Berliner Studien zur Soziologie Europas

Freie Universität Berlin, Institut für Soziologie, Garystraße 55, D-14195 Berlin

Has there been a European Public Discourse on the Euro Crisis?

A Systematic Content Analysis of Newspaper Editorials on the Euro Crisis in Germany and Spain

Daniel Drewski

Working Paper No. 33

January 2015

Die „Berliner Studien zur Soziologie Europas“ des Lehrstuhls für Makrosoziologie der Freien Universität Berlin verstehen sich als ein Ort zur Vorpublikation von Beiträgen, die später in Fachzeitschriften und Sammelbänden veröffentlicht werden sollen. Die Beiträge sollen helfen, eine Soziologie Europas zu profilieren; sie stehen auch im Kontext eines soziologischen Master-Studiengangs zum Thema „Europäische Gesellschaft/en“, den das Institut für Soziologie der Freien Universität anbietet.

Gegenstand der Reihe sind Beiträge zur Analyse der Herausbildung einer europäischen Gesellschaftsstruktur und -kultur, vergleichende Analysen, die die Unterschiede und Gemeinsamkeiten zwischen verschiedenen europäischen Gesellschaften thematisieren, sowie theoretische Versuche einer Soziologie Europas.

Ziel der Reihe ist es, durch die frühe Verbreitung dieser Arbeiten den wissenschaftlichen Gedankenaustausch zu fördern. Die Beiträge sind nur über das Internet als pdf-Datei zu beziehen.

Zitation: Daniel Drewski (2015): Has there been a European Public Discourse on the Euro Crisis? A Systematic Content Analysis of Newspaper Editorials on the Euro Crisis in Germany in Spain. BSSE Arbeitspapier Nr. 33. Berlin: Freie Universität Berlin.

The “Berlin Studies on the Sociology of Europe” (BSSE) series, issued by the Chair of Macrosociology, includes articles meant for future publication in journals or edited volumes. The papers are meant to further the establishment of a sociology of Europe. They are also related to the sociological Master Program “European Societies” of the Institute of Sociology of the Freie Universität.

The series focuses on (i) the analysis of a developing European social structure and culture, on (ii) comparative analyses discussing differences and similarities between European societies as well as on (iii) theoretical approaches to a sociology of Europe.

The series aims to promote the exchange of ideas by way of an early distribution. The papers can be obtained via internet as pdf files.

Citation: Daniel Drewski (2015): Has there been a European Public Discourse on the Euro Crisis? A Systematic Content Analysis of Newspaper Editorials on the Euro Crisis in Germany in Spain. BSSE Working Paper No. 33. Berlin: Freie Universität Berlin.

Abstract

According to some observers, the Euro crisis could have provoked a broad politicization of European affairs and the emergence of a European-wide public discourse, paving the way for a democratic deepening of the EU. In this paper, I test whether there has been a common public discourse on the Euro crisis beyond national borders through a systematic content analysis of editorials in center-left and center-right quality newspapers in Germany (Euro zone core) and Spain (Euro zone periphery). Based on the research literature, I formulate three indicators for such a *European public discourse*: (1) the *same issues* have to be discussed at the same time across the member states of the EU; (2) their *interpretations* should differ according to the ideology of the discussant instead of his/her nationality; and (3) *opinions* should differ according to the ideology of the discussant instead of his/her nationality. My analysis shows that the public discourses on the Euro crisis have not met these requirements. I found significant differences between Germany and Spain, while cross-cutting ideological differences did not play a significant role. I conclude that there has not been a European public discourse on the Euro crisis.

1. Introduction[1]

The effects of the Euro crisis on the future the European Union (EU) have been judged in two opposing ways. Those observers adopting a pessimist point of view argue that the Euro crisis has led to a new cleavage in Europe[2], opposing the competitive northwestern center with Germany at its core, and the uncompetitive southern periphery along the Mediterranean (Portugal, Spain, Italy and Greece). This north-south divide essentially reflects the net creditor versus net debtor status within the new financial architecture of the Euro zone, directly translating into asymmetries of power in the European institutions such as the European Council (e.g. Beck 2013; Streeck 2014). They argue that if the centrifugal economic forces cannot be contained, the EU is bound to break apart.

More idealist observers hope that the existential threat to the common currency has spurred a broad politicization of European issues, engaging citizens across member states in a normative debate on the future of the Euro zone and the EU (e.g. Habermas 2012). The Euro crisis could have led to the creation of a "community of communication" transcending national borders. This is seen as a first step towards the development of European public sphere and the democratic deepening of European integration around the European Parliament. As Thomas Risse recently put it: "there is an emerging demos in the European polity and it has been strengthened during the euro crisis" (Risse 2014: 1213).

In this paper, I want to test empirically whether there has been a common European public discourse on the Euro crisis. While researchers have acknowledged that no unified public sphere resembling the highly institutionalized public spheres of democratic nation states is likely to emerge on the European level any time soon (Gerhards 1993), it has been argued that a transnational discourse linking the different national public spheres is enough to act as a legitimate substitute (Eder & Kantner 2000). Such a European public discourse is usually measured in terms of the heightened salience of European issues in the national media, a convergence in their interpretation, and an inclusion of speakers and publics across borders (for overviews see Risse 2010; de Vreese 2007).

These criteria essentially demand that national differences in the selection and discussion of European issues increasingly lose importance. It should not be relevant for your point of view on European affairs whether you are, for example, German or Spaniard. Instead, as is the case in the public spheres of democratic states, your ideological conviction should be more important. In this paper, I argue that there has been a European public discourse on the Euro crisis if the same issues have been dis-

---

1 This paper is based on my Masters' thesis "Media Discourses on the Euro Crisis in German and Spain", turned in at the Institute of Sociology, Freie Universität Berlin, in February 2014. I thank my supervisors Prof. Dr. Jürgen Gerhards and Prof. Dr. Monika Eigmüller for their helpful comments and suggestions.

2 In this paper, I use the terms "EU" and "Europe" interchangeably.

cussed at the same time across EU member states, and ideology instead of nationality accounts for different points of view[3].

I provide quantitative data to test whether there has been a European public discourse on the Euro crisis. The research design is straightforward. I selected a center-left and a center-right quality newspaper from a core country of Europe, Germany (*Süddeutsche Zeitung* and *Frankfurter Allgemeine Zeitung*), and a peripheral country, Spain (*El País* and *ABC*), and conducted a systematic content analysis of their editorials on the Euro zone crisis, focusing on their selection of issues, their interpretations and opinions. The sample includes two time periods. The first covers several months in early 2010, when the Greek debt crisis threatened to contaminate the currency union as a whole. The second covers its peak in mid-2012, when the Spanish government was forced to call for financial aid for its ailing banking sector. Comparing liberal and conservative editorials from countries at the core and the periphery of the Euro zone, I was able to flesh out whether nationality or ideology primarily accounts for different perspectives on the Euro crisis.

In the following section, I discuss my theoretical perspective on a European public discourse (2). Then, I turn to a short summary of the Euro crisis (3), before describing my data and methods in detail (4). Then I present my findings (5). They suggest that the editorials differ significantly along national instead of ideological lines in their discussion of the Euro crisis. Thus, despite converging around a common set of issues, there has not been a European public discourse. These findings point towards the accuracy of the above mentioned pessimist prediction on the political effects of the Euro crisis for the EU. Naturally, due to its limited scope, this analysis can only be understood as a first step towards a full-blown assessment of the public discourses on the Euro crisis.

2. Theoretical Framework: Identifying a European Public Discourse

Research on the emergence of a European public discourse is rooted in normative concerns about the democratic deficit of the EU. By the 1990s and the Maastricht Treaty, the EU began to exert a high degree of direct influence on national policy-making (Gerhards 2002). But the indirect input-legitimacy provided via the member states governments seemed not sufficient any longer, because supranational institutions such as the European Commission began to act on their own mandate. The development of a European public sphere, submitting supranational policy-making to public scrutiny, was singled out as crucial to overcome the EU's democratic deficit. The intensification of communicative linkages across national borders might contrib-

3 Of course, this is not to say that distinctively "national" points of view are not "ideological". What I mean to say is that the division between left and right (i.e. labor versus capital interests and liberal versus conservative values) should cut across national divisions (e.g. German ordoliberalism versus Spanish modernization economics).

ute to the gradual formation of a European *demos* acting as a constituent of a European democracy.

This European public sphere was initially imagined akin to the highly institutionalized public spheres of democratic nation states. In these, a public sphere developed over several centuries as part of the process of nation-building and democratization (Habermas 1998). It became a space of communication linking the political system and the society, by channeling information from one to the other, articulating opinion through public deliberation and providing the political decision-making process with sufficient input-legitimacy (Neidhardt 1994). In modern mass democracies, this communicative space is institutionalized in the form of a differentiated system of mass media (newspapers, television, the internet etc.). Different media outlets mirror, channel and shape the public discourse.

However, scholars quickly came to the conclusion that no such supranational public sphere beyond the nation state is likely to develop any time soon (Gerhards 1993). Despite the success of European integration in the economic sphere, the barriers for the institutionalization of communicative flows across national borders remain too high. Language differences, material costs and cultural traditions prevent the establishment of a unified media system that could provide the infrastructure of a European public sphere.

As a consequence, empirical research has turned its attention to the Europeanization of national public spheres. In particular, the intensification of transnational flows of communication on European issues has been judged as sufficient to provide a minimum level of input-legitimacy for European policy-making. Klaus Eder and Cathleen Kantner have famously formulated two criteria for such a *European public discourse*: (1) the same issues have to be debated at the same time with an equal level of attention across the public spheres of EU member states, (2) using similar frames of reference (Eder & Kantner 2000; Kantner 2004). The use of similar frames of reference is important since they ensure a common interpretation of what is at stake in a certain issue. A speaker/observer can only take part in a "community of communication" if she knows what others are actually talking about.[4]

Most research on the Europeanization of national public spheres compares news coverage in quality newspapers[5]. It has largely tended to confirm an increased salience of European issues in the national media over time, thus allowing for the conclusion that Eder and Kantner's first requirement is increasingly met. Hartmut Wessler and his colleagues (2008) describe a nationally "segmented Europeanization", thereby referring to an intensified monitoring of European policy-making by the national media. The team around Ruud Koopmans and Paul Statham (2010) report a

---

[4] Further and more challenging criteria for a European public discourse are: the mutual inclusiveness of speakers and publics across national borders and a collective identification with Europe (see Risse 2010: 125-126).

[5] An exception is the work of Peter, Semetko and de Vreese (2003), who focus on television news. They report a very low level of Europeanization. It seems that a potential European public discourse takes place at the level of intellectual elites only.

process of "vertical Europeanization", which means that political claims made on the European level are increasingly visible, particularly in those policy areas of EU competence. Hans-Jörg Trenz (2004, 2005) observes a high level of "resonance" of European issues across the national media.

Beyond the increased salience of European issues there seems to be some level of convergence in the way they are interpreted across national borders – Eder and Kantner's second criterion. This has been confirmed, for example, in frame analyses of the debates on community sanctions against Jörg Haider's government participation in Austria (van de Steeg 2006), or in analyses of the debates on a European constitution and the "Future of Europe" (Trenz 2005). In general, scholars have come to the optimistic conclusion that Europeans indeed observe, understand, talk and sometimes even identify with each other (Risse 2010). National media systems seem to provide a sufficient level of transnational communication on European issues in order to be able to speak of a European public discourse.

Nonetheless, some studies point towards the inertia of national political traditions in the discursive treatment of European affairs in their respective public spheres (Adam 2007; Oberhuber et al. 2005). National differences still seem to have significant influence on how people perceive the EU and European integration (Díez Medrano 2003). I want to follow this objection more thoroughly. I argue that for a genuine European public discourse to exist, national differences in the selection and interpretation of European issues have to recede to give way to ideological differences that cut across national borders.

This argument draws on Stein Rokkan's theory of cleavage structures (Flora 1999). He showed how the territorial integration of Western European states eventually led to the internal structuring of the political system along the cleavage between "left" and "right" (Mair 2007). It represents the conflict of interest between capital and labor, over time absorbing the value conflict between liberal and conservative. This cleavage structures the national media system as well. Media outlets usually position themselves on a left-right scale – at least in most continental European countries (Hallin & Mancini 2004).

Rokkan's theory has been applied to the process of European integration and the (re)structuring of the political system of the EU (Bartolini 2005; Kriesi et al.: 2012). But despite its large influence on the national polity, European integration has not led to an extension of the territorial scope of cleavage structures beyond the nation-state[6]. The EU does not yet provide the adequate political space to articulate a transnational cleavage between left and right. Instead, as intergovernmental theories suggest, European politics are still structured by the international cleavage between its member states, the primary locus of power being the European Council (Hoffmann 1966; Moravcsik 1993).

---

[6] The newly emerging cleavage between "cosmopolitanism" and "nationalism" is still largely articulated on a national level.

These are bleak prospects for the emergence of a European public discourse. Even though, as has been shown, we might be able to observe a high and simultaneous salience of European issues across the member states' media, the way they are discussed could remain heavily influenced by national differences. But if the "national container" remains the principal mouthpiece to interpret and articulate opinions on European issues, we cannot truly speak of a transnationally contentious public discourse. For such a discourse to exist, the division between nation-states has to be at least cross-cut by an ideological division between a European left and a European right, articulating a transnational cleavage.

Bearing this in mind and building on Eder and Kantner, I formulate three criteria to judge whether there has been a common European public discourse on the Euro zone crisis. First, the *same issues* pertaining to the crisis have to be discussed at the same time across the national media. Second, the use of *frames of reference* that shape the interpretation of these issues has to differ according to ideology instead of nationality. And third, the *opinions* on the Euro crisis should differ across ideologies instead of nationalities. In sum, specific national contexts have to lose their agenda-setting, framing and opinion-making monopoly in the public spheres.

To find out whether this has been the case, I have selected and analyzed 269 editorials from German and Spanish newspapers written for, respectively, a center-left and a center-right public. In that way, I expect to get an initial grasp of the public discussions on the Euro crisis in a northern and a southern Euro member state, and whether they are polarized along ideological or national lines. A European public discourse on the Euro crisis has emerged when the two center-left (or, alternatively, the two center-right) newspapers are more similar in their issue-selection, framing of and opinions on the Euro crisis than the two German (or the two Spanish) newspapers.

Before presenting the sampling and method of analysis of my data, I provide a brief account of the main events during the Euro crisis and the different views of its causes and solutions.

3. The Euro Crisis: A Tale of Two Worlds

This section provides a summary account of the Euro crisis and the two different readings that have governed the political response to it. It serves as the context of my comparative analysis of media discourses on the Euro crisis in Germany and Spain.

Following the Greek Prime Minister Georgios Papandreous' revelation in December 2009 that his country's public deficit was much higher than expected and would severely exceed the limits set by the Euro zone's "stability and growth pact" (3% public deficit to GDP, 60% public debt to GDP), Greece became the trigger and focus of the Euro crisis[7]. Doubting the Greek government's capacity to pay back its debt,

---

[7] This section draws on the detailed accounts of the Euro crisis by Illing (2013) and Pisany-Ferry (2013).

investors pushed the risk premium on its public bonds to an unsustainable level. To prevent a default believed to threaten the stability of the single currency, the Euro members stepped in with a concerted financial assistance program for Greece in early 2010. It was soon extended to a temporary 750 billion Euro bailout fund (the European Financial Stability Facility, EFSF) intended for the Euro zone as a whole. Following Greece, which received a second loan in 2012 and a 50% haircut on its public debts, other countries such as Ireland (2011), Portugal (2011), Spain (2012) and Cyprus (2013) were to receive financial assistance as well, under the condition of implementing harsh austerity measures. In 2012, the EFSF was converted into a permanent financial rescue mechanism, the European Stability Mechanism (ESM), with a capital of 700 billion Euros. However, market confidence could not be restored. When, in the summer of 2012, Spain and Italy faced the eye of the storm, the European Central Bank (ECB) initiated a bond-buying program (Outright Monetary Transactions, OMT) to alleviate market pressures. This put an end to the immediate risk of a break-up of the Euro zone.

The Euro zone turned out to be the hardest hit world region by the financial crash of 2008, and the slowest to recover. Even today, the effects of the crisis can still be felt, with several Euro zone countries suffering under sluggish growth rates, high unemployment and deflation. Analysts coincide in identifying a host of interrelated causes for its outbreak. They include the near collapse of highly leveraged Euro zone banks (especially in Germany, France, Ireland and Spain) in the wake of the Lehman Brothers crash, the over-indebtedness of the public sector particularly in Greece, Portugal and Italy, the competitive asymmetry and the ensuing current account imbalances between the core and the periphery of the Euro zone, the structural deficits of the currency union with its one-size-fits-all monetary policy etc. More important for my purpose here than the detailed reconstruction of the causal mechanisms leading up to the crisis is that the controversies around its proper management seem to have clustered around two very different readings of its root causes.

(1) The political response to the Euro crisis was primarily geared towards fighting the over-indebtedness of the public sector particularly in the southern Euro zone. It essentially treated the Euro crisis as a *public debt crisis* (cf. Pisany-Ferry 2012). According to this story line, governments have simply spent too much in the preceding years, "living beyond their means" by running large deficits and eventually accumulating a huge pile of public debt. At some point, investors started to shy away from government bonds, factoring in the risk of default through high and rising interest rates. The only solution seemed to lie in cutting back on government spending to regain the investors' trust. Additionally, as part of a currency union, the affected countries could not revert to the exchange rate mechanism in order to regain the lost competitiveness, further deteriorating their credibility. In consequence, they were forced to push through a painful "internal devaluation" of their labor costs to catch up with the more competitive core of the euro zone. Accordingly, Berlin, Brussels and Frankfurt have insisted on turning the screw on unrepentant governments, in-

troducing the "Six Pack" (2011) the "Two Pack" (2013) and the "Fiscal Compact" (2013) aimed at supervising member states' budgets and curbing excessive government spending. These measures serve as a prerequisite for the permanent financial assistance mechanism (ESM) destined to support member states facing the risk of default. They echoed the widespread fear in some core countries that taxpayers' money would simply go to waste on the shores of the Mediterranean.

(2) Economists and intellectuals mainly identified *structural causes* of the Euro crisis (e.g. Feldstein 2012; Krugman 2013; de Grauwe 2013; Blyth 2013). Far from being an "optimal currency area" (Mundell 1961) with either very similar business cycles or highly flexible labor and capital markets, the European monetary union brought together a too heterogeneous set of economies. But instead of making up for this heterogeneity by integrating the fiscal and economic governance of the Euro zone as well, member state governments were left to fend for themselves. Thus, no control or adjustment mechanism could prevent the formation of huge current account disequilibria between the core and the periphery, which eventually led to the destabilization of the entire system. Nor does the Euro zone posses the proper instruments of "real" currency unions to face liquidity crises, such as a central bank acting as "lender of last resort" (instead, it is limited to fighting inflation). Without further steps towards increasing supranational governance, the Euro zone is bound to break up. This position regards the austerity measures dominating European crisis management as counterproductive, since, instead of attacking the root causes, austerity sends affected countries down a dangerous spiral of deflation and rising debt levels. Some initiatives such as the spurious "European Growth Pact" (2012) and the recent "Single Supervisory Mechanism" for European banks (2014) are geared towards this diagnosis. As we will see, the newspapers I have selected for this study will echo these two readings of the crisis.

4. Data and Methods

Unlike conventional research on public discourses, I do not analyze the news coverage in quality newspapers, but their editorials (cf. Eilders et al. 2004). Through editorials, newspapers explicitly act as political agents in the public sphere. Written by influential journalists, they pick out noteworthy issues from the daily stream of events, contextualize them and frequently offer an opinion. The editorials published in high-circulation quality newspapers can significantly shape the agenda-setting and opinion-making process in the public sphere. I chose to analyze them as a rough indicator of the most important issues, interpretations and opinions present in the public discourse at a certain time.

A crucial editorial device is *framing* (Entman 1993; Pan & Kosicki 1993; Scheufele 1999; Scheufele & Tewskbury 2007). According to an influential definition by Robert Entman, framing involves a selection of issues to make them more salient in a communicating text, thereby promoting a "particular problem definition, causal interpretation, moral evaluation, and/or treatment recommendation" (Entman 1993: 52). Frames form the way people perceive, evaluate and act in the world that surrounds them (Goffmann 1986). They originate in the ideologies and cultural traditions that have permeated society over time (Gamson 1992). Journalists can explicitly or implicitly frame their opinions in a particular way in order to provoke a "cultural resonance" (Snow & Benford 1988). Thus, frame analysis is an ideal tool to examine the ideological and cultural underpinnings of public discourses (cf. Gerhards et al. 1998).

In this paper, I selected editorials from center-left and center-right German and Spanish newspapers. I will analyze how their editorials differ in their selection of issues, framing, and policy-opinions. Using this simple research design, I want to test whether national or ideological differences between public opinion leaders have prevailed in the discussion of the Euro crisis. In the preceding chapters, I have argued that we can only speak of a genuine European public discourse if ideological differences between discussants are of more importance than national differences. In other words, a European public discourse emerges when the two left (or the two right) newspaper editorials are more similar in their discussion of the Euro crisis than the two German (or the two Spanish) editorials.

Therefore, I sampled two German and two Spanish newspapers according to their ideological stance (Hallin & Mancini 2004). The leading German quality newspapers are the center-left *Süddeutsche Zeitung* (SZ) and the center-right *Frankfurter Allgemeine Zeitung*[8] (FAZ) (Eilders et al. 2004), their Spanish equivalents the center-left *El País* and the center-right *ABC*[9] (Gunther et al. 2000). From these newspapers, I drew the most visible opinion pieces published on the first page or on a separate opinion page. These articles are the most visible commentaries of the newspaper.

I limited my period of analysis to the 24 weeks from December 7th, 2009 to May 23rd, 2010 and the 11 weeks from May 21st, 2012 and August 5th, 2012. These two periods represent the beginning and the peak of the crisis respectively. The first period of analysis begins with the outbreak of the Greek crisis and culminates with the adoption of the EFSF, the second kicks off with the crisis of the Spanish banking sector and comes to an end with the ECB's announcement to buy government bonds without limit.

Next, I selected only the editorials meeting the following requirement: they had to address one of the different dimensions of the Euro crisis, i.e. its causes, development, effects and the policy responses by national governments and/or the European authorities. Comments addressing only a national crisis situation were not included, unless they made a connection to the Euro zone or the EU. Thus, I gathered a sample

---

8 I included the expanded Sunday edition of the FAZ, the *Frankfurter Allgemeine Sonntagszeitung* (FASZ) as well. In the following, I use the name of the FAZ to denote both newspapers.

9 ABC has been surpassed by El Mundo in terms of sales in recent years, but is still considered widely influential.

of 269 editorials, representing 12.9% of all published editorials in both periods of analysis (Tab. 1).

Table 1: Number of sampled editorials and percentage of all published editorials, per period of analysis and newspaper

	2009/2010	2012	Total
FAZ	31 (9.5%)	37 (24.3%)	68 (14.3%)
SZ	42 (10.1%)	42 (21.2%)	84 (13.7%)
El País	19 (5.8%)	33 (21.4%)	52 (10.7%)
ABC	16 (4.9%)	49 (26.1%)	65 (12.6%)
Total	*108 (7.7%)*	*161 (23.3%)*	*269 (12.9%)*

The sample was analyzed according to the method of *systematic content analysis* (Mayring 2010; Gerhards 2008). This method allows for a quantitative comparison of the distribution of certain contents across a sample of texts. Categories which systematize the relevant information of a text are developed going back and forth between the research question and the material. These categories are then re-applied to the material according to a set of coding rules. The frequency distribution of the categories across the sample can then be used for quantitative comparisons.

Here, I have developed a system of categories for the *issues*, *policy-opinions* and *frames* contained in each editorial (see Appendix I). For each article, I coded up to two issues, up to two frames[10] and all policy-opinions given in it (up to five, but only once per opinion). The identified issues refer to the main contents of the editorials, such as the financial assistance program for Greece, the German EU-policy or the institutional reforms of the currency union. The policy-opinions include the explicit endorsement or rejection of concrete crisis measures. I have identified five issue-specific frames (i.e. applying only to the Euro crisis). While my issue-categories are merely descriptive, the frame-categories are value-laden. I provide a detailed account of the five frames in the results section.

Before continuing to the following section, I have to stress an important limitation of my study. I have only analyzed *editorials* in *two Spanish* and *two German quality newspapers*. Strictly speaking, I am only able to make claims about their respective editorial stance towards the Euro crisis. Additionally, the selected newspapers only represent the ideological mainstream within each country. However, I interpret this data as a rough representation of the public discourse in an exemplary core (Germany) and a peripheral country (Spain) of the Euro zone.

---

[10] Some articles use frames negatively, to argue against their core statements. These were coded nonetheless.

5. Results

5.1 Are the same issues discussed at the same time?

A European public discourse emerges when the same issues are discussed at the same time, and when their interpretations and the opinions on them are not distributed along national but ideological divisions. In a first step, we have to explore how the selection of Euro crisis issues is distributed across the four sampled newspapers. The first period of analysis kicks off with Georgios Papandreous' revelation of Greece's adjusted public deficit figures in December 2009 and ends with the Euro summit's decision to set up a European bailout fund in May 2010. The second begins with the discovery of large budget gaps in the Spanish bank Bankia (May 2012) and ends shortly after Draghi's seminal announcement that he would do "whatever it takes to save the Euro" in July 2012 (Draghi 2012).

German newspapers seem to have caught up on the Euro crisis early on. They devote around 10% of their editorials to the Euro crisis during the first period of analysis, while Spanish newspapers lag behind considerably with only around 5% (Tab. 1). German and Spanish newspapers converge in the second period, during which 20% to 25% of all editorials comment on the Euro crisis. These numbers probably reflect the German's self-understanding as a motor of European integration, thus devoting more space and time to the discussion of European issues. Spanish editorials seem to catch up only because the Spanish crisis occupies center stage during the summer of 2012. However, despite these numerical differences, a look at the number of editorials published per week on the Euro crisis reveals very similar issue cycles between Germany and Spain (Fig. 1). They peak around the same time when Euro zone leaders gather for one of their numerous crisis summits. This observation points towards a congruence between the political agenda and media cycles.

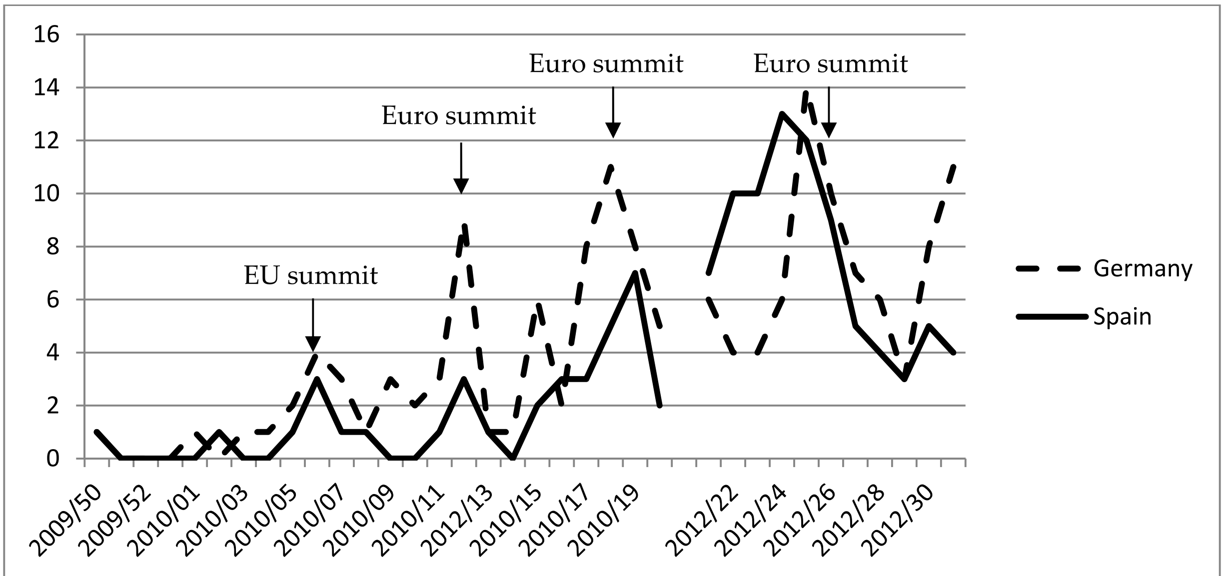

Figure 1: Issue cycles on the Euro crisis in German and Spanish editorials for the two periods of analysis (per week in 2009/2010 and 2012).

In the beginning of 2010, when credit rating agencies successively downgrade Greece's creditworthiness, the Greek crisis is at the center of all the editors' concerns (41.1% of all editorials are devoted to Greece, Tab. 2). The editorials primarily discuss the rocky road towards the Euro member's concerted financial assistance for Greece, a 110 billion Euro loan in May (26.7%), quickly followed by the Euro summit's decision to set up the EFSF, a bailout fund of 750 billion Euros. Already at this early stage, the consequences of the Greek crisis for the stability of the Euro ("Euro in Context", 6.4%) and possible reforms of the currency union (7.9%) are discussed. Another important issue is the German government's tough stance towards the negotiation of the bailout ("German EU-Politics", 12.4%). Being the largest net contributor boasting a strong economic performance, the Germans are nevertheless reluctant to help out in what they perceive as a self-inflicted crisis. This leads to a widespread discussion about Germany's new assertiveness in the EU, engaging even the Spanish commentators. The only issue clearly displaying a national bias is the impending economic and financial catastrophe affecting Spain (28.6% of all Spanish editorials). It is a consequence of a housing bubble and forces socialist Prime Minister José Luís Rodríguez Zapatero to push through a tough austerity program. For Spanish editors, the Greek crisis often serves as a warning for what might happen to their country as well.

In the summer of 2012, the Euro crisis reaches its peak. This period begins with the discovery of a budget gap of 23 billion Euro in Spain's semi-nationalized bank-consortium Bankia. Since a bank bailout would possibly overburden the public budget, the country's risk premium skyrockets. Indeed, the Spanish government soon asks for financial assistance from its European partners, demanding a direct recapitalization of the banking sector in order to avoid a deterioration of public deficit figures. Eventually, the EFSF grants a credit of 100 billion Euros. Naturally, the Spanish crisis is most heavily discussed in Spain, but it receives attention in the German press as well (30.3% of all editorials, Tab. 3). Attention also returns to Greece (10.8%), were parliamentary elections showcase Alexis Tsipras, the newcomer from the radical left. He promises to renegotiate credit conditions for his country. Furthermore, the election of the socialist François Hollande to the French presidency suddenly tilts the European balance of power against the German chancellor and her austerity politics. Mariano Rajoy of Spain and Mario Monti of Italy now prefer to align with France. These events receive very similar attention across the sampled newspapers ("Comparative EU-Politics", 16.3%). The ratification process of the ESM and the Fiscal Compact in Germany, which is delayed by complaints of unconstitutionality, is an exclusively national affair (6.8% of German editorials). Finally, the ECB's role in the crisis management is heavily discussed (7.5%). Caught between its official mission to guard price stability and demands to act as a lender of last resort, its head Mario Draghi famously declares to buy public bonds of those countries seeking assistance from the ESM (thereby adhering to the rules of the Fiscal Compact). This ends the acute phase of the Euro crisis.

Table 2: Distribution of issues[11] across newspapers by country, 2009/10 (frequency in %)

	Spain	**Germany**	**Total**
Greece	**39.7**	**41.7**	**41.1**
Current Situation in Greece	14.3	13	13.4
European Financial Aid	23.8	28.1	26.7
Greek Politics	1.6	0.7	1
EU/Euro zone	**23.8**	**39.6**	**34.7**
Current Situation in Europe	3.2	6.5	5.5
EFSF	4.8	5	5
European Monetary Fund	1.6	2.2	2
ECB Crisis Politics		2.9	2
Reform of the Currency Union	6.4	8.6	7.9
Comparative EU-Politics	7.9	5	5.9
Euro Crisis in Context		9.4	6.4
Germany	**7.9**	**16.6**	**13.9**
Current Situation in Germany		1.4	1
German EU-Politics	7.9	14.4	12.4
Ratification of the EFSF		0.7	0.5
Spain**	**28.6**		**8.9**
Current Situation in Spain	20.6		6.4
Spanish EU-Politics	7.9		2.5
France		**2.2**	**1.5**
French EU-Politics		2.2	1.5
Total	***100.00***	***100.00***	***100.00***
	(N = 63)	(N = 139)	(N = 202)

Notes: ** Chi-square, p<0.01 Cramér's V = 0.48

[11] Individual issues have been aggregated according to the country they refer to. For example, the issue "financial assistance for Greece" is aggregated under the heading "Greece". Chi-square and Cramér's V have been calculated for the aggregated categories only. See Appendix I for a description of the coding categories.

Table 3: Distribution of issues[12] across newspapers by country, 2012 (frequency in %)

	Spain	Germany	Total
EU/Euro zone	**35.9**	**48.7**	**42**
Current Situation in Europe	1.9	6.1	3.9
Euro Bonds		2.7	1.3
Fiscal Compact/ESM	0.6	3.4	2
Growth Pact	0.6		0.3
Reform of the EFSF/ESM	3.1	3.4	3.3
ECB Crisis Politics	8.8	6.1	7.5
Reform of the Currency Union	3.8	2	2.9
Comparative EU-Politics	15.7	16.9	16.3
Euro Crisis in Context	1.3	8.1	4.6
Spain**	**49.7**	**9.5**	**30.3**
Current Situation in Spain	27	2.7	15.3
European Financial Aid	20.1	4.1	12.4
Spanish EU-Politics	2.5	2.7	2.6
Germany**	**5.7**	**23**	**14**
Current Situation in Germany		2.7	1.3
Ratification ESM/Fiscal Compact		6.8	3.3
German EU-Politics	5.7	13.5	9.5
Greece	**7.6**	**14.2**	**10.8**
Current Situation in Greece	1.9	6.1	3.9
Greek Politics	5.7	8.1	6.8
France	**1.3**	**4.7**	**2.9**
Current Situation in France	0.6	1.4	1
French EU-Politics	0.6	3.4	2
Total	*100.00*	*100.00*	*100.00*
	(N = 159)	(N = 148)	(N = 307)

Notes: ** Chi-square, p<0.01 Cramér's V = 0.47

[12] Individual issues have been aggregated according to the country they refer to. For example, the issue "financial assistance for Greece" is aggregated under the heading "Greece". Chi-square and Cramér's V have been calculated for the aggregated categories only. See Appendix I for a description of the coding categories.

Are the same issues discussed at the same time in Germany and Spain? Taking a look at the statistics, we cannot detect a significant difference in the frequency distribution of the most important (aggregated) issues across German and Spanish newspapers. Their editorials converge around the discussion of issues related to the Greek crisis and the EU/Euro zone as a whole. Unsurprisingly, however, issues specific to each country are distributed significantly unequal. The Spanish crisis is mainly discussed in Spanish newspapers, German politics more often in German newspapers. As a consequence, we can detect a moderate degree of association between the newspaper's country and the selection of issues (Cramér's V = 0.48 and 0.47 respectively), while there is only a small association between the ideological stance of the newspaper and issue selection (V = 0.20 and 0.14 respectively, table not reported). We can conclude that beyond the convergence on issues relating to the Greek crisis and the EU/Euro zone, there is a slight tendency towards a national division in the newspapers' issue selection, while ideological differences are not significant.

5.2 Is the Euro crisis framed differently according to nationality or ideology?

A European public discourse emerges when nationality is no longer a relevant factor in accounting for different interpretations of certain issues. In order to know whether the Euro crisis is interpreted differently according to nationality or ideology, I look at how it is framed in newspaper editorials. Framing is a communicative device that suggests what is at stake in an issue (problem diagnosis), how it should be evaluated (criteria of evaluation) and how it should be tackled (treatment recommendation). Frames are usually embedded within the context of an ideology or culture. Thus, the frame analysis of newspaper editorials points towards the different meanings the Euro crisis acquires according to the nationality or ideology of the author. In the following section, I describe the most commonly used frames on the Euro crisis in detail (Tab. 4) and how they are distributed across my sample of editorials.

Table 4: Frames on the Euro crisis, according to their problem diagnosis, criteria of evaluation and treatment recommendation.

	Moral Hazard	**Systemic Risk**	**Sovereignty & Democracy**	**Currency w/o State**	**Limits to Austerity**
Problem Diagnosis	Free-riders in the Euro zone	Financial contagion	Democracy deficit; loss of sovereignty	Functional deficits of the currency union	Spiral of deflation
Criteria of Evaluation	Competitiveness; fiscal discipline	System stability; investor confidence	Normative principles of liberal democracies	Functionality; integration	Social and political costs
Treatment Recommendation	No bailout; sanctions and austerity	Bailouts; monetary financing	Primacy of politics	Banking-, fiscal- and economic- union	Economic stimulus
Overall share	36.4%	34.3%	10.2%	10.0%	9.1%

Moral Hazard

The most heavily used frame is "moral hazard" (36.4% of all editorials across the two periods of analysis) (Tab. 5). The concept of moral hazard has its roots in financial science. It originally designates a hazard incurred by insurers, namely, that the insured follows a risky behavior, since he does not have to carry the costs of that behavior himself. This problem is akin to the *free-rider-problem* or *dilemma of public goods* known to rational choice theories. To provide a public good (such as good air quality), everyone's participation is required (in terms of environment-friendly behavior). But if it is not feasible to exclude someone from the consumption of this good (everyone has access to air), the rational actor might try to avoid the costs of its production. As a consequence, public goods tend to degenerate over time.

This rationale can be applied to the Euro zone[13]. The stability of the single currency is a collective good which rests on the fiscal discipline and economic competitiveness of its member states. But some members might be tempted to benefit from the Euro's advantages (low borrowing costs) without taking part in its costs of productions (reducing government spending). The architects of the Euro tried to avoid this dilemma by imposing sanctions on excessive public deficit (through the stability and growth pact) and by anchoring a *no bailout clause* in the EU-Treaties. With this clause, financial liability is *de jure* distributed to the single member states. They face the threat of potential default when they incur in risky fiscal and economic policies. However, every currency union comes along with an implicit bailout guarantee by its stronger members, since the risk of financial contagion in case of default is relatively high. Indeed, during the Euro crisis, the Euro group created a bailout fund to avoid a default of one or more of its members. This, in turn, increases the moral haz-

[13] See de Grauwe 2009, Chapter 10 for a discussion of moral hazard problems in the Euro zone.

ard incurred by creditors, since debtor governments might be tempted to use the financial assistance to relax on their reform agenda.

The frame "moral hazard" is used high above average in the conservative German FAZ, and significantly more often in German (42.7%) than in Spanish (28.6%) newspapers (Tab. 5). This clearly reflects the net creditor versus net debtor positions both countries assume during the Euro crisis. The quintessential moral hazard argument against financial bailouts can be found in the following quote from the FAZ, which was written on the purpose of the Greek crisis:

> *"After the EU Commission has failed and carried the stability pact to its grave, only the pressure of the capital markets can put the fiscal sinners in their place. Shaky debtors like Greece have to pay higher returns than Germany. But if Germany assumes liability for Greek debts then the interests that will have to be paid by the taxpayers will rise too." (Holger Steltzner: Ein Euro-Schuldenfonds. FAZ, 10 May 2010, own translation)*

Yet, most editorials share a more consensual stance towards bailouts. It can be summed up by the principle "solidarity against solidity", which was also the guiding principle of the EU's political response to the crisis. Debtor countries were bailed out under the condition of cuting government spending and pushing through structural reforms (agreed on in the so-called "memoranda of understanding"). Later, the Fiscal Compact controlling public debt levels would complement the permanent European bailout fund (ESM). "Solidarity against solidity" is the most prominent sub-theme within the moral hazard frame and can be summarized in the following quote from the SZ:

> *"Every Euro country is responsible for its own debts. In order to motivate them to budget according to the rules, mutual financial assistance is explicitly forbidden.*
> *Yet, this pillar of the currency union would begin to crumble if Athens were to receive European money or guarantees. It could even collapse entirely if bigger economies like Spain and Portugal were to ask for help. This is exactly what Merkel wants to avoid. She wants to stabilize this pillar and replace the no bailout clause with sanctions that are so tough that it becomes unattractive for destitute euro countries to request collective help." (Cerstin Gammelin: Merkel allein zu Haus. SZ, 22 March 2010, own translation)*

Systemic Risk

The systemic risk frame (34.3%) is related to the fear of a financial contagion in the Euro zone[14]. It draws parallels between the worldwide financial crisis following the collapse of Lehman Brothers and the impending default of a Euro member state. In

---

[14] For a discussion of the term systemic risk in the financial sector, see de Brandt & Hartmann 2000.

this sense, even a small economy like Greece is "too big to fail" for the highly linked and interdependent financial system of the Euro zone.

A systemic domino effect works in two ways. On the one hand, European investors (as well as the ECB) hold large portions of the public bonds of crisis countries. If these default on their debts, bond holders would have to bear large write-downs, critically debilitating the highly leveraged European banks. On the other hand, the default of a Euro member would result in a severe crisis of confidence. Doubting the Euro group's willingness to protect its weaker members, investors could draw back their capital to safer havens or even speculate on a public default (e.g. through so-called credit default swaps), thus fuelling a vicious circle of lost confidence and rising deficits. While the Euro zone might be able to cope with the default of smaller states such as Greece and Ireland, the contagion to bigger economies like Spain and Italy would lead the Euro to the brink of collapse. But since the Euro is at the heart of the European project, its failure would critically damage the EU as well. This is meant by Angela Merkel's admonition: "If the Euro fails, then Europe fails".

The systemic risk frame is used inversely proportional to the moral risk frame. Accordingly, it is significantly more prominent in Spanish (44.7%) than in German (25.7%) editorials (Tab. 5). This comes to no surprise. Already in the beginning of 2010, Spain was identified as one of the weak links in the Euro zone due to its sharply rising public deficits following the burst housing bubble. If Greece were to default, Spain would most certainly turn into the investors' next "victim". The core argument of this frame is summarized in the following passage of an ABC editorial demanding the quick recapitalization of the Spanish financial sector by the EFSF/ESM:

> *"The EU has to understand as soon as possible that Spain's difficulties are not a domestic problem. They are a huge challenge for the existence of Europe. The target is no longer a small a country with an economy that is irrelevant for the future of the Euro. This is an attack on a grand nation, the fourth biggest economy of the Euro zone. Its defeat could first lead to the disintegration of the Euro zone and then the union. (Lo que se juega Europa en España. ABC, 2 June 2012, own translation)*

Sovereignty and Democracy

This frame (10.2%) puts the Euro crisis in a normative perspective. It discusses the consequences of the Euro crisis for the condition of European democracy, the sovereignty of the nation state and the future of European integration. Commentators fear that the TINA-doctrine ("There Is No Alternative") governing the political response to the crisis, i.e. its exclusive adjustment to market demands, marginalizes the role of the parliaments *vis à vis* the executives. Seminal decisions such as the bailout fund and the Fiscal Compact are taken by the governments and the EU Commission during hastily convoked crisis summits to calm market tensions, leaving no time for a serious deliberation. Thus, they are not endowed with sufficient input-legitimacy. The scope of these decisions raises fears about the gradual loss of national sovereignty, especially budget sovereignty, to Brussels bureaucrats. This trend also puts a question mark on the desirability of further steps towards European integration.

German journalists refer significantly more often to the normative dimension of the Euro crisis than Spanish journalists (15.8% versus 3.5%) (Tab. 5). This is quite remarkable, since, unlike Spain, the German government is not subject to any external conditionality of its fiscal and economic policy. Rather, the German fear of losing sovereignty and democratic voice springs from the increasing amount of money it commits to the various bailout funds. Without being asked, the Germans are held financially liable for errors they do not feel responsible for. This is the sentiment that pervades the German public opinion. It is summarized in the following remark by the FAZ:

> *"These concepts [to overcome the Euro crisis] require a readiness to financial solidarity and abdication of sovereignty that can only be declared by the peoples themselves. Until then, the national constitutions with their rules and limitations are in place, and the governments and parliaments will have to abide by them. In Germany, they are watched over by the constitutional court. It rightly points to the fact that the lingering abdication of sovereignty slowly but surely trespasses the limits drawn by the constitution." (Berthold Kohler: Ins richtig tiefe Wasser. FAZ, 23 June 2012, own translation)*

Currency without a State

This frame (10%) zooms in on the Euro crisis from a functionalist perspective. It discusses the viability of the Euro as a "currency without a state", which, unlike normal currencies, is not supported by a sovereign (Feldstein 2012; Krugman 2013). In the Euro zone, monetary policy is managed on the supranational level by the ECB, guarding over price stability. Fiscal and economic policy remains within the competence of the member states. This means that the Euro group does not have the instruments to prevent and manage the formation of economic disequilibria between different regions of the union (following the example of the German "*Länderfinanzausgleich*"). If these disequilibria accumulate over time, they could threaten to break apart the Euro zone. As a response, commentators discuss the necessity of a stronger coordination or integration of the fiscal and economic policy of the Euro zone members. Of particular importance in the second period of analysis are plans to build a "banking union", in order to decouple sovereign and financial sector risks through a common supervisory mechanism and deposit insurance scheme.

The frame "currency without a state" is used significantly more often in Spanish than in German editorials (14.1% versus 6.6% in German editorials) (Tab. 5). The Spanish editorials seem to agree that the cause for their country's current financial and economic distress lies in the faulty construction of the European monetary union, and not in endogenous causes like in Greece. Indeed, in the run-up to the crisis, Spain's economic performance was strong and its public debt figures were among the lowest in the EU. The Spanish editorials complain that their country now has to carry the burden of the Euro zone's birth defect, turning into a victim of the financial markets. This has to be tackled in the long-run, as argued in the following passage from El País:

> *"The financial assistance for Greece remains a short-term agreement, an agreement governed by urgency. But the Euro zone needs more political integration, mechanisms and institutions that reduce the asymmetry between a complete abdication of monetary sovereignty and almost absolute budget autonomy (Experimento griego. El País, 12 April 2010, own translation)*

Limits to Austerity

This frame (9.1%) gains significance in the second period of analysis. The austerity measures imposed by the "troika" of EU Commission, ECB and the International Monetary Fund (IMF) come under widespread criticism for allegedly pushing debtor countries down a spiral of deflation. This frame points to the effects of austerity politics on economic growth, the social tissue and political stability of the affected countries (see also Blyth 2013). It raises doubts with respect to the fiscal orthodoxy shaping the political response to the crisis – which sees fiscal consolidation as a precondition for competitive growth – because it might go too far in demanding a country's internal devaluation of price and wage levels. Moreover, this devaluation could even deepen the recession by reducing internal demand and business confidence, thus not helping to reduce, but instead to increase debt-to-GDP ratios. As a consequence of the worsening economic crisis, the social stability is threatened and the political system could lose its output-legitimacy, paving the way for extremist demands.

The frame "limits to austerity" is used in equal measure in Germany and Spain, but is significantly more frequent in center-left (12.8%) than in center-right (4.9%) newspapers (Tab. 6). This is the only frame that is clearly distributed along ideological differences. It becomes prominent with the election of the socialist president François Hollande in France, who puts a "European Growth Pact" on the public agenda. The Spanish and German center-left is united around the criticism of austerity measures imposed on the crisis ridden countries in return for financial assistance. The following quote from El País summarizes their arguments:

> *"Germany has entrenched itself behind austerity measures imposed on a group of suspicious countries (Greece, Portugal, Ireland, Italy and Spain), that are deepening the recession and provoking social conflicts. Greece's vicious political crisis can only be explained by taking into account, apart from the government's bad economic management, the painful conditions imposed by Europe (that is Germany) for its economic rescue." (Decisiones, aquí y ahora. El País, 15 June 2012, own translation)*

We can conclude from the statistics (Tab. 5 and 6) that there are highly particular German and Spanish interpretations of the Euro crisis. Indeed, there is a higher association between a newspaper's country of origin and its framing of the Euro crisis (V = 0.30) than between a newspaper's ideology and its framing (V = 0.17).

Table 5: Distribution of frames across newspapers by country, (frequency in %)

	Spain	**Germany**	**Total**
Moral Hazard*	28.6	42.7	36.4
Systemic Risk**	44.7	25.7	34.3
Sovereignty and Democracy**	3.5	15.8	10.2
Currency without a State*	14.1	6.6	10.0
Limits to Austerity	9.1	9.1	9.1
Total	*100.00*	*100.00*	*100.00*
	(N = 199)	(N = 241)	(N = 440)

Notes: * Chi-square, p<0.05 ** Chi-square, p<0.01 Cramér's V = 0.30

Table 6: Distribution of frames across newspapers by ideology, (frequency in %)

	Left	**Right**	**Total**
Moral Hazard	31.2	42.2	36.4
Systemic Risk	35.5	33	34.3
Sovereignty and Democracy	9.4	11.2	10.2
Currency without a State	11.1	8.7	10.0
Limits to Austerity**	12.8	4.9	9.1
Total	*100.00*	*100.00*	*100.00*
	(N = 234)	(N = 206)	(N = 440)

Notes: * Chi-square, p<0.05 ** Chi-square, p<0.01 Cramér's V = 0.17

A particularly "German" interpretation combines the frames "moral hazard" and "sovereignty and democracy". The German editorials often point to the moral hazards inherent in assuming collective liability for the public debts of the crisis-ridden countries in southern Europe, whose indebtedness is essentially seen as resulting from endogenous causes. According to the principles of German ordoliberalism, the German public expects the insolvent states to carry the consequences of their "reckless" lending behavior themselves (Dullien & Guérot 2012). Furthermore, the European crisis management is seen as seriously lacking necessary input-legitimacy, since it has marginalized the parliaments and empowered national governments and the European bureaucracy. In consequence, obliging the German taxpayers to bail out foreign states and banks is perceived as a serious attempt on the national budget autonomy, which lies at the heart of the constitutional arrangement of liberal democracies.

The Spanish editorials interpret the Euro crisis through a combination of the frames "systemic risk" and "currency without a state". They lament over the country's sudden decline from being the EU's model student in terms of economic performance in the 2000s, to turning into a systemic threat for the Euro zone. Early on, the public debate began to evolve around the question whether or not Spain is comparable to Greece. But, unlike Greece, Spain sees itself not as a perpetrator, but as a victim of the Euro crisis. The search for its causes often leads away from domestic factors to highlighting the functional deficits of the European currency union, which allows financial markets to speculate on the default of one of its members (Torreblanca & Areilza 2012). To amend these deficits, the traditionally pro-European Spanish journalists would happily agree to further steps to "deepen" Euro zone governance. As a consequence, it perceives the reluctance of its European partners, especially Germany, as a serious breach of the European spirit of solidarity.

The Spanish and German center-left is united in the criticism of austerity politics for being too harsh on debt-ridden countries. Instead of sustainably reducing their debt-to-GDP ratio, it sends them down a spiral of deflation, with nefarious consequences for social cohesion and political legitimacy. But the center-left commentators are far from denying the importance of consolidating the public budget in the long run. Instead, they look for ways to palliate the immediate impact of austerity, by calling for a European stimulus programs.

The results show that the newspapers' national origin explains their use of frames far better than their ideological orientation. Thus, German and Spanish editorials essentially interpret the Euro crisis according to their position at the core or the periphery of the Euro zone. There are almost no interpretations following from ideological commonalities that cut across this divide. According to my theoretical considerations, this clearly indicates that there has not been a public discourse on the Euro crisis of European dimensions.

5.3 Do opinions on the Euro crisis differ according to ideology or nationality?

In this chapter, I analyze the opinions about the right policy approach to solve the Euro crisis. Providing a specific policy-opinion is the most explicit way that journalists can position themselves in the political arena. Though editorials are written by a selected few, I interpret their opinions as more or less representative of and influential on their "constituency", i.e. their readership. The following analysis will show whether they prefer to side with their compatriots or with their ideological allies in fighting the Euro crisis.

The most important dispute at the beginning of the Euro crisis in 2010 relates to the bilateral financial assistance for Greece, which is facing imminent default. The majority of commentators back these plans because of the systemic threats facing the Euro zone: 30.5% of all editorials contain positive references to financial assistance for Greece, compared to only 6.7% negative references (Tab. 7). Only the journalists from the conservative German FAZ point to the moral hazards implicit in such bailouts. They favor the involvement of the IMF, a restructuration of Greek debts and even a Greek exit from the Euro zone. The Euro summit's decision to set up the provisory bailout fund for the Euro zone (EFSF) is generally welcomed too, but again, less so in Germany than in Spain: 8.3% of the Spanish editorials contain favorable comments on the EFSF and no negative ones, while only 4.4% of German editorials comment positively on the EFSF and 2.9% negatively. Surprisingly, even as early as spring 2010, journalists begin to discuss the necessity to "complete" the European monetary union with a stronger coordination and integration of the fiscal and economic policies of the member states. 14.3% of all editorials explicitly back these plans, 1.9% reject them. As before, only the FAZ swims against the tide favorable to "more Europe". In sum, the principal conflict of opinion runs between those warning of moral hazards in the Euro zone (36.2%) and those bent on avoiding system threats (48.6%).

In the summer of 2012, the three most disputed issues are the financial aid for the Spanish banking sector, the ECB's crisis management, and the completion of the currency union, now including plans to set up a banking union (Tab. 8). After two years of crisis, the going gets tougher. First, Spanish commentators unanimously favor a direct recapitalization of Spanish banks through the EFSF/ESM without burdening the public budget (25.3% of all Spanish editorials are favorable, none in contra), while German commentators mostly reject this (8% are in contra, 2% in favor), requiring the Spanish state to act as a warrantor for the European credits. Second, the ECBs liquidity programs, including Draghi's plans to buy public bonds, are eagerly supported in Spain as a necessary respite for the crisis-torn Euro zone (21.1% pro, no contra), and mostly rejected in Germany as a form of monetary financing (14% contra, 6% pro). Finally, the mutual infection of public and private debt crises, as exemplified by the Bankia disaster in Spain, leads to discussions about a banking union for the Euro zone, with a single supervisory mechanism and deposit insurance scheme. The Spanish editorials, backing their Prime Minister Rajoy, favor these plans in 16.8% of the sample, while German editorials insist on stronger fiscal and economic control mechanisms as a prerequisite for a banking union – 6% of the German editorials are favorable and 8% issue a negative opinion. The disputes over the introduction of Euro bonds follow a similar pattern. The only left-right dispute cutting across national differences is related to how to strike the right balance between austerity measures and economic growth. The center-left newspapers favor economic stimulus in 9% of their editorials (and reject it in none) while the center-right stick to austerity in 4.5% of their editorials (and favor stimulus in none) (table not reported).

Table 7: Distribution of policy-opinions[15] across newspapers by country, 2009/10 (frequencies in %)

	Spain	Germany	Total
Systemic Risk*	**72.2**	**36.2**	**48.6**
Financial Aid for Greece: Pro	47.2	21.7	30.5
IMF-Aid for Greece: Contra	2.8	2.9	2.9
Greek Exit: Contra	5.6	4.4	4.8
European Monetary Fund: Pro	2.8	1.5	1.9
EFSF: Pro	8.3	4.4	5.7
ECB Liquidity Programs: Pro	5.6	1.5	2.9
Moral Hazard**	**5.6**	**52.2**	**36.2**
Financial Aid for Greece: Contra		10.1	6.7
IMF-Aid for Greece: Pro	2.8	15.9	11.4
Greek Exit: Pro		2.9	1.9
Greek Haircut: Pro	2.8	7.3	5.7
European Monetary Fund: Contra		8.7	5.7
EFSF: Contra		2.9	1.9
ECB Liquidity Programs: Contra		1.5	1
European Fiscal/Economic Union: Contra		2.9	1.9
Currency without a State	**19.4**	**11.6**	**14.3**
European Fiscal/Economic Union: Pro	19.4	11.6	14.3
Limits to Austerity	**2.8**		**1**
European Growth Pact: Pro	2.8		1
Total	***100.00***	***100.00***	***100.00***
	(N = 36)	(N = 69)	(N = 105)

Notes: * Chi-square, $p<0.05$ ** Chi-square, $p<0.01$ Cramér's V = 0.47

15 The recommendations were aggregated according to their respective frames (see coding scheme, Appendix I). Chi-square and Cramér's V have been calculated for the aggregated categories only.

Table 8: Distribution of policy-opinions[16] across newspapers by country, 2012 (frequencies in %)

	Spain	Germany	Total
Systemic Risk**	**59**	**16**	**44.1**
Greek Exit: Contra		4	1.4
Aid for Spanish Banks: Pro	25.3	2	17.2
ESM Banking License: Pro	1.1	2	1.4
ESM Bank Recapitalization: Pro	6.3	2	4.8
ESM Government Bond Purchase: Pro	1.1		0.7
Euro Bonds: Pro	4.2		2.8
ECB Liquidity Programs: Pro	21.1	6	15.9
Moral Hazard**	**1.1**	**66**	**23.5**
Greek Exit: Pro		2	0.7
Aid for Spanish Banks: Contra		8	2.8
ESM Banking License: Contra		6	2.1
ESM Bank Recapitalization: Contra		4	1.4
Euro Bonds: Contra		20	6.9
European Growth Pact: Contra	1.1	4	2.1
ECB Liquidity Programs: Contra		14	4.8
European Banking Union: Contra		8	2.8
Currency without a State**	**35.8**	**12**	**27.6**
European Fiscal/Economic Union: Pro	19	6	14.5
European Banking Union: Pro	16.8	6	13.1
Limits to Austerity	**4.2**	**6**	**4.8**
European Growth Pact: Pro	4.2	6	4.8
Total	***100.00***	***100.00***	***100.00***
	(N = 95)	(N = 50)	(N = 145)

Notes: * Chi-square, p<0.05 ** Chi-square, p<0.01 Cramér's V = 0.74

The statistics show that the association between an editorial's country of publication and its policy-opinion increases from a high level in the first period (V=0.47) to an almost perfect association in the second period (V=0.74). The association between their ideology and policy-opinion decreases from V=0.39 to V=0.29 (table not reported). This means that the international conflict line becomes very marked at the peak of the crisis and displaces ideological considerations. Spain's desperate situation fac-

[16] The recommendations were aggregated according to their respective frames (see coding scheme, Appendix I). Chi-square and Cramér's V have been calculated for the aggregated categories only.

ing imminent default and Germany’s ever increasing credit commitments lead their respective newspapers to adopt opposing policy approaches. Spanish editorials favor policies that avoid systemic risks and complete the monetary union. German editorials recommend avoiding moral hazards before continuing down the path towards an ever closer union. The only cross-cutting ideological conflict is related to the implementation of economic stimulus packages. In conclusion, according to my theoretical criteria, there has not been a European public discourse on the Euro crisis.

6. Conclusions: The EU’s North-South Divide

In this paper, I analyzed German and Spanish public discourses on the Euro crisis, exemplified by the editorials of their two most important center-left and center-right newspapers. My aim was to empirically test the hypothesis by Thomas Risse (2014) that the Euro crisis has led to the emergence of a European public discourse. I argued that we can identify such a European discourse when the same issues are discussed at the same time across the member states’ public spheres, and ideology instead of nationality accounts for different interpretations of these issues and the opinions on them.

The evidence gathered from the systematic content analysis of the main issues, frames and policy-opinions in the sampled editorials gives strong reasons to believe that there has not been a European public discourse on the Euro crisis. Rather, the member states have retained their “discursive monopoly” over European affairs, just as the national governments have spearheaded the political management of the Euro crisis to the detriment of the European Parliament. The Euro crisis does not seem to have brought to light a European community of communication that paves the way for a further democratic integration of the EU.

Instead, despite converging around a common set of topics, the Spanish and the German public discourses on the Euro crisis each showed characteristic features that can be traced back to each country’s position on the north-south-divide between net creditor and net debtor countries within the Euro zone. The German public is reluctant to contribute to bailout funds that are deemed illegitimate, while Spain does not want to be perceived as part and parcel of the over-indebted and uncompetitive “PIGS” (Portugal, Italy, Greece and Spain). There has only been some little quarrel between the European center-left and center-right over the virtue of austerity programs for the economic recovery of over-indebted Euro zone countries. Yet, the political response to the Euro crisis essentially tried to balance the systemic-risk-argument put forward by the Euro zone periphery against the moral-hazard-argument supported by the core.

Of course, these findings can only give an initial hint as to the characteristic features of each country’s public discourse on the Euro crisis. I essentially analyzed the elite discourse of the political mainstream. This is especially noteworthy for Spain, were a strong oppositional movement to the established political mainstream has recently sprung up. Thus, the hypothesis of the emergence of a European public discourse has to be tested further by extending the analysis to include a bigger sample, further media outlets, more countries and eventually public opinion surveys. Nonetheless, my results are plausible against the backdrop of analysts' and intellectuals' critical observations on the political effects of the Euro crisis.

The analysis points towards sobering predictions on the political future of the EU. There is some evidence that Europeans have reacted to the crisis not by banding together, but by rallying around national values and interests. For example, the German center-left was not ready to side with the Spanish center-left to fight the neoliberal response to the crisis. Instead, they preferred to stick to their German compatriots from the center-right in supporting austerity politics. This is no good news for the idealists' vision of a European *demos* engendered by the Euro crisis. A post-national European democracy, giving voice to transnational political coalitions, is still far from becoming reality. Instead, we might currently be hurrying down the path towards a re-nationalization of Europe.

References

Adam, Silke (2007): Domestic Adaptations of Europe: A Comparative Study of the Debates on the EU Enlargement and a Common Constitution in the German and French Quality Press. *International Journal of Public Opinion Research* 19/4: 409-433.

Bartolini, Stefano (2005): *Restructuring Europe: Centre formation, system building and political structuring between the nation-state and the European Union*. Oxford: Oxford University Press.

Beck, Ulrich (2013): *German Europe*. Cambridge/Malden: Polity Press.

Blyth, Mark (2013): *Austerity: The History of a Dangerous Idea*. Oxford: Oxford University Press.

De Bandt, Olivier & Philipp Hartmann (2000): Systemic Risk: A Survey. *ECB Working Paper Series* 35.

De Grauwe, Paul (2009): *Economics of Monteray Union*. Oxford: Oxford University Press.

De Grauwe, Paul (2013): Design Failures in the Eurozone: Can they be fixed? *LSE 'Europe in Question' Discussion Paper Series* 2013/57.

De Vreese, Claes H. (2007): The EU as a Public Sphere. *Living Reviews in European Governance* 2/3.

Díez Medrano, Juan (2003): *Framing Europe: Attitudes to European Integration in Germany, Spain, and the United Kingdom*. Princeton/Oxford: Princeton University Press.

Draghi, Mario (2012): *Speech by Mario Draghi, President of the European Central Bank at the Global Investment Conference in London*, 07/26/2012. http://www.ecb.europa.eu/press/key/date/2012/html/sp120726.en.html (accessed 9/29/2012)

Dullien, Sebastien & Ulrike Guérot (2012): The Long Shadow of Ordoliberalism: Germany's Approach to the Euro Crisis. *ECFR Policy Brief* 2012/49.

Eder, Klaus & Cathleen Kantner (2000): Transnationale Resonanzstrukturen in Europa: Eine Kritik der Rede vom Öffentlichkeitsdefizit, in: *Die Europäisierung nationaler Gesellschaften, Sonderheft 40 der Kölner Zeitschrift für Soziologie und Sozialpsychologie*, edited by Maurizio Bach, pp. 306-331. Wiesbaden: Westdeutscher Verlag.

Eilders, Christiane, Friedhelm Neidhardt & Barbara Pfetsch (eds.) (2004): *Die Stimme der Medien: Pressekommentare und politische Öffentlichkeit in der Bundesrepublik*. Wiesbaden: VS Verlag.

Entman, Robert M. (1993): Framing: Towards Clarification of a Fractured Paradigm. *Journal of Communicaion* 43/4: 51-58.

Feldstein, Martin (2012): The Failure of the Euro: The Little Currency That Couldn't. *Foreign Affairs* 91/1: 105-116.

Flora, Peter (ed.) (1999): *State Formation, Nation-Building, and Mass Politics in Europe: The Theory of Stein Rokkan*. Oxford:Oxford University Press.

Mair, Peter (2007): Left-Right Orientations, in: *The Oxford Handbook of Political Behavior Dalton*, edited by Russel J. Dalton & Hans-Dieter Klingemann, pp. 206-222. Oxford: Oxford University Press, Gamson, William A. (1992): *Talking Politics*. Cambridge: Cambridge University Press.

Gerhards, Jürgen (1993): Westeuropäische Integration und die Schwierigkeiten der Entstehung einer europäischen Öffentlichkeit. *Zeitschrift für Soziologie* 22/2: 96-110.

Gerhards, Jürgen (2002): Das Öffenttlichkeitsdefizit der EU im Horizont normativer Öffentlichkeitstheorien, in: *Transnationale Öffentlichkeiten und Identitäten im 20. Jahrhundert*, edited by Hartmunt Kaelble, Martin Kirsch & Alexander Schmidt-Gernig, pp. 135-158. Frankfurt am Main: Campus.

Gerhards, Jürgen (2008): Diskursanalyse als systematische Inhaltsanalyse. Die öffentliche Debatte über Abtreibungen in den USA und in der Bundesrepublik Deutschland im Vergleich, in: *Handbuch Sozialwissenschaftliche Diskursanalyse. Band 1: Theorien und Methoden*, edited by Reiner Keller, Andreas Hirseland, Werner Schneider & Willy Viehöver, pp. 333-358. Wiesbaden: VS Verlag.

Gerhards, Jürgen, Friedhelm Neidhardt & Dieter Rucht (1998): *Zwischen Palaver und Diskurs: Strukturen öffentlicher Meinungsbildung am Beispiel der deutschen Diskussion zur Abtreibung*. Opladen/ Wiesbaden: Westdeutscher Verlag.

Goffman, Erving (1986): *Frame Analysis: An Essay on the Organization of Experience*. Boston: Northeastern University Press.

Gunther, Richard, José Ramón Montero & José Ignacio Wert (2000): The Media and Politics in Spain: From Dictatorship to Democracy, in: *Democracy and the Media: A Comparative Perspective*, edited by Richard Gunther & Anthony Mughan, pp. 28-84. Cambridge: Cambridge University Press.

Habermas, Jürgen (1998): *The Structural Transformation of the Public Sphere: An Inquiry into a Category of Bourgeois Society*. Cambridge: MIT Press.

Habermas, Jürgen (2012): *The Crisis of the European Union: A Response*. Cambridge/Malden: Polity Press.

Hallin, Daniel C. & Paolo Mancini (2004): *Comparing Media Systems: Three Models of Media and Politics*. Cambridge: Cambridge University Press.

Hoffmann, Stanley (1966): Obstinate or Obsolete? The Fate of the Nation-State and the Case of Western Europe. *Daedauls* 95/3: 862-915.

Illing, Falk (2013): *Die Euro-Krise: Analyse der europäischen Strukturkrise*. Wiesbaden: Springer VS.

Kantner, Cathleen (2004): *Kein modernes Babel: Kommunikative Voraussetzungen europäischer Öffentlichkeit*. Wiesbaden: VS Verlag.

Koopmans, Ruud & Paul Statham (eds.) (2010): *The Making of a European Public Sphere: Media Discourse and Political Contention*. Cambridge: Cambridge University Press.

Kriesi, Hanspeter, Edgar Grande, Martin Dolezal, Marc Helbling, Dominic Höglinger, Swen Hutter & Bruno Wüest (eds.) (2012): *Political Conflict in Western Europe*. Cambridge: Cambridge University Press.

Krugman, Paul (2013): Revenge of the Optimum Currency Area. *NBER Macroeconomics Annual* 27: 439-448.

Mayring, Philipp (2010): *Qualitative Inhaltsanalyse: Grundlagen und Techniken*. Weinheim: Beltz.

Moravcsik, Andrew (1993): Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach. *Journal of Common Market Studies* 31/4: 473-524.

Mundell, Robert A. (1961): A Theory of Optimum Currency Areas. *The American Economic Review* 51/4: 657-665.

Neidhardt, Friedhelm (1994): Öffentlichkeit, öffentliche Meinung, soziale Bewegungen, in: *Öffentlichkeit, öffentliche Meinung, soziale Bewegungen, Sonderheft 34 der Kölner Zeitschrift für Soziologie und Sozialpsychologie*, edited by Friedhelm Neidhardt, pp. 7-41. Wiesbaden: Westdeutscher Verlag.

Oberhuber, Florian, Christoph Bärenreuter, Michal Krzyzanowski, Heinz Schönbauer & Ruth Wodak (2005): Debating the European Constitution: On representations of Europe/the EU in the press. *Journal of Language and Politics* 4/2: 227-271.

Pan, Zhongdang & Gerald Kosicki (1993): Framing Analysis: An Approach to News Discourse. *Political Communication* 10/1: 55-75.

Peter, Jochen, Holli A. Semetko & Claes H. de Vreese (2003): EU Politics on Television News: A Cross-National Comparative Study. *European Union Politics* 4/3 : 305-327.

Pisani-Ferry, Jean (2013): *La crise de l'euro et comment nous en sortir*. Paris: Fayard.

Pisany-Ferry, Jean (2012): The euro crisis and the new impossible trinity. *Bruegel Policy Contribution* 2012/1.

Risse, Thomas (2010): *A Community of Europeans? Transnational Identities and Public Spheres*. Ithaca/ London: Cornell University Press.

Risse, Thomas (2014): No Demos? Identities and Public Spheres in the Euro Crisis. *Journal of Common Market Studies* 52/6: 1207-1215.

Scheufele, Dietram A. (1999): Framing as a Theory of Media Effects. *Journal of Communication* 49/1: 103-122.

Scheufele, Dietram A. & David Tewksbury (2007): Framing, Agenda Setting, and Priming: The Evolution of the Media Effects Models. *Journal of Communication* 57/1: 9-20.

Snow, David A. & Robert D. Benford (1988): Ideology, Frame Resonance, and Participant Mobilization. *International Social Movement Research* 1: 197-217.

Streeck, Wolfgang (2014): *Buying Time: The Delayed Crisis of Democratic Capitalism*. London: Verso.

Torreblanca, José Ignacio & José M. de Areilza (2012): *Saving the euro: the Spanish Perspective*. http://www.ecfr.eu/content/entry/the_euro_crisis_a_spanish_perspective (accessed 09/29/2014)

Trenz, Hans-Jörg (2004): Media Coverage on European Governance: Exploring the European Public Sphere in National Quality Newspapers. *European Journal of Communication* 19/3: 291-319.

Trenz, Hans-Jörg (2005): *Europa in den Medien: Die europäische Integration im Spiegel nationaler Öffentlichkeiten*. Frankfurt am Main/New York: Campus.

Van de Steeg, Marianne (2006): Does a public sphere exist in the European Union? An analysis of the content of the debate on the Haider case. *European Journal of Political Research* 45/4: 609-634.

Wessler, Hartmut, Bernhard Peters, Michael Brüggemann, Katharina Kleinen von Königslow & Stefanie Sifft (2008): *Transnationalization of Public Spheres*. Basingstoke: Palgrave Macmillan.

Newspaper Sources

ABC: No. 34 320 to 34 484 and no. 35 207 to 35 283.

El País: No. 11 861 to 12 025 and no. 12 748 to 12 824.

Frankfurter Allgemeine Sonntagszeitung: No. 50, 2009 to 20, 2010 and no. 21, 2012 to 31, 2012.

Frankfurter Allgemeine Zeitung: No. 284/2009 to 117/2010 and No. 117/2012 to 180/2012.

Süddeutsche Zeitung: No. 282/65 to 116/66 and no. 116/68 to 179/68.

Appendix I: Coding Scheme

1. Issues

1.1 Greece

1.1.1 Description of the Current Situation: Describes the current fiscal, financial and economic situation in Greece, the crisis response of the Greek government and the social and political consequences of the crisis.

1.1.2 Financial Assistance for Greece: Discusses the first bilateral credits of the Euro zone countries and the IMF for Greece.

1.1.3 Greek Politics in the European Context: Discusses the consequences of Greek politics for the Euro and the EU, e.g. the elections to the Greek parliament in June 2012.

1.2 Spain

1.2.1 Description of the Current Situation: Describes the current fiscal, financial and economic situation in Spain, the crisis response of the Spanish government and the social and political consequences of the crisis.

1.2.2 EU-Politics of the Spanish Government: Discusses the positions and actions taken by the Spanish government on European issues.

1.2.3 Financial Assistance for Spain: Discusses the EFSF/ESM assistance program for the Spanish banking sector.

1.3 Germany

1.3.1 Description of the Current Situation: Describes the current fiscal, financial and economic situation in Germany, particularly against the backdrop of the Euro zone crisis, and the domestic policies of the German government.

1.3.2 EU-Politics of the German Government: Discusses the positions and actions taken by the German government on European issues, particularly the new role hegemonic role of Germany in the EU.

1.3.3 Ratification of EFSF, ESM and Fiscal Compact: Discusses the ratification process of the EFSF, ESM and the Fiscal Compact, in particular the complaints of unconstitutionality.

1.4 France

1.4.1 Description of the Current Situation: Describes the current fiscal, financial and economic situation in France, the crisis response of the French government and the social and political consequences of the crisis.

1.4.2 EU-Politics of the French Government: Discusses the positions and actions taken by the French government on European issues, in particular the change of direction under François Hollande.

1.5 Euro Zone/EU

1.5.1 Description of the Current Situation: Describes the current fiscal, financial and economic situation in Euro zone countries in a comparative perspective, the crisis response of their governments and the social and political consequences of the crisis.

1.5.2 Euro bailout fund (EFSF): Discusses the provisory Euro bailout fund, agreed on during the Euro summit on May 9th, 2010.

1.5.3 European Monetary Fund (EMF): Discusses the early plans by German Minister of Finance, Wolfgang Schäuble, to set up a European Monetary Fund similar to the IMF.

1.5.4 Euro Bonds: Discusses the emission of Euro bonds by the Euro zone members.

1.5.5 Reforms of the EFSF/ESM: Discusses possible reforms to the bailout fund, such as the purchase of government bonds, a banking license and the direct recapitalization of the banking sector.

1.5.6 Crisis Response of the ECB: Discusses the measures taken by the ECB to fight the crisis, e.g. the purchase of government bonds, lowering credit securities, lowering interest rates or other liquidity programs.

1.5.7 Institutional Reform of the Currency Union: Discusses wide-ranging reforms of the Euro zone's architecture towards a fiscal-, economic- and banking union, eventually even a political union.

1.5.8 Comparative EU-Politics: Describes the positions and actions taken by the European governments, the Euro group and EU authorities on European issues in a comparative perspective.

1.5.9 The Euro Crisis in Context: Discusses the Euro crisis against the backdrop of European integration.

1.5.10 Fiscal Compact and ESM: Discusses the Fiscal Compact to tighten fiscal coordination and control in the Euro zone as an addendum to the ESM.

1.5.11 European Growth Pact: Discusses the plans to stimulate economic growth in the Euro zone, agreed upon by Euro zone governments in the summer of 2012.

2. Frames[17]

2.1 Moral Hazard: In recent decades, several members of the Euro zone have "lived beyond their means" and "gambled away" their competitiveness by taking up too much debt. As a consequence, they have to pay rising interests rates on the financial markets. The only way out of this vicious circle is to adopt harsh austerity programs and structural reforms (an "internal devaluation" of the price level) to push the debt rates back to a sustainable level and regain competitiveness. But if these countries re-

---

[17] I defined several sub-dimensions per frame which serve as individual codes in order to match code and text more accurately. For each article I only coded up to one dimension per frame, since I am more interested in the use of the overall frame and less in the distribution of its sub-dimensions. For example, one article might contain two sub-dimensions of "frame 1" and one of "frame 2". In that case, I coded the more salient dimension of the first frame as well as the second frame.

ceive financial assistance from the other Euro members (or monetary financing by the ECB), they lose the incentive to push for spending cuts and reforms. Then, they continue to live at the expense of their creditors (the member states with higher fiscal discipline and economic competitiveness). If there is no limit to public debt in the long run, the Euro could weaken.

2.1.1 No Bailout: The EU Treaties prohibit mutual financial assistance among Euro members and monetary financing by the ECB to ensure the individual liability of the member states in fiscal and economic matters.

2.1.2 Monetary Stability: The Euro can devaluate (rising inflation and falling exchange rates) if public debt levels rise and the ECB intervenes with quantitative easing. This equals a "passive expropriation" of European tax payers and savers.

2.1.3 Solidarity against Solidity: Financial assistance for over-indebted countries can only be disbursed if these do their "homework" in terms of spending cuts and structural reforms. Harsh sanctions have to replace the principle of individual liability.

2.1.4 There is no Alternative: Facing the pressure of financial markets, Euro zone members have no alternative but to reduce government spending and push through reforms to strengthen competitiveness.

2.2 Systemic Risk: The member states (and some banks) of the Euro zone are too big to fail. Should a Euro member state or an important financial institute go bankrupt, this could lead to a chain reaction threatening other, equally weak member states, as well as banks that hold the defaulters' debts. The transmitters of such a financial contagion are the investors on the financial markets, who start mistrusting (or speculate against) their debtors, thereby pushing up (re)financing costs, causing debt levels to rise, harming the debtors' credibility even further, and finally leading to a massive withdrawal of capital. As a consequence, the financial stability of the Euro zone and, in turn, the political stability of the EU, having placed its stakes on the success of the Euro, is in danger. To avoid this, the Euro group has to support weaker members with exceptional assistance measures, such as bailouts and monetary financing operations.

2.2.1 In the Eye of the Storm: The Euro has become a victim of the financial markets. Investors speculate against Euro members to bring them and the common currency down. Rating agencies are hand in glove with investors.

2.2.2 Too Big to Fail: Euro member states (and European financial institutions) on the brink of financial collapse might trigger chain reactions, domino effects, infection risks, vicious circles, downward spirals etc. These threaten the stability of the currency union.

2.2.3 If the Euro Fails, Europe Fails: The Euro is at the heart of the project of European integration. The failure of the Euro might cast serious doubts on the viability of the EU. To avoid a political catastrophe, the Euro has to be defended.

2.2.4 State of Exception: This crisis can only be solved by strong national and European authorities. The national governments, the EU Commission and the ECB have to act quickly, effectively and conjointly to avert market threats.

2.3 Limits to Austerity: Do crisis countries have an alternative to austerity politics to regain economic growth and competitiveness within the Euro zone? This question arises out of the suspicion that austerity itself is counterproductive, because spending cuts and reforms that are too harsh destroy the economic base necessary for recovery. Crisis countries "financially starve to death". Furthermore, such an "internal devaluation" of a country's overall price level could lead to the destruction of the social tissue and to a legitimacy crisis of the political system. To help countries "grow out of their debts" and to provide its citizens with a glimpse of hope, the Euro partners have to decide on economic stimulus programs.

2.3.1 Social Cohesion and Political Stability: The rigorous spending cuts and reform programs imposed by the EU/Euro group threaten a society's social cohesion and political stability.

2.3.2 Growth Prospects: Too much austerity could lead countries into a spiral of deflation and depression. Only a stimulus program can help the economy recover.

2.3.3 Distributional Justice: The burdens of austerity have to be distributed equitably on a country's whole population. Particularly the rich have to pay their share.

2.4 Currency without a State: The European currency union suffers from a birth defect. While monetary policy is managed at the supranational level by the independent ECB, fiscal and economic policies remain within the competence of the member states. But without the exchange rate mechanism, member countries have a higher risk of being exposed and respond to "asymmetric shocks", i.e. economic crises that occur only in one region of the Euro zone. There is no supranational authority to prevent, control and fight such asymmetric crises. In order to avoid and manage them, the currency union has to develop into a full-fledged economic and fiscal union, with prospects of a political union. Additionally, a European banking union could help avoid the development of asymmetric financial crises.

2.4.1 Asymmetric Shocks: Unforeseen and uncontrollable asymmetric shocks threaten the stability and integrity of the European currency union.

2.4.2 An Ever Closer Union: The birth defect of the Euro (asymmetry between supranational monetary policy and national economic and fiscal policy) is the root cause of the current crisis. The common currency can only be saved by buttressing it with a common fiscal and economic policy.

2.4.3 Banking Union: There is a vicious circle between public debt crises and banking crises, each bearing on the other. To cut this circle short, a banking union (with a common supervisory mechanism and deposit insurance scheme) has to be created.

2.5 Sovereignty and Democracy: The political responses to the Euro crisis lack democratic legitimacy. Seminal decisions that dig deep into national budget autonomy (both on the debtors' and creditors' side) are taken by the national executives and by Brussels bureaucrats, bypassing the parliaments. These decisions critically lack input-legitimacy and are allegedly "without alternative", because they are required to calm the "markets". But defending democracy is more important than saving the Euro. Thus, the future path of European integration has t
o be examined in terms of its democratic credentials. How much "Europe" is necessary and desirable *vis à vis* national sovereignty?

2.5.1 Weakening the Parliament: The crisis has advanced a style of politics centered on the executive, which takes decisions allegedly "without alternative" to respond to the pressures of financial markets. The parliaments as providers of input legitimacy are marginalized and disempowered.

2.5.2 Loss of National Sovereignty: The response to the crisis has led to an increasing transfer of sovereignty from the national to the European level. This transfer of sovereignty is in dire need of legitimacy, which can only be provided e.g. by referendum and/or constitutional amendment.

2.5.3 The Future of the EU: The instability of the Euro raises doubts about the viability and desirability of further steps towards deepening European integration. The crisis provides an opportunity to think about the future of the EU and the nation state.

3. Policy-Opinions
3.1 Recommendations to Avoid Moral Hazard
3.1.1 Financial Assistance for Greece by Euro zone members (credits and collaterals)**:** Contra
3.1.2 IMF-Assistance for Greece: Pro
3.1.3 Exit or Exclusion of Greece from the Euro Zone: Pro
3.1.4 Greek Debt Restructuring: Pro
3.1.5 Direct Recapitalization of Spanish Banks by EFSF/ESM: Contra
3.1.6 European Monetary Fund (EMF) (an "IMF for the Euro zone")**:** Contra
3.1.7 Euro Bailout Fund (EFSF): Contra
3.1.8 ESM Banking License (would allow the ESM to hold a credit line at the ECB): Contra
3.1.9 ESM Direct Bank Recapitalization (would allow the ESM to directly recapitalize banks): Contra
3.1.10 Euro Bonds (collective bonds of the Euro zone members): Contra
3.1.11 ECB Liquidity Program (purchases of government bonds, low interest rates, lower credit securities and other measures of quantitative easing): Contra
3.1.12 ESM Government Bond Purchase: Contra
3.1.13 European Growth Pact: Contra
3.1.14 European Fiscal- and Economic Union (better control, coordination or integration of economic and fiscal policy in the Euro zone, with the ultimate goal of a political union)**:** Contra
3.1.15 European Banking Union (common supervision, crisis resolution mechanism and deposit guarantee scheme for Euro zone banks): Contra

3.2 Recommendations to Avoid Systemic Risk
3.2.1 Financial Assistance for Greece by Euro zone members (credits and collaterals)**:** Pro
3.2.2 IMF-Assistance for Greece: Contra
3.2.3 Exit or Exclusion of Greece from the Euro Zone: Contra
3.2.4 Greek Debt Restructuring: Contra
3.2.5 Direct Recapitalization of Spanish Banks by EFSF/ESM: Pro
3.2.6 European Monetary Fund (EMF) (an "IMF for the Euro zone")**:** Pro
3.2.7 Euro Bailout Fund (EFSF): Pro
3.2.8 ESM Banking License (would allow the ESM to hold a credit line at the ECB): Pro
3.2.9 ESM Direct Bank Recapitalization (would allow the ESM to directly recapitalize banks): Pro
3.2.10 Euro Bonds (collective bonds of the Euro zone members): Pro
3.2.11 ECB Liquidity Program (purchases of government bonds, low interest rates, lower credit securities and other liquidity programs): Pro
3.2.12 ESM Government Bond Purchase: Pro

3.3 Recommendations to counter Austerity
3.3.1 European Growth Pact: Pro

3.4 Recommendations to Amend Currency without a State
3.4.1 European Fiscal- and Economic Union (better control, coordination or integration of economic and fiscal policy in the Euro zone, with the ultimate goal of a political union)**:** Pro
3.4.2 European Banking Union (common supervision, crisis resolution mechanism and deposit guarantee scheme for Euro zone banks): Pro