in moral duality. People reacted strongly to public cuts but at the same time, there was a comparable clear understanding of the need for a bailout package to save the economy. However, the conditionalities of the rescue packages were not accepted. There was a growing fear in the euro area of a spreading moral hazard fed by an uncontrolled fiscal behaviour and failing control of conditionality rules.

When the economic and political crisis in Greece kept worsening in 2011, banks were unable to channel credit to even those companies which could have had a chance to scale up and bring some growth to the country. Lack of equity and credit together with continuous government cuts the fiscal austerity depressed the country's economy further. (Sandbu 2015, 34, 38; Stiglitz 2016, 100–101) The stress and worry cumulated to politics and people. The same tendency was not seen only in the crisis countries. The depressing economic and political damage together with broken sovereignty clause and increasing debate on moral hazard created a new political normal in the EU that left deep scarfs to the overall trust and unanimity in Europe.

For Greece, leaving the euro area would have been a political catastrophe, but so it would have been also to the rest of the euro area and especially for the credibility of the EU. The euro area could have been confronted a wave of sovereign debt and maybe even larger financial sector crisis (Wolf 2010). At the same time a bailout by the euro area created a whole a monstrous moral hazard for politicians. To compare, international press and civil servants in Brussels as well as politicians and the capitals in Europe gave the impression that for example Italy was too big to fail. Fact being that there was not enough capital in the European funds to bail out the country. The worry was real; since the country was the third biggest economy in the euro area; Italian financial collapse would likely not only have shaken European economy but have an effect to the global markets.

Positive fact was that Italian bank were still comparatively strong, and despite a remarkable public debt, the state got in more in tax revenue than spent. Douglas Elliott, a fellow in Economic Studies at the Brookings Institution and a member of the Initiative on Business and Public Policy wrote in his op-ed 9 November 2011 that Italy is the domino in the euro area that cannot be allowed to fall over, because 'it would risk knocking over too much else'. Elliott analysed that euro area governments and the ECB should prevent an Italian default at almost any cost.

Tensions in financial markets eased a little when Mario Draghi, head of the ECB, commented in July 2012 that, he would do 'whatever it takes' to save the euro. The comment was not received without criticism (Williams and Marsh 2018, 313). The ensuing commitment by the ECB like this to buy short-term sovereign bonds of crisis countries without limit even under strict conditions was not sustainable. This was clearly a treatment for the symptoms rather than trying to fix deeper problems the euro area was facing. In addition, this stimulated the debate around moral hazard in the euro area.

Based on the study, the economic downturn had a remarkable impact on Portugal's collective psyche. Portugal's recovery was based on restoring confidence in the economy in order to get people and businesses motivated again. Europe was seen as the 'necessary evil' for the export-driven country dependent on the single market, European investments, and common trade policy. In Portugal, criticism in media was addressed more towards national decision-making, with the EU playing a surprisingly small role in the public debate. This may be due to limited understanding about decision-making during the euro crisis and the EU's role, or it could have been a strategic choice by the Portuguese media to explain the situation by concentrating on the perspective of national decision-making. However, the trust in European solidarity and partners was tested. It was clear that Portugal's fate was not dependent on its own decisions alone. It can be argued that the emphasis given to moral hazard in the Portuguese case as part of the broader European discourse on the crisis was to some extent overrated. The narrative that some euro area countries like Portugal were punished for their sins was not helpful in restoring trust. There was also a need to take into account design flaws of the euro area and the global nature of the crisis from the beginning.

Financial support to countries in economic crisis often raises the problem of moral hazard. Political and institutional leaders in Europe stated repeatedly that a default and countries exiting the euro area must be prevented. However, to reduce moral hazard, all rescue programs should have included strict and respected conditionality. This was much how Germany saw the situation: increasing intervention and infringing no bailout clause was creating spillover effect and planted the seeds for the future crisis. The country did not hide its frustration that even with help from the IMF the Troika and European institutions proved to be powerless in disciplining fiscal policies, imposing sufficient conditionality and preventing moral hazard. For European solidarity and wider idea of European common good this however proved to be a deadly narrative.

To understand how Europe has evolved from the euro crisis, one needs to look at the current attitudes of citizens on how much they feel they need each other across the boarders in Europe – and for a significant part of EU citizens that is not much. This does not support the difficult and unpopular decisions politicians need to make at the EU level. Despite these reservations, the general understanding in the EU remains that in an increasingly unstable and contested World, European countries need at the very least the common trading bloc and the single market in order to be able to compete with the US, China, Russia and others. However, implementing the common currency and monetary policies has from the beginning caused divisions in the Union and the euro area. Dealing with any current or future crisis in the EU is made more difficult by the lack of European identity and solidarity, which makes it easier to question the validity of the Monetary Union and even the Union itself. Without a sense of solidarity, sharing of risks does not seem like a tempting option politically.

6 Findings: The Evolving Role of the EC

The crisis in the EU has been framed as a problem of fiscal recklessness among some member states versus fiscal discipline, austerity versus solidarity and lack of understanding between different political cultures and perspectives. The euro crisis opened up a deep division within the euro area between debtors and creditors—north and south. The first countries that the storm hit were small: In Greece, Ireland and Portugal the creditors wanted to limit their exposure to indebted states. They were reluctant to subsidize these countries by using their taxpayers' money. Even when the crisis spread to Spain and Italy, the political narrative of key players of the euro area and the EU countries that were not themselves going through a crisis did not change. Banks wanted guarantees from the Troika or other more stable member states before helping the crisis countries (Laffan 2014). This created an even deeper fragmentation between the countries and accelerated the debate building up the wider power discourse.

The escalation of the euro area crisis in 2010 made the design failures of the euro area more evident. One of the main problems was having a common currency and a Monetary Union without a fiscal union. New rules and economic governance were put in place during the crisis, but many important steps towards the creation of a banking union and a capital markets union were taken only after the crisis. Completing the EMU would require wider political pressure and support. Due to the design failures of the common currency area, there were many misleading expectations and assumptions in the markets before and at the beginning of the crisis. There was an understanding in the financial markets that all euro area government bonds were substantially equivalent, meaning that interest rate variation would be very small. The creation of the common currency area had lowered the interest rates in countries such as Spain in Italy that had historically had high rates of inflation and interest on government borrowing. This led to an upswing in mortgage financing and increased debt to finance public spending.

There were no real penalties for member states violating the debt-to-GDP ratios set by the euro area rules. In general, most of the EU countries benefited from the strong euro enjoying the low interest rates and increased investment capital.

Increased equity especially in the southern member states raised salaries and prices making the countries' exports less competitive. The euro countries could not calm down the inflation raising interest rates or printing less currency. The European Monetary Union lacked a mechanism that could stop divergent economic developments between countries. Divergent developments in different member countries led to large imbalances in the euro area. Some countries ended up building up external deficits and others external surpluses (European Commission 2013q; Frankel 2015; Laffan 2014).

During the crisis, tax revenues decreased and at the same time public spending increased significantly. It is widely argued that introduced austerity measures slowed economic growth. Unemployment increased and consumer spending decreased together with capital needed for lending (Frankel 2015; Stiglitz 2016, 28–29, 54). This had irreversible consequences not only to national economies and societies but also to people's opinion about the European project.

During the crisis, there were two schools we can separate—fiscal recklessness and fiscal austerity. These two sects we can see through the crisis and there is an utterly clear division between southern and northern Europe. Finland and Germany are historically more for strict budget measures and austerity, and they belonged to the austerity group during the crisis. This is a relevant point also from the EC's perspective, while the Commissioner for Economic and Monetary Affairs and Euro, Olli Rehn, came from Finland. Even though the commissioners do not represent their home countries, the cultural divisions are relevant to recognize in the context of EU studies.

The largest and strongest euro area country Germany was one of the most vocal players during the crisis and certainly played a dominant role. In many crisis countries, it became an embodiment of the austerity and it got strong backing for its views from Netherlands and Nordic countries like Finland. The EC warned the German government that the level of public debt in Greece could become the problem of whole euro area. However, Berlin did not react right away but insisted that it is Greece's national problem. It can be argued that, knowing how the euro was designed it should have been obvious at that stage that 'one sick man' in the euro area can infect others. In the early stages of the crisis, the role of the EC was not as strong in comparison to what it evolved due to the increasing pressure and volume of the crisis as it progressed.

How Germany handled the crisis has gathered a lot of criticism not only in many southern European countries, but the German government has also utilized the euro area to reshape the EMU based on the German economic model and interests. The fear of an inflation is one good example of this. The EC's role has historically been comparatively neutral institution looking at the interests of the EU as a whole (Brunnermeier et al. 2016, 18). However, the Eurogroup meetings and political nature of the crisis influenced the reactions and policymaking of the EC. Its role grew in proportion with increasing amounts of addressed topics. It was the only EU institution with the sufficient capacity of resources. However, it is not said that its expertise grew by the same token.

Through the crisis, there were three levels of decision and policymaking and discussion: intergovernmental, supranational, and national. A supranationalism has been found to be limited restricting ideas of national interest concerning state sovereignty and issue of moral hazard (Warren 2018). Perspectives varied a lot from a country to country but one of the findings is that national level debate and decisions influenced most the public opinion. Intergovernmental and supranational decisions influenced the debate and news in the national level when the decisions affected visibly national policies or politics.

Based on the empirical analysis in this study, the EC's behaviour evolved to have more supranational elements during the crisis. For example: Two new funding instruments were designed and implemented quickly, mainly by the EC, to offer financial assistance for the troubling countries: The EFSM and the EFSF, which later became the ESM. The EC was the institution in charge of borrowing and lending. Despite the fact that the Council had to approve the terms and the creation of new instruments, these can be seen to have changed the role of the EC together with its strengthened role as a supervisor of the new economic governance tools Two Pack and Six Pack rules, as well as the macroeconomic imbalance procedure. Michael W. Bauer and Stefan Becker (2014) came to the same conclusion in their publication 'The unexpected winner of the crisis: The EC's strengthened role in economic governance'. The rules applied in the context of the European Semester (2010), an annual cycle of coordination and surveillance of the EU's economic policies, also overseen by the EC.

The EC played an important role also in the decisions on granting assistance to the crisis countries. In addition, the governance architecture of financial stability support involved the EC in several capacities. It negotiated conditionality agreements and monitored compliances (Hodson 2013). Several new advisory responsibilities to support and provide technical assistance in addition to acting as a supervisor complemented the EC's role as an agenda setter and guardian of the Treaties. Many of these new daily operations had strong supranational elements and involved additions by the EC before and after delegating the tasks further.

A fast development of the euro crisis and continuing downturn brought with it an intensification of intergovernmental policy coordination in the EMU. European leaders responded adopting the problem and solution frames supporting supranational fiscal discipline. Strengthening of the Stability and Growth Pact (SGP) rules introduced the reverse qualified majority voting for sanctions if member states are not complying with the common rules. This meant that a qualified majority of member states had to vote against these sanctions and not for them. The EC obtained increasing powers to oversee the budgets and economic policies of national governments. Euro area governments had to start submitting their budgets to the EC before they went to national parliaments. If member states would not reach the budget targets and their debt level exceeded the set limit, they risked facing the excessive deficit procedure and possible sanctions. The EC was now the institution giving the recommendations to the member states posting the sanctions. This reform meant that possible penalties was in theory possible to pose in earlier in the process and we can argue that this strengthened again the role of the EC monitoring the progress, proposing actions, drafting possible recommendations, and monitoring the implementation. This increase in power was analysed and criticized by some of the economists (Bauer and Becker 2014) in the member states but wider debate was missing in media.

The study has identified elements that are repeated in institutional communication, media as well as in literature and articles written of the crisis. The EC needed to adapt to the new situation handling the crisis and at the same time designing new rules for the euro area. It also had a new role as part of the Troika together with two financial institutions. In addition, it needed to adapt its communication in a constantly changing political and economic situation to be able to communicate the difficult decisions not only to national authorities, politicians, and media, but also to some extent to European citizens. Its communication became more proactive than reactive. The EC became increasingly active participant also in public debate on the next steps of the EMU reform. Its narratives were increasingly argumentative, aiming to change the political perception of deepening the Monetary Union and the European integration. We can see the trajectory how the discourses were framing around the power, solidarity and distrust debates from argumentative narratives aiming to influence the political decisions. This study makes the conclusion that one aim of the aforementioned changes in the EC's communication was to justify and to some extent clarify its growing role.

As explained ahead, the EU's economic governance went through crucial changes from 2010 to 2014. Politicization of the role of the EC can be argued happened—not only because of its agenda-setting role—but also because it was formulating, implementing, and evaluating the new rules and practices of the euro area. Even, the decisions of the institutional changes were made by the co-legislators in the EU the EC had increasing power in the economic governance as described ahead. Based on the empirical evidence in this study, its role as a political communicator also strengthened. Its new ways of communicating, like using blog posts and social media, were evolving during the crisis. This created new ways for direct communication between the EC and citizens. The commissioners also used public speaking to participate actively in the public debate and forming its arguments on the future of the EMU. However, the audience in these public formats narrowed this mainly to elite-to-elite communication.

National and international media followed the EC's daily midday briefings and the President and the commissioner responsible for the economic policy were adapting more political language in their communication. This trend can be seen especially in speeches the EC delivered in the crisis countries. Political situations were constantly evolving at the national level and faced several and continuous unstable periods. Regardless of the leadership in the member states, the EC's role was to target economic balance in the whole euro area. Based on the empirical evidence in this study, it became increasingly powerful player being supranational executive dealing with the coordination with member states, providing financial stability support and doing economic policy supervision. The critics was raised in media, if the institution had the suitable expertise, especially regarding the financial sector.

The second main critic concerned the lack of democratic decision-making. However, it can be argued that even the EC had power in setting the agenda and being the main architect of the new rules and governing the financial and economic supervision it was authorized by the member states in the Council. In that way, the decision-making during the euro crisis was intergovernmental but there were more supranational elements in the EC's role than before the crisis.

Based on this study, people's reactions as presented in media in Greece, Ireland, Italy, Spain, Cyprus, and Portugal influenced the way the EC changed its communication to include more people's perspective and storytelling—emphasising solidarity. This also influenced the policymaking in the EC. The Barroso II Commission underlined and initiated more social policies in its political agenda. In his political guidelines 2009, Barroso mentioned the most important social dimension being tackling unemployment and shortly mentioning ageing population and the most vulnerable in Europe. In 2013, this led to the adoption on strengthening the social dimension of the Economic and Monetary Union (EMU). The aim was to create a tool to identify major employment and social problems at an early stage in the framework of the European Semester. The incentive was there already in 2009, but the trajectory and crisis put pressure to the institutions to adopt more concrete tool also in the field of social dimension.

Comparing the results of the media coverage of the crisis and the EC's communication efforts, we can recognize that the EC faced similar difficulties in all the crisis countries. Its technocratic language, unfamiliar leaders to public and rather informative – not engaging and responsive way of communicating kept it distant from the wider public audience. However, its communication material and information were widely used by the economic journalists, experts, and analysts and to some extent also by mass media. Especially in Brussels, correspondents followed the EC's work in daily bases. Here the important link was with the media based in Brussels and national news agencies, newsrooms and publications how much media space they were willing to give to 'the EU news'. Increasing click-competition in media did not serve well EU related stories that felt distant for mass audience.

We can also see that the crisis influenced to the way the EC organized and renewed its Communication being more transparent and continued providing technical and detailed information to the experts and economic journalists but also adapted to the changing communication environment. It used more audio-visual material and social media like blog posts, and national platforms like interviews in the national newspapers and op-eds to narrow the communication gap between elite to elite and elite to experts, and elite to citizens. Through these channels it was able to own the narratives and argumentations of its communication when it was not channelled through the editorial processes of the official publication. However, based on the study, even here, we can see that the European wide debate only existed at the elite to elite and elite to experts—in this case economic journalists—levels who picked up the tweets and blog posts of the commissioners. For the citizens the most important level of communication was the national media and domestic politicians delivering the news of the crisis in domestic frame. Role of the media in Brussels was more to deliver expert-level information to national level, articles, and analysis.

It is important to recognize here that the aim of the EC in its technocratic role was supposedly not to seek wide media publicity but spread its messages more directly to public audience to justify its actions and deliver its message without intermediaries. However, the crisis triggered an important debate around Europe about the institutional and technocratic nature of the EU and raised fundamental questions about the purpose and objectives of the integration. One of the aims of the Treaty of Lisbon was to strengthen the role of democratically elected European Parliament as a go-legislator but during the years of the crisis, it can be seen that the technocratic EC was the one that strengthened its supranational role in the EU.

6.1 Media Reactions

Using news articles in this study as one of the sources was to analyse how media stated political issues concerning the euro crisis and the EC's policies to help framing the discourses. In all crisis countries, media focus was mainly on the national perspective of the crisis. Comparing the PIIGS countries and Cyprus in this study, the media culture mattered not only in economics but also in perception that media gave to the audience. Cultural differences, political and media culture, history, and the reasons why a country suffered the financial and economic instability influenced the attitude and people's behaviour in the country (Spanier 2012, 61).

For example, in Ireland the attitudes towards austerity were not as strong as in Greece, Portugal, Italy, Cyprus and in Spain, even the economies in all countries suffered already in 2008–2009. Distrust and lack of European solidarity narratives did not raise in such a negative tone in Ireland than in the other crisis countries. The main problem in the country concerned banks and even households suffered from the slump in the property markets and high unemployment levels, most Irish people did not participate protests on the streets. In media, the reactions were comparatively constructive, in comparison to the other crisis countries were people increasingly participated to—even violent—demonstrations. The perception from the media was that many Irish people accepted austerity measures being consequence of financial recklessness, poor national politics, and intent to get the economy stabilized in a reasonable timeframe.

In media and when following people's reactions in demonstrations and elections in most of the PIIGS countries and Cyprus, there was obvious need to find someone to blame for the situation. In the countries where the Troika managed the crisis, it appeared in media mostly with the faces from the EC. Germany was also the obvious target to blame as the strongest economy in the euro area and one of the main architects of the single currency, as well as the advocate for fiscal discipline. The media fed emotional perceptions of people describing 'Brussels' giving the orders for financial discipline.

The Maastricht Treaty (1992) was based on implication on national sovereignty where the Treaty of Lisbon (2009) was shifting towards more intergovernmental and supranational decision-making. The implementation of new policies and practices of the Treaty just begun when the financial crisis hit the continent. Despite the criticism the actions of the institutions caused, majority of the reporting emphasized need for more, not less integration to solve the crisis. In addition, according to national polls and Eurobarometers the support for the EU membership did not decrease critically.

In most of the media analysis, conclusion was that more integration was needed to fix the flaws in the design of the euro area in a long term, if the member states wanted to keep the common currency area together. In a short term, loans from the euro area were seen as a necessity. In long term there was continues debate about the levels of risk sharing. However, hard austerity measures and budget discipline divided journalists as well as economists and other experts widely. Speculations of breaking the euro area were raised mainly in the news coverage concerning Greece and in Italy. More often speculations concerned individual countries leaving the euro, not dissolution of the whole currency area. On many instances, the debate on integration was framed with the solidarity discourse and emphasized more Keynesian and French thinking. Germany, the Nordic countries, and the Netherlands were not fundamentally against EMU reforms, but they did not see debt mutualization as a form of solidarity.

Articles concerning or analysing the euro crisis were mostly written by journalists who specialized in economics and/or who followed the crisis for a long period or by external analysts from academia, the financial sector or related field. For wide public audience the crisis appeared more in the context of national news, local perspective or linked to the single occasion or incident around the crisis. For this audience, the message from the EU, and particularly in this case from the EC, came across via national politicians and only in very rare cases directly from the commissioners or the EU institutions in general.

Where we can see the shift in the euro area politics and public opinion culminated in the moments where (1) the country faced the situation where it could no longer finance its expenditures and receive financing from the private markets (2) its credit rating dropped (3) it needed to safeguard its banks (4) new austerity measures were introduced or implemented (5) there was a change or some turmoil in national politics.

The events that did not generate remarkable change in people's reactions were the changes in the governance of the euro area and its rules, and the establishment of new instruments or mechanisms introduced by the European institutions, even when national politicians or authorities communicated these to national media in the member states. Reactions in the media and for example protest movements were strongest when there was a direct link from the decision or event to people's everyday lives and future prospects, for example in the form of cuts to public spending. National politicians used people's ignorance of direct news from the EU-level framing the message the way they wanted for their voters. National suffering was explained in many crisis countries often as a fault of the EU. This was possible due to a weak link between the EC communication and public audience in the member states.

Media in Europe was covering the crisis from a national and individual emotions or interest groups' perspective, more than trying to build a wider picture of the overall situation in Europe. Few of the dominant narratives were who were suffering from the crisis and why and how the situation effected lives of an individual citizen. As concluded in the study, the EC's communication influenced more the thinking of national authorities and politicians, but not directly citizens. This created an extra layer to the communication of the crisis. A strong national perspective in news coverage was seen in all the crisis countries and the public opinion was formed mainly from national media.

Interviews that Commissioner Rehn and the President of the EC Barroso gave were mainly to the economic and international publications, not to the mass media. Most of the speeches were delivered to experts, academics, and business society. However, as mentioned in the previous chapter, the EC and commissioners used increasingly social media platforms, blogs, and op-eds. These can be argued, looking at the followers of these channels, reached also mainly experts and people already engaged with the EU related issues.

From citizens' perspective the news coming from the EU were mainly negative and the language used technocratic. Most of the articles concerned the consequences of the crisis to the state and to citizens. National structural reforms and cuts in public spending were frequent topics in all PIIGS countries and Cyprus, but less in Ireland than others. In Ireland saving the banking sector with public money, high household debt and unemployment mastered more the media space. In Spain, the root cause of the crisis was the housing bubble, unsustainable high expenditure, trade deficit, loss of competitiveness and high private debt. In Cyprus, the collapse of the banking sector caused the country nearly exiting the common currency area in 2013. In Portugal the fall of GDP, high public debt, lack of competitiveness and high unemployment drove country to the severe economic crisis. High state debt, difficult political conditions, and rampant black-market economy together with heavy bureaucracy forced Italy to seek help from its European allies. In Greece, structural weaknesses in its economy, high government debt and deficit together with lack of competitiveness and unstable political landscape triggered the longest recession of any advanced capitalist economy in history.

As we can see, root causes and premises for PIIGS countries and Cyprus to deal with the crisis differed significantly. Common nominators were the global financial crisis, being the euro area members and reliant on support from the same instances. When following the crisis from international newspapers, from the national economic newspapers and other news sources the situation varied remarkable. However, as mentioned before, the national or regional perspective in member states was strong in all crisis countries.

Media in the member states reacted (1) when the difficult economic situation escalated into a crisis (2) to reactions of national politicians, authorities, and interest groups (3) to exceptional reactions of 'Brussels' and/or other member states (4) to reactions to actions from the national government (5) to reactions to responses from 'Brussels' and other member states. The last (5) reaction in public was most often a reflection of the reactions that the responses of the EU institutions and member states to the situation caused in the national government. Based on media reactions, the EU and the EC remained relatively distant to citizens in all member states during the crisis.

We can see that even during the first years of the crisis, there was a shift in towards supranationalism trying to normalize the situation but at the same time, there seemed to be little enthusiasms towards real structural reforms in the euro area. Particularly Germany had an interest in having a technocratic and, to at least some extent, objective, and stronger EC on its side, as well as some of the parliamentary groups and MEPs (Bulmer and Paterson 2014, 41, 42, 191, 236). However, as showed in this study, the objectivity of the EC can be questioned after its role became increasingly political. This was also due to the fact that it needed to take a bigger role in finding compromises between the different actors when forming new economic governance and implementing the required reforms. For Germany, the technocratic and strong EC as an institution can be seen as a shield against France and some of the MEPs, as well as on the other hand a safeguard against the growing role of the Council where there were a growing number of new and smaller member states. As a consequence, strengthening the EC's role had an influence on also increasing the institution's more political arguments. The EC shifted its communication to a narrative that was in general more political and adopted a new tone. As mentioned, it included to its speeches more people's perspective and emphasized the understanding of the citizens suffering. Some analysis and media in the member states reacted questioning national sovereignty and the role of the technocratic EC. Social policies for example are in the national competence. However, as concluded in the study, the mass audience in the member states was not influenced by this debate.

Comparing reactions in the member states, one of the findings is that where the national level was seen as the most important level of decision-making and influence on public opinion, it became clear that EU-level decision-making was a necessity to overcome the crisis. The reason for this was the design of the common currency and the Monetary Union as explained earlier. Dependency of member states in the euro area on each other was coercive. How this was done is another question that requires critical observation. Opinion pieces, interviews, language, and main messages from the citizens' protests were signalling the worry of the raise of supranationalism and questioning the role and the legitimacy of the power of the Troika and the EU institution. However, the development of the role of the EC happened despite the raising criticism and mainly because there was (1) no other options on the table and (2) people's understanding of the EU level policies and decision-making was limited.

European affairs were often covered by the media as an 'elite issue' and most of the more technical and detailed media coverage of the crisis was found in the economic newspapers or written by economic journalists. Here we can see that the same trend was visible across the media landscape in the crisis countries. The study shows that there was first an elite-to-elite level approach on European issues, meaning academic level discourse. Here we can find the European public sphere existing. Secondly, economic journalism in Europe has a common European public sphere. Thirdly, for the mass media in the member states, the coverage was wrapped mainly around national, regional, or human interest and there we cannot see common European public sphere. Another important finding is the politicization of the crisis mainly through national politics and politicians. The actors and leaders covered in the news were mainly the national leaders, analysts, and experts, not the supranational actors or EU leaders.

6.2 Moral Hazard and Sovereignty: Towards a Federal Union?

Based on empirical analysis in this study, the euro crisis can be defined as an example of moral hazard. Banks took excessive risks because they believed that the state banks or governments would help them out if they run into financial difficulty. The problem was that after the common currency was established and agreed on and when different member states entered to the common currency area, also the risks were put to the same basket. The question about the European solidarity was not properly discussed. The question remains, was it ethically right that other member states practically saved these countries without any preliminary agreement?

We can talk about a moral hazard when someone has the opportunity to take advantage of a situation by taking risks that others will pay for. What comes to sovereignty, during the crisis the euro area broadened its economic surveillance. In the banking union, the euro area invented new tools, like EU-wide stress tests that should have ensured that banks were addressed promptly and detected sufficiently. Ideally without political interference. However, many of these tools were introduced in the middle of the financial turmoil and the political, ethical, and moral questions were overlooked. The lack of engaging communication, dialogue and analysis can be seen in the public reactions in all crisis countries. Even adapting new communication methodologies, the EC's communication focused mainly to informing top-down, not engaging and having versatile debate in all levels of the civil societies.

Moral right theorist focuses on the protections deserved by all beings who have autonomy and therefore are entitled to have their welfares protected (Comstock 2013, 155). Comstock makes the arguments about moral rights theorists and the structures of their thinking on how decisions should be made based on reasons that are acceptable to equal and free persons—in this case, to the countries of the euro area. There are privileges and valid claims that we can argue arose from the contracts. In the Greek case, there was a contract, but the country ignored it. From the perspective of moral rights, there are elements that make Greece's case more complicated, like flaws in the euro area's design. In addition, there was an understanding that letting Greece go bankrupt would have had severe consequences for the whole euro area.

It must be remembered that the rules Germany initially proposed for the euro area as the bloc's most influential member rose from the needs set by its own national interest rate and inflation levels. These rules, supported by other member states with stronger economies, bear some of the responsibility for the problems the euro area faced during the crisis. As shown earlier in this study, Greece hid the truth about its public financial situation. However, we can also put some of the blame to the stronger economies establishing the common currency while being aware that not all the countries entering the euro area were in the same economic situation. In addition, societal structures of member states were very different.

For Greece, leaving the euro area would have been a political catastrophe, but so it would have been to rest of the euro area and particularly for the credibility of the EU. The euro area could have confronted a wave of sovereign debt and maybe even larger financial sector crises. At the same time, a bailout by the euro area created a whole a monstrous moral hazard for politicians. The question of the credibility of the euro area is still binding and accurate. Statements like securing the existence of the euro no matter what does not help strengthening the plausibility or tackle allegations on moral hazard.

Implementation is still lacking for some of the crucial elements the Monetary Union needs in order to function: The work remains unfinished for establishing the banking union and creating a genuine capital markets union. The EC´s role as the advocate of the shortcomings of the euro area has been increasing, but decisions to tackle them require determination of the member states. In addition, member states in the euro area are still far from each other socioeconomically, economically and in terms of societal structures. The euro crisis worked as a catalyst opening the debate for the necessity reforms in the EMU, but the role and impact of the communication of EU institutions remains limited without commitment from the national level. The EU institutions, media and national politicians did not manage to bring the debate to the level of civil society and the resistance was exceptionally strong, especially from trade unions but also from civil movements.

The Greece case came quickly to be a moral issue especially in Germany and some other northern countries like in Finland. We can argue whether moral rights are intrinsic to us or not, but in those euro countries that were economically in better shape and had to show financial support without any guarantee of reimbursement, it was clear that Greece had violated not only the budget rules of the euro area, but against general understanding of moral rights (Comstock 2013).

Should the European authorities have seen the situation in Greece coming is divisive question. In the IMF’s reports, it is relatively clear that there were troubles in Greece’s public financing and in its economic stability already before 2009 when Papandreou’s came out with the truth. How big the problems were was a surprise. This had inevitable an influence trying to build trust and convince euro area member states to show solidarity. Politicians in the member states needed to think their re-election and that was not going to happen emphasising European solidarity. The preventative mechanisms put in place during and after the crisis were justified by referring to the lack of transparency and the visible weaknesses of the economies. At the same time, this increased the role of the executive institution of the EU, who did not need to think, to the same extent, of re-election—the EC.

We need to remember that all the decisions made during the financial crisis were made in time and without the same knowledge, we have today about the wider picture of the crisis. When the EC issued its first statements that it was willing to work with the government in Greece to develop its reform program there was not yet evidence to understand the deep roots of the causes of the crisis. In addition, no one could not foresee the upcoming political struggles the EU would need to face with Greece's new political forces in upcoming years. From the ethical perspective, you only have today's truth as long as someone proves it to be otherwise.

Based on empirical evidence in this study, we can argue that in Greece's case moral hazard materialized. The case is not so clear for the other crisis countries, as there were no proven cases of them presenting falsified evidence regarding the state of their national economies. However, the presumption was that the euro area would not let its member countries collapse. This created a backstop at least for the biggest financial institutions in the euro area. The response from the institutions was to continue reforms of the EMU, aiming to for example finalize the banking union and proposing new areas for surveillance like social injustices, and continue the rescue processes of the wobbling states and banks. At the same time, the division between creditors and debtors and north and south as well as deep-rooted distrust deteriorated the confidence and support for the reforms among the public.

Social institutions create legal rights. Legal rights can vary from society to another. Moral rights differ from legal rights; they are equal and more universal than local as well as rather discovered than created. Sovereignty is generally explained as the capacity of a state for independent action both within and outside its own territory (Savage 2020, 1–21, 181–227). European sovereignty is not a legal right in a sense that it would require legal basis. Its establishment would require an ethical debate in Europe about moral rights and trust between the member states. To achieve a credible and legitimate European sovereignty, or more precisely sovereignty of the EU, would not only require a Treaty change but firstly a fundamental change in the mindset of European citizens.

Question about the national sovereignty has continuously played a dividing role in the EU. First between those supporting a view on the EU as only an economic union and those accepting the project of an 'ever-closer Union' and within the group between supranational and intergovernmental views. The contrast between these different groups on national sovereignty has represented a central force in the debate on the constitutional identity of the EU. A feature that the euro crisis 'dramatically exacerbated' (Fabbrini 2015, 77–78).

Following the analysis from the member states between 2010 and 2013 the fragmentation of the EU sets limits to its coherence. The study supports the argument made in several analysis that the future of the EU will depend on the way in which that incompleteness will be tolerated and managed. As well as how the member states are able to build trust and see the moral and ethical questions in the same way. The member states need to accept some limitations to their sovereignty currently secured by the Treaties if the union is to work properly after the crisis and for it to manage the European Monetary Union so that it can fully serve its national economies. Based on the narratives framed from the media during the crisis, the union focused first to budgetary discipline, budget procedures and sound financial management and only to a lesser extent to its citizens, unanimity and building trust, which would have helped in building a more solid basis to implement the necessary reforms.

One can argue that there is a need for a fiscal union to overcome the debate on European solidarity in every economic downturn but if we move towards fiscal union, are we inevitably moving also towards a federal EU? Development of the EU illustrates a transformation from an intergovernmental organization to a political union. As this study shows, there are increasingly elements of supranationalism in the ways the EU is functioning. With the recognition of the Union as an autonomous legal entity and the Treaties becoming the foundation of a political community that has a constitution of its own, and the Union has gradually developed transnational democracy where we see elements of post-democratic federalism (Habermas 2012, 29–34, 38, 14). Habermas analyses in his book 'The crisis of the European Union, a response' (2012) that the EU shares its supranational character with the federations of the pre-democratic era but in comparison to the classical state alliances like city states, the structure of the EU is meant to conform unequivocally to democratic principles. Habermas argues that there has been an expectation that a growing mutual trust among people in the EU would strengthen solidarity between European citizens. Habermas describes the EC as 'a relatively limited bureaucracy', limiting its power mainly to implementation. (Habermas 2012, 29–24) Comparing the power of the EC before and after euro crisis, its role as the de facto agenda setter and provider of architecture for new mechanisms and measures that developed during the crisis can be seen as a significant distinction compared to its pre-crisis role as a user of power. The role of citizens as justifiers of these powers and measures implemented throughout the crisis were even more limited than before. However, studying the trajectory of the Union's development, I argue that even though changes in power and governance don't require wide support from citizens, this emphasizes the challenge of the lack of democracy in the EU.

It can be argued that there are elements of a federal state in the EU as it stands now. The EU has developed into a political community with extensive regulatory powers and mechanisms that territorially define exclusion and inclusion, as the Brexit negotiations concretely showed. The Treaties of the Union allocate and define jurisdiction and resources. The Council of the EU can be compared to an 'Upper House' to some extent, the EC to the government, as understood in many countries, and the Parliament can be seen as 'a house of representatives'. As explained at the beginning of the study, there are exclusive competences of the Union and competences that are shared where the jurisdiction of the EU and the member states overlap. There are significant 'veto powers' in the Council and member states still have the exclusive power to amend or change the Treaties of the Union. There is no common comprehensive fiscal policy nor genuine foreign and defence policy in the EU, even though the economic and social union has strengthened remarkably in recent decades (Burgess, 2000, 28–49; Habermas 2012).

In addition, there is a lack of public debate around the emerging federation of the EU. Studying media reactions throughout the euro crisis, the debate around development of federalism in the EU took place in small elite-to-elite circles and the only angle of the debate visible to the public was the use of federalism as a percussion weapon by populists critical of the euro and the EU. Comprehensive analysis of the developing federal elements in the EU was missing from the wider public debate. This is also due to the missing element of the European public sphere.

If we accept that the EU is developing into a federal system where sovereignty is divided and shared, federalism in the EU should not be seen as copying of models from other federations. The European model of federalism in the EU can emerge as a natural transition over time, through reconstruction of existing models and transfer of powers to new political levels, as has been the case with other reforms and reorganizations. The distribution of powers can happen in different ways: vertically between the Union and the member states, and/or horizontally, between the legislature and executive. There can be shared versus divided powers, the representation of the states at the federal level, like the fiscal system or foreign politics and defence forces where there could be levels of joint versus separate (Burgess, 2000, 28–49, 225–227; Lindset 2010, 33–36).

There is a broad resistance in some member states of redistributive mechanisms with permanent money transfers in the euro area as well as giving the EU a direct taxation right. In a fiscal union, decisions about the collection and expenditure of taxes are taken by common institutions, shared by the participating countries. This debate was not raised properly nor from the institutions or in media during 2010–2014. However, the debate of some member states leaving the euro area, or the EU divided into two: the countries eligible to remain and those who did not fill the criteria was raised during the crisis. There is no clause in the European Union Treaty for an exit from the euro area. If the country would leave the euro area, should it also exit the Union? The sovereignty debate can be seen as part of a wider discourse on

European solidarity. In the stage where the EMU was during the crisis, and to some extent still is, there is always a fear of spillover effect and moral hazard, and questions will be raised about the trust and solidarity among the member states as well as about the roles and powers of the EU institutions with their lack of democracy. This debate will continue unless a common understanding is found on taking additional steps towards deeper integration.

6.3 Lack of Political Vision Replaced by Bureaucratic Strategy

In analysing the trajectory and narratives built during the euro crisis and comparing these findings with existing research literature and previous studies, there was evidently a need for a clear political strategy and vision for the EU during the euro crisis. It would have been accommodating to express to different audiences that the EU is more than just a common currency, that it also has social, political, and wider economic dimensions, united by a shared purpose and vision. There was a lack of political vision at the EU level also due to the fact that national politicians, like Germany's Chancellor Angela Merkel, had to lead their own member states and win elections. The member states' leaders therefore could not only focus on saving the euro, or make decisions only based on the interests of the euro area as a whole or European integration in general.

Herman Van Rompuy, who served as the first permanent President of the European Council from 2009–2014, was not only largely invisible in European media, but also lacked the authority to convene a debate on the state of Europe – or create the political conditions allowing such a debate – even though his position was to chair the meetings of elected European leaders at the highest level. As this study shows, EC President Barroso and Economic and Monetary affairs Commissioner Olli Rehn were significantly more visible in representing the non-legislative body of the EU. To defend the unity of the union, the focus should not only have been in the euro area's financial crisis but also in finding ways to limit the deep damage the handling of the crisis was doing to the EU's coherence and political role in Europe and internationally. Barroso's SOTEU speeches and the EC's changing, more engaging communication style that with time focused more on storytelling, made the institution ever more visible among the euro elite and strengthened its inherently authoritative and leading role in building a future strategy for the Union. The other side of the coin is that leaving the strategic and forward-looking communication to this relatively undemocratic institution was that it distanced the Union even more from the voting masses in member states.

Democracy, political leadership, and policy governance crisis are closely interlinked in a crisis (Boin et al. 2016). What this study illustrates is that when national leaders were required to focus also on winning the next election back home, particularly at the beginning of the crisis, the EC was able to emphasize the need for austerity, discipline, and free market routes to get out of the crisis and back to growth which was also the default position of a group of member states led by Germany. Albeit later in the crisis the Barroso Commission put more emphasizes on building the social dimension as part of its EU's vision, it lacked the necessary competence to make the necessary decisions to this end, as the relevant policy areas were largely in the hands of each member state. Tackling the social crisis and dealing with the increasing public frustration was mainly left to the regional and national policymakers and politicians.

Germany's Chancellor Angela Merkel talked on several occasions about the task of saving the euro as central to the future of the EU, but the Treaty changes she envisaged were focused on deepening integration in order to enforce budgetary discipline, economic growth and competitiveness through a stronger role of the EC and of the European Court of Justice, not on giving the EU more power in social affairs. Merkel called for these political solutions and referred to the importance of a fiscal union, particularly for the euro area (BBC 2011b). However, the Franco–German austerity line, supported and implemented by the EC, caused major political and social unrest, and even protests in member states with weaker economies, and therefore was not supported by a large part of Europeans. The conclusion can be drawn that the majority of population in the EU was ignored, as this study and previous research on the topic have shown. This ignorance in its turn fed into the wider anti-EU trends in the form of growing political extremism and populism, which was further supported by social instability and signs of an imminent social breakdown in some member states. Looking at the USA in 2021, this kind of social ignorance stokes feelings of being left behind and can lead to dangerous trajectories. One of the serious tokens of this study is that, to flourish, free democracy needs the feeling of inclusivity, moral justice as well as an expansive public sphere.

The EU is a mixture of federal and intergovernmental decision-making that requires strategic vision and agenda to follow. As this study shows, this agenda setting role often lands on the shoulders of the EU's bureaucratic institution—the EC—due to its (1) permanent position, (2) resources, (3) ability to test new policy proposals without a need to win elections and (4) support by the biggest member states. Comparing to previous research, the analysis on the trajectory and discourses of the euro crisis in this study shows that this role of the EC was strengthened during the years 2009–2014 also, as mentioned, due to the speed and nature of the crisis that evolved rapidly from a financial turmoil to social and political upheaval. The EC has the ability to act like a 'policy entrepreneur', designing and communicating new rules, technical solutions and testing new, more recital narratives, without taking the frontline political heath or direct responsibility in front of voters. During the euro crisis, this role was reserved for national politicians in member states and regions. The EC garnered attention mainly in elite-to-elite publications and persisted that the solutions it presented were an inevitable route to follow in a path to recovery. Looking back, we can see that the institution used this emerging opportunity and its mediating capacity to build a new system of economic governance – governed by the EC.

Crisis in the euro area was the consequence of a series of political choices and decisions at the EU level over 30 years that stressed the patterns of divergence and inequality of member states. As this study shows, there was a lack of a genuine pan-European political debate and culture that could have linked publics in different member states and set the decisions and consequences faced at the national level in the broader context of the crisis. Although there were several separate political, economic, and social crises building at national levels, the response of European leaders was mainly concentrated on handling the acute financial crisis. Intergovernmental decisions were made to support supranational solutions in support of fiscal discipline. Lack of transparency, bureaucracy and technocratic management in Brussels and the complexity of EU law and Treaties all contributed to the Union's democratic challenges exposed by the crisis. Communication during the crisis by the elite supported a neoliberal response carried out by the EC, a technocratic institution, since this had already been built in the EMU governance throughout the years. Albeit in the solidarity discourse we can see that more human and social aspects rose in the EC's communication, this did not change the austerity-driven politics of the euro area.

This study challenges some results shown in previous studies and literature (Brunnermeier et al. 2016, 2; Hodson 2013) that only intergovernmental decision-making increased during the euro crisis. Albeit this argument is valid, particularly in the case of the European Parliament, the speed and the volume of the crisis forced governments to give the EC a relatively significant extended role in designing and implementing the new economic governance. Some research supports this study's analysis that the EC actually played an important role in crisis response, such as Isabel Camisão from University of Coimbra in her research article 'Irrelevant player? The EC's role during the Eurozone crisis' (2015) and Michael W. Bauer and Stefan Becker in their publication 'The unexpected winner of the crisis: the EC's strengthened role in economic governance' (2014).

As shown in this study, President Barroso as well as Commissioner Rehn repeatedly made remarks about the unforeseen nature of the circumstances, making the point for exceptional measures and the need for a coordinated response. This coordinated response became the EC's precept for reinforcing its supervisory role in the euro area. Based on the revolving narratives during the crisis, the EC emphasized cooperation among member states but also with the European institutions. It reserved for itself the role of the coordinator of these activities. When it proposed new solutions or instruments it also described their consequences and disadvantages. The EC played an essential role not only as a coordinator, but also had a strong authority in negotiations to find solutions. With hindsight, this can be described as a powerful tool increasing the EC's role and power. It did not only design and communicate the EU's response to the evolving situation, but continuously defined new areas for proposals, addressing challenges in member states' actions and in the EU's economic governance.

7 Conclusions

The role of the EC evolved remarkably during the years 2010–2014 to be more political in its behaviour and in its communication. It became inseparable part of the macroeconomic policy in the euro area. Majority of decisions in the economic governance became dependent on the Commission. It was also the institution designing the new euro area procedures as well as implementing them. The EC was coordinating national economic policies, offering financial stability support and did economic policy and oversaw financial sector supervision. In its new role it makes surveillance and recommendations of the economic and fiscal policy in the member states and implements if the corrective arm is needed. The agenda setting and implementation as well as the strong role as an advisory body and giving recommendations during the crisis are the elements that increased the EC's role as more political and supranational institution.

The EC's role and decision-making was criticized for its democratic deficit in its increasing supranational function. commissioners, nominated by member states and elected by the European Parliament, did not enjoy trust of citizens directly. This was the perception broadly recognized by the media and analysis made during and after the crisis. Commissioners were not widely recognized by citizens and their appearance or statements did not gain wide media coverage. However, where national politicians in some events, like in Italy and Greece, were lacking credibility, representatives of the EU institutions were recognized representing stability and continuity. It had the bureaucratic capacity to deliver the necessity abilities. However, its lack of competence on financial markets and fiscal policy expertise collected some criticism in analysis made and in media.

The EC tried to combine its roles as 'the guardian of the Treaties', agenda setter and the EU's executive institution with being an increasingly political communicator and the permanent bureaucratic entity between changing political leaders and the member states. It enforced new rules, decided by the political leadership of the EU, implemented them, and worked as an arbiter in disputes. Early in the crisis, the EC's communication was criticized being too invisible, and technocratic. During the crisis, its role developed being more of an advocate of the member states; it formulated, implemented, and evaluated new rules, rescue packages and financial aid. As described in the previous chapters, in its communication, it made efforts trying to communicate more directly to citizens to explain more transparently the reasons behind the reforms, readjustments and new practices. It adapted its communication to be more storytelling and added human interest perspective to its statements and speeches. However, this did not correlate with the fact that its communication reached citizens in a wide range firstly through national politicians and authorities.

As the EC was trying to include more social dimension in its policies, to answer a demand to abridge the cap between people's everyday life suffering and distance technocratic Brussels, it ended up proliferating its tasks even more. It was already benchmarking national social policies and supervising national budgets. However, all decisions to add or restructure the tasks of the institutions were taken at the intergovernmental level in the Council and prepared in the Eurogroup.

At the beginning of the crisis and at the time of the first bailout package to Greece, the EC was only administrating and coordinating the pooled loans from the IMF, the ECB and the member states. When the new funding mechanisms the EFSM, the EFSF and, later, the ESM were created, its role became even more centric. When the crisis countries requested a support, the EC, together with the ECB, assessed the situation concerning risks of the overall financial stability, public debt and if needed, financial needs. The EC negotiated the memorandums of understanding when a member state requested support and monitored it (Article 13 ESM Treaty). The EC and the IMF's role was to try to secure some conditionality regarding the structural reforms in the crisis countries.

In its new monitoring role, the EC's recommendations were essential during the crisis for the creditors. Its strict austerity policy was widely criticized during the crisis and beyond. In its own communication, it did not use austerity rhetoric, the emphasis was on making necessity reforms. However, member states public financing and economic structure, and/or banks capital adequacy in the crisis countries was not in a sustainable state even before the crisis and quick solutions were required. The flaws in the design of the euro area is an important factor when studying all the causalities in the crisis. The euro area reacted to this reconstructing the EMU at the fast pace. Securing an immediate financial stability required even quicker reactions. Without European aid, support and guarantees at least Greece and probably Cyprus would most likely have defaulted. However, the critics presented that the harsh austerity policy retarded growth was also accurate. European solidarity was brought under a pressure and debated continuously. The question of solidarity framed the statements regarding the social dimension, social justice, and austerity debate.

Other main fundamental questions that rose during the crisis concerned national sovereignty and moral hazard, viewed in the previous chapter. In addition, one important cultural and deep-rooted debate that divided the continent was the division between south and north, creditors and debtors. During the crisis, this debate was interlinked strongly to the austerity versus stimulus discussion and grew into deeply divisive argumentation on the future of the cohesive Union. Media was feeding the debate. One trend that can be found here was that people wanted to group with others that were in the same situation and could relate. This could be seen for example in anti-austerity protests that spread around the crisis countries in 2010 and 2013. The same 'grouping' effect happened with 'creditors' countries like Germany, Netherlands and Finland. This can be seen strengthened the division between north and south. Power discourse was also framing the debate between two biggest member states France and Germany as well as institutional power separation. The growing role of the EC was firstly requested to balance the power between the governments and the institutions but later questioned mainly regarding the democratic deficit and the purpose and meaning of the politicization of the EC.

The EU Treaty objective of 'an ever-closer Union among the peoples of Europe' became somewhat travesty of the real situation in the Union. However, at the same time the union was taking steps using more of its, increasingly, supranational institutions and strengthening the integration. Narrative of 'Ever closer union' was used by the analysists arguing that more integration was required to prevent new potential threats the European economy would face. Mutually, the EU critics used it against the union arguing that the public opinion in the EU did not support this. Based on findings in this study, it can be summed that most of the European citizens were not fully aware of the development what was going on in the EU institutions developing the integration.

People have tendency to pick up news and information that are culturally bounded. Before the euro crisis, national news rarely covered stories from other member states if it was not interlinked to their country or big global news. Years of the crisis changed the thinking in media that the EU level and member states level news are both relevant from the other member states perspective. Media did not only compare situations in the countries but covered the fact that the crisis in one member states was a challenge in the whole euro area and in the EU. Moreover, it required EU level response. Brussels became increasingly important place for media not only during the Council and Eurogroup meetings but also as an everyday manner. However, like Paolo Mancini and Marco Mazzoni also conclude in their study 'Countries Still Matter' (2015, 191-212), this did not correlate creating a real European public sphere. News coverage was technical and negatively toned and presented mainly from the member states' perspective.

The EU is a difficult topic for the media to cover. Combining this premise with the need to analyse the sovereign debt crisis and its implications for the European project is even more difficult to handle in the media. Journalists needed to cover complex technical and political issues with various possible variables for their own countries' economies and the whole euro area. The question of existence and the future of the common currency remained on the table as well as the question how this would influence the future of the whole integration. This would have required a deeper analysis and not only reflecting it in the daily news. EU policies are often portrayed by technical language with plenty of acronyms, while the audience is not often familiar even with the basic elements of the EU institutions, power structure and decision-making. This can be seen as one of the reasons why the news coverage often slipped to reporting topics from the national point of view. The potential default of a euro area country was an intensive high-interest news item across Europe because there was a risk that the situation would transmit to other member states.

As findings in this study shows, comparing different countries, the conclusion we can draw regarding the European public sphere was that it existed at elite-to-elite level and in economic journalists to elite level but not in (mass) media to citizen level. When European institutions made important decisions affecting directly citizens some international media in Brussels like the *Financial Times*, the *Wall Street Journal* and other economic or high-level publications built a broader picture on the possible effects to the euro area and the EU. However, national news media representatives reported the news in comparison with national and regional issues and angle. This created different levels of readers and debates. This is not rare in more technical and specific issues in societies, however in this case the decisions directly affected citizens who in principle did not have same premises to understand how the EU and euro area worked. Majority of European citizens still have been born and educated before their countries' EU membership and most of the knowledge of the integration must have been taught to them later in life. If they have been interested learning. In addition, not likely even well-educated elite in the EU had a knowledge of constantly changing rules of the euro area during the crisis. Not even the political leaders of the member states.

Another problem for media was how to make the EU more attractive to their readers. The importance of the EU was not easy to justify, once the news coming from Europe were mainly negative with a technical tone. In addition, when reading the publications of the EC 2010–2014 the language and the narrative the institution used remained distance, even we can see the effort made trying to personalize and make it more approachable. The focus of media on authentic EU events was also cyclical, peaking during the major events like summits where the recognisable leaders of the biggest EU countries were visible. Even, the most important decisions for the citizens were drafted elsewhere.

A new element that became prominence was the use of social media. Not only between the Brussels bubble journalists but also as a channel that people used to convoke protests. In most of the member states trade unions were active organising protest movements and marches but increasingly people in different interest and social groups became active against austerity measures and vocal about their living conditions, wealth, and future. The same trend can be linked to raising populist movements and protests against traditional parties and politics. The change in communication accelerated bottom-up activism and made it increasingly conventional. As mentioned above, new element was also people's protests against economic policy organized same time in different European countries supporting the same goals. This would have been much more difficult without distribution and effectiveness of social media.

One important notion in the EU communication is that most of the international debate happens still in English. The *Financial Times*, the *Economist*, Reuters in English, Bloomberg, the *New York Times*, and the *Wall Street Journal* are most read publications what comes to EU related issues and particularly economics (Lloyd and Macroni 2014). This study also shows that when making comprehensive research on the EU communication it is essential to follow the discussion in these media. Here, British publications like the *Financial Times* and the *Economist* can be seen as few of the most powerful publications shaping the debate. This inevitably brings a strong standpoint and cultural influence to the discussion. Also, it is difficult to follow overall debate and nuances that is ongoing in the member states, particularly in several languages. The EU institutions had a centric role feeding the narrative to the media in Brussels but not in the member states. To understand wider citizens perspective, it is vital to follow national and even local newspapers, news, and publications. However, the quality of the news and expertise of journalists varies remarkable and put readers in different positions to be able follow and participate on debates of EU politics. This emphasizes the elite-to-elite bubble—the public sphere where the EU discussion is mainly taking the place (Hepp et al. 2016, 141–193). Even media is not the only source and platform communicating public issues it has socially privileged role organising and spreading popular and public knowledge (Corner 2000, 394).

When the crisis developed, people's frustration, feelings of injustice and inequality were elements in most of the news stories covering the crisis in all the crisis countries. Distrust discourse was framing the debates all over Europe. As findings in this study show, the EC adapted its communication to include more citizens perspective, but it did not reach masses of people. Its message was mediated by media and national actors. However, the EU and the EC was seen as a responsible actor in the crisis and for national politicians it was convenient to use the institutions as a scapegoat also, for what was happening at the national level.

As an aftermath of the crisis, the debate on 'completing the EMU' continues and the cleavage between south, north and increasingly east is widening. It is an ongoing process to build the capital markets union, finalize the banking union and cut further the vicious link between banks and public finances. What this process still requires, is a more unanimous approach on economic policy in the EU and stronger support from the leading politicians and opinion leaders in the member states. To implement next steps in the EMU would require a strong political leadership and interest pushing for the reforms, rather than wider public recognition. In 2020 and 2021, this debate is reaching new levels trying to balance European economy after the COVID-19 health pandemic. European solidarity is questioned widely in the Union, the EU is lacking competences and power to respond to the crisis, distrust is increasing, and the member states remain largely in the same foxholes as they have been since the euro crisis.

In order to learn from the euro crisis and to implement reforms successfully in the euro area it is necessary to zoom out from the national focus and to try to see Europe as one. This might be the reason why particularly German leaders and some other European politicians wanted to have a stronger and more supranational EC taking the side of the euro area in its entirety. At the same time, it can be questioned if it was in Germany's or other EU institution's interest to create a more political EC. During the Barroso II Commission, this evolution happened in unison with the growing role of the EC. Its successor, the Juncker Commission, continued this with an enforced approach from the beginning of its mandate by questioning the traditional roles of the EU institutions.

Summing the causes of the crisis there were inevitable elements and events at the global and member states' level as well as flaws in the design of the euro area that inseminated the causes of the crisis and brought it to its apexes. The main fundamental questions raised in statements concerned the role of the EU institutions and in this regard supranationalism, moral hazard, sovereignty, the legitimacy, and justification of the actions taken as well as the existence of the euro as such. These fundamental questions and the discussions that took place in 2010–2014 in the euro area can be framed under wider discourses on trust, power, and solidarity. If the aim is to move from the elitists' project to 'a genuine European citizens' Union', debates on these issues need to be encountered at all levels of our societies. The euro crisis has shown, however, that if the goal is to implement reforms apace, wider public recognition is more an impediment than an accelerator. It is easy to support the argument that the EU is renewing itself through crises, with the addition that this renewal is most effective when done quietly. Still, an increasing deficit of democracy and lack of European public sphere is unlikely to lead to a cohesive and perduring future for European integration.

8 Further Research

European elites for the most part favour deeper European integration, whereas citizens focus much more on concrete actions taken by the EU that impact their daily lives. Why did the euro crisis then create such a raging tempest that profoundly shaped public opinion on EU integration? Firstly, the crisis had an impact on the personal economic standing of millions of Europeans in addition to national economies of member states. Secondly, it brought to the wider notion the fundamental weaknesses of the EMU and the interdependence between member states. Thirdly, the response and solutions needed to be found urgently at the EU level, with most of the decisions requiring unanimity from the member states, which created a shared responsibility of national political leaders in the eyes of the voters. Fourthly, the crisis became a battle for power and trust as well as for the broader idea of Europe – questioning European solidarity and the moral perceptions connected to it.

The same fundamental questions about the future and viability of European integration have been raised twice after the euro crisis blew over the continent. The immigration and refugee crisis began in 2014, peaking in 2015 when the United Nations High Commissioner for Refugees (UNHCR) announced that over 1 million refugees were arriving in Europe from Syria, Afghanistan and Iraq. Due to the prolonged conflicts in these three countries as well as the crises in West Africa and the Horn of Africa, thousands of people died trying to enter Europe crossing the Mediterranean Sea or on alternative migratory routes by land. The large number of refugees and migrants challenged the EU's solidarity and coherence when member states were trying to find a common response and permanent solution.

After the refugee crisis further polarized European society, the EU faced the next challenge when the COVID-19 health emergency and pandemic arrived on the continent in 2020. During the refugee and migration crisis, majority of Western member states supported accepting an increased number of refugees, while Eastern European countries were generally less accepting. When COVID-19 pandemic emerged, the EC started to coordinate the Union's response without clear competences, while many member states decided to act alone particularly in protecting public health, expecting the EU to act more diligently in limiting the economic turmoil caused by the pandemic. However, particularly Southern and Eastern member states were suffering exceedingly requiring more rapid actions also from the EU. The Multiannual Financial Framework (MFF) negotiations took place at the same time with the EU Recovery Fund negotiations, enhancing similar narratives as in two previous crises: questions of European solidarity and coherence.

Reintroducing border controls at the internal borders during refugee and migration crisis as well as during the COVID-19 pandemic came as a shock particularly to EU officials and elites, who voiced warnings that these actions undermined the freedom of movement and trust in the EU. Actions taken by some member states were seen to violate EU Treaties and increase the debate around lack of unanimity and solidarity.

The EU and particularly the EC has made numerous attempts to coordinate refugee and immigration policies as well as the EU's response to the COVID-19 pandemic, but European institutions still lack competences and clear processes. Their efforts are also challenged by the reluctance of some member states to cooperate. These challenges have forced the EC to lower its level of ambition on several occasions. Introducing qualified majority voting more broadly to EU decision-making has been proposed as a solution on several occasions but there is a clear lack of willingness to any Treaty changes at the moment in the Union. The reluctance to grant new powers to the institutions is particularly strong among the smaller but economically strong member states.

The euro, as well as many other EU policy areas, is likely able to carry on without deeper integration. But, as the euro area is aiming to complete the EMU with a fully functioning banking and capital markets union or introducing new automatic macroeconomic stabilizers, reinforcing the union will become a necessity. Following the conclusion of this study, a deeper fiscal union could once again increase the technocratic power of the EU institutions. However, the criticism the Union is repeatedly facing is its tardy reactivity in crisis situations and lack of competences. There are different options for the EU to reform its institutional basis through Treaty changes or—case by case—through unanimous decisions by all member states as happens now. With the latter, deepening of integration seems to happen with reactive and quickly rigged up responses in the middle of a crisis. This follows the logic we saw in the years of the euro crisis when member states were forced to act together and show solidarity in a situation where another option—inaction—would have risked the fragmentation or disintegration of the Union. With this scenario, mutual trust and coherence of the Union is constantly tested.

The research that has been undertaken for this thesis has highlighted a number of topics on which further research would be beneficial. These include further analysis on the changing role of the EC in the two most recent crises mentioned above, research on the possible power increase of other EU institutions and study on whether the discourses framed in this study have been repeated in the context of refugee and migration crisis and debates around the EU's response to COVID-19 pandemic?

There are also several areas for further development. Communication of the EC can be framed and studied relatively efficiently due to the comprehensive archives of the communications material but framing the responses to that communication created a challenge. Media and political cultures in different member states, as well as the wide variety of languages poses a challenge to the researcher. Future research could benefit from adding a quantitative method to calculate for example narratives or key words. However, qualitative method like discourse analysis avails wide analysis of different aspects of society that is needed in this type of research in order to consider societal, economic, and political landscape and historical time frame. Studying European integration, interdisciplinary research such as a combination of historical research and political science supports the continuum review of political and policy events as well as enables to review the wider context of historical events around the empirical research materials and data.

Future research on European integration would benefit from research on the drivers of change and the ways in which the EU as a political system is developing. Many questions related to these topics, like constitutional changes or EU's internal and external responses to crises, will require sustained research. The research scope would benefit from a wider approach including changes in political situations, policy responses and public perception and debate. The research that has been undertaken for this thesis also brought up the importance of a deeper analysis of the development of a European public sphere and the need for further Europe-wide debate about the future of a more democratic and less technocratic European Union.

Timeline

2009

16 October: The Greek government announces that in 2009, the public deficit will top 10 per cent of the GDP. This figure is much larger than the deficit figures reported to Brussels. Two weeks later, the official estimate is at 12.7 per cent of GDP.
8–22 December: The main rating agencies—Fitch, Moody's and Standard & Poor's—downgrade Greece's sovereign credit rating.

2010

14 January: The Greek government unveils its deficit reduction plans, with a deficit target set at 2.8 per cent of GDP in 2012.
11–12 February: EU Summit regarding the role of European governments and the IMF in crisis intervention.
25 March: European leaders announce that they are ready to prepare a financial assistance package for Greece in cooperation with the IMF. 'This assistance should be considered ultima ratio and would be provided at explicitly punitive interest rates to encourage a quick return to market financing' (Pisani-Ferry 2014, 181).
2 May: Members of the euro area and the IMF reach an agreement for 3 years of intervention for Greece totalling 110 billion euros (€80 bn in bilateral loans, and €30 bn from the IMF).
29 September: The EC publishes the Six Pack, a package of six legislative proposals—one directive and five regulations—aimed at reforming economic governance and strengthening the framework for preventing excessive imbalances and deficits.
30 September: The Irish government announces that rescuing the Anglo–Irish Bank will require nearly 34 billion euros and that the other banks will need more capital to survive.
6 October: The rating agency Fitch downgrades Ireland's sovereign credit rating. Moody's and Standard & Poor's follow suit before the end of December.

28–29 October: European leaders agree on the need to set up a permanent crisis mechanism to safeguard the financial stability of the euro area as a whole and introduce the ESM.
28 November: European leaders and the IMF agree to grant a total of 85 billion euros in an assistance package to Ireland.
16 December: Changes are made to the EU contract that permit the establishment of an emergency fund for the euro area.

2011

11 March: The EFSF's 440 billion euro lending capacity becomes fully effective. It allows the EFSF and the future ESM to intervene in primary markets for sovereign debt. The first adjustments to the Greek programme are made after euro area leaders agree to lower the programme's loan interest rates to 5 per cent and increase their maturity to 7.5 years to enhance sustainability.
15–29 March: Fitch, Moody's and Standard & Poor's downgrade Portugal's sovereign credit rating.
17 May: The European Council agrees on a financial assistance package to Portugal totalling 8 billion euros over 3 years.
15 July: The second round of pan-European stress tests are made public.
5 August: The ECB requires Italy to implement increased austerity measures.
October: Greeks conduct a general strike against austerity measures.
26–27 October: The EU Summit increases the stability fund, extends new aid and requires banks to raise new capital.
12–13 November: Italian Prime Minister Berlusconi resigns, and Mario Monti is appointed.
23 November: The EC issues a green paper on stability bonds and proposes bringing national budgets under the EC's control.

2012

23 May: EU Summit to boost economic growth and balance austerity measures. Attention begins focusing on Spain's economic conditions.
25 June: Spain formally requests assistance.
28–29 June: EU Summit on sovereign debts.
15 July: Angela Merkel affirms the need for member states to adhere to budget targets and for European monitoring of compliance.
21 July: European leaders agree on a new programme for Greece of 109 billion euros, which is subsequently brought up to 130 billion euro in October. Also agreed upon are making the EFSF/ESM more flexible and giving it the ability to act based

on a precautionary programme. They also are granted the ability to finance the recapitalization of financial institutions through loans to governments, and this included non-programme countries as well.
27 October: European leaders agree on a 50 per cent discount on the Greek debt held by private investors.
31 October: Mario Draghi, former governor of the Banca d'Italia, is nominated as president of the ECB.
per cent**13 December**: The Six Pack enters into force.

2013

21 February: Agreement is reached on the terms for the second Greek programme.
2 March: Twenty-five European member states, excluding the UK and the Czech Republic, sign the Treaty on Stability, Convergence and Governance in the Economic and Monetary Union, known casually as the 'fiscal compact'.
30 March: The Eurogroup increases the overall combined ceiling for EFSF/ESM lending from 500 billion euros to 700 billion euros.
9 June: Spain requests financial assistance to recapitalize its banking sector through the sector-specific programme within the framework of 100 billion euros.
25 June: Cyprus requests financial assistance, making it the fifth Eurozone country to do so.
28–29 June: The European Council adopts a growth compact, and euro-area countries endorse the concept of a banking union with the possibility to direct recapitalizations by the ESM once an effective single supervisory mechanism for banks can be established.
July–October: Spain and Portugal are given an extra year to correct their excessive deficits.
12 September: The EC unveils its proposal for a single mechanism to supervise banks.
13 December: The euro area finance ministers, including Sweden, reach an agreement to establish the single supervisory mechanism (SSM) with in excess of 30 billion euros, representing more than 20 per cent of the country's GDP.
14 December: The European summit adopts a road map to complete the Economic and Monetary Union that includes the Banking Union, strengthening economic policy cooperation and democratic legitimacy.

2014

25 March: The Eurogroup and Troika close a last-minute deal on the assistance programme to safeguard all deposits below 100 000 euros. Stock markets plunge

after Dutch finance minister and president of the Eurogroup, J. Dijsselbloem's, remarks are interpreted in the markets as meaning that the bail-in measures agreed to for Cyprus might serve as 'template for future rescue'.
December: Ireland becomes the first country to successfully exit its financial assistance programme.
18 December: Agreement is reached on the single resolution mechanism (SRM).
(European Commission; Picard 2015; Pisani-Ferry 2014)

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