The Historical Legacy of the Current Euro Crisis

The Battle for Interpretation

Alina Bârgăoanu

> *"The governments are the stumbling block, not their populations. The governments shy away from a constructive debate over the future of Europe." (Habermas)*

Alina Bârgăoanu
Professor at the National School of Political Studies and Public Administration, Bucharest. Author of the book **Examenul Schengen: În căutarea sferei publice europene** (The Schengen test: In search of the European public sphere) (2011).

From a "Greek Mess" to a New "German Question": A Short Revision of the Euro Crisis

Initially, Europe appeared to have avoided the worst of the global crisis. At the beginning of 2011, P. Krugman noticed that "not long ago Europeans could, with considerable justification, say that the current economic crisis was actually demonstrating the advantages of their economic and social model" (Krugman 2011). The first serious signs of the crisis appeared in Europe during the summer of 2009, when German exports underwent a downturn, and some concerns where expressed over the leverage of the Spanish banks and the unfolding housing bubble in that country. And of course, the alarm bells sounded really loud in October 2009 when the new Greek government revealed that the country had a deficit of 12.7% of the GDP, not of 6% (the figure declared by the former government), not of 3.7% (the level that Athens committed to when joining the Euro), and not of 3% (the level stipulated in the

Stability and Growth Pact). Now, with Europe's biggest ever crisis moving into its third year already, we could safely state that most serious impact of the global crisis is on Europe itself: "What started as the sub prime crisis in 2007 and morphed into the Global Credit Crisis in 2008 has become the Euro Crisis in 2009" (Eichengreen 2009, 1).

The Euro Crisis broke out in Greece; unfortunately, the place of immediate origin allowed for some superficial interpretations which are still influencing major decisions regarding crisis resolution. The immediate reactions after the explosive situation of the Greek finance was exposed fluctuated, at least in Europe, between two extremes—a (mere) consequence of the global crisis or a consequence of the irresponsible behavior of the Greek state or of the Greek public in general. Renowned analysts such as P. Krugman, I. Wallerstein or J. Stiglitz warned that Greece's problems needed to be reassessed and integrated into a larger issue, that of the Eurozone and of the European Union overall. P. Krugman, for example, showed in an editorial published in the *New York Times* that it was not a simple Greek "mess," which can be tolerated and forgiven, but a very serious problem which cannot be understood unless we place it in a European context and we try to relate it to the Union's weaknesses (Krugman 2010). The other aforementioned authors either expressed a position of principle, stating that "a principled European Union cannot let Greece bleed" (Stiglitz 2010), or warned on some global effects of the events in Greece (Wallerstein 2010).

The European response—at the level of both statements and concrete measures—was considerably delayed, which increased the bailout costs. From January to May 2010, we witnessed a true war of statements. The Greeks were advised to sell the Acropolis in order to be able to pay their debts, while the articles published in the Greek press alluded to the behavior of German soldiers on the Greek territory during World War II, the financial support required to avoid the collapse being put in the category of the "war reparations." Swastikas were displayed in public places in the Greek capital. Eventually, on 11 April 2010, the states in the Eurozone submitted a statement on the rescue plan for Greece ("Statement on the support to Greece by Euro area Member States"), where they pledged, together with the IMF, to implement a three-year program amounting to a total of € 110 billion to help the Greek economy. Both the aid provided to Greece and the agreements on establishing some bailout institutions seemed to put an end to the Greek tragedy.

Yet the problems—neither few nor simple—remained. The Greek crisis spread like wildfire to the whole Eurozone, although the pre-crisis situations differed widely across that area. The crisis in Greece was triggered by the lack of fiscal discipline, which could favor the interpretation that it is a fiscal crisis. Yet, Spain sank into the crisis too, under the heavy weight of its construction sector, which could favor the interpretation that we are dealing with a classic housing bubble. Then came Ireland, where the prominence of the banking sector could favor the idea that we are dealing with a simple banking crisis. And under no circumstances could the Irish people be accused of profligacy, the favorite criticism regarding the Greeks. As the crisis unfolded, it came to engulf also Portugal and Italy, which—again superficially—led to the interpretation that we are dealing with a "North-South" gap, a trap in which a Nordic group of countries led by Germany and a southern "Mediterranean" one grouped around France are caught. Moreover, it came out that most of the heavily criticized Greek sovereign debt was held by European banks, more than half of it by German and French banks, which was also confirmed later in the case of Spain (Soros 2010). Over a rather short period of time, what appeared as the "Greek mess" turned into a "new German question"; see, for example, the contributions in the volume coordinated by U. Guérot and J. Hénard (2011) or the policy brief authored by M. Leonard and U. Guérot (2011). As one analyst has recently stated, "The issue is Greece. But more and more it is the Germans that are the question mark . . . This crisis is ceasing to be a Greek or Italian crisis. It is a crisis of the role Germany will play in Europe in the future" (Friedman 2012).

Is Europe Solving the Wrong Crisis?

No one seems to disagree with the fact that the Euro Crisis is no ordinary crisis and that it puts the EU under an existential test. Here is, for example, the famous statement made by the German Chancellor Angela Merkel in May 2010, when awarding the Charlemagne Prize to the Polish Prime Minister Donald Tusk: "The euro crisis is no ordinary crisis. It is the most important test for Europe since the signing of the Treaty of Rome in 1957. An existential test. If we fail, there is no telling what the consequences will be. If we succeed, Europe will emerge stronger than ever . . . To overcome the crisis, we need to face up more squarely to the actual challenges, draw the necessary legal conclusions and dovetail our economic and financial policies more closely than ever" (Bastasin 2010). However, no similar agreement can be found regarding the causes of the crisis; it is our view that, among other things, the tensions between the important EU member states reflect this lack of agreement on the causes of the crisis and, consequently, of the envisaged solutions goals of the EU. In other words, the disagreement over what caused the Euro Crisis in the first place reflects a major disagreement over the future direction that is desired from the EU.

Several interpretations of the causes of the Euro Crisis have been proposed. As expected, most of them underline the weaknesses of the euro currency, its "birth defect" or "design flaw." The historical legacy of the Maastricht Treaty, the fact that it established a monetary union without a fiscal and political union, that it only stated the "wishes" regarding fiscal discipline and budgetary solidarity among member states without forging the necessary institutions to make them happen were also largely analyzed (Marsh 2009, Ferguson 2010, Krugman 2010, Sarotte 2010). According to D. Marsh, "the euro was a political project" having little to do with strict economic purposes. It reflected the wish to prevent the Deutschemark from dominating the entire Europe, being a sort of "insurance policy" that Chancellor Helmut Kohl accepted in order to alleviate fears of a giant (re)emerging in the middle of Europe; thus the single currency was an instrument to limit Germany's expansion within the European Union (Marsh 2009). The so-called "Maastricht criteria"—the nominal convergence criteria—were agreed, which limited deficit to 3% and public debt to 60% of the GDP of any member state wishing to join the Eurozone, which were subsequently changed into the Stability and Growth Pact. These criteria did not come with any implementation, monitoring and penalty mechanisms; no federal institution was established to monitor the observance of these criteria, not even an intergovernmental mechanism based likely to put pressure on a member state having a wrong fiscal behavior. Interestingly enough, the same Helmut Kohl had said during the meetings preceding the signing of the Maastricht Treaty that a monetary union without a political union is a "sandcastle," since monetary union had to be built on fiscal discipline so as to prevent inflation and to encourage solidarity between the stronger and the weaker countries. Why this rather common-sense (at least in retrospect) statement was not followed up and turned into effective policy proposals is largely left untouched in the analysis of this historical legacy of the Maastricht Treaty.

Again, there is wide agreement that these are, by and large, the weaknesses of the common currency exposed by the crisis. How these weaknesses carried their historic weight into the present is a matter of dispute. For instance, N. Ferguson renewed the criticisms that he expressed back in 1992, on the occasion of the decision to create the monetary union. He first summarizes the benefits of the common currency: "It would end forever the exchange rate volatility . . . No more annoying and costly currency conversions for travelers and businesses. And greater price transparency would improve the flow of intra-European trade. European countries with problems of excessive public debt would get German-style low inflation and interest rates . . . Monetary union had geopolitical appeal, too . . . It would create an alternative reserve currency to challenge the mighty US dollar" (Ferguson 2010). Then he concludes that the main problem of the euro is the lack of a common fiscal policy, hence the solution: fiscal centralization, "the necessary corollary of a monetary union" (ibid.). Going deeper into this fiscal side of the crisis, there are authors underlining that fiscal centralization is neither a monetary problem, nor a financial or economic one, but it is a truly political matter, having to do with the fact that the Eurozone is not organized in a federal system; thus, "investors may realize that the fiscal side of the crisis is in fact much less serious in the EU than in the US, but the advantage of the United States over the Euro zone is that it has a federal system" (Krugman 2011).

Out of the authors underlining that the Euro Crisis revolves by and large around the sustainability of the EMU and the single currency, J. Van Overtveldt is maybe the most extreme one, advocating the idea that we are dealing with a crisis of the single currency *and nothing else*. According to him, "the problems threatening the EMU and the euro have little to do with speculative attacks or the behavior of financial markets, or even with the financial crisis. Despite the finger-pointing among Europe's political elite, the EMU construct was an accident waiting to happen. A major crisis was unavoidable" (Van Overtveldt 2011, 6).

Somewhat contrary to these two interpretations, G. Soros bluntly states that "the current crisis is more a banking crisis than a fiscal one," a crisis of the banking system, caused by the unlimited expansion of credit at the periphery of the European Monetary Union (Soros 2010). He is the spokesperson of a group of experts underlying that bad lending is as culpable as bad borrowing (see his reference to the "discovery" that most of the Greek sovereign debt is held by European banks, more than half of it by German and French banks). The existence of the European Monetary Union, the fact that it was an incomplete union, has broadened the effects of this unlimited expansion of credit and facilitated the contagion. It is therefore not the mere existence of the euro that has caused the crisis. "You cannot have nationally controlled and undercapitalized banking systems in a monetary union with structural current account imbalances. This is not a fiscal crisis. It is not a crisis of the south. It is a crisis of the private sector and of undercapitalized banks. It is as much a German crisis as it is a Spanish crisis. This acknowledgement must be the starting point of any effective resolution system" (Münchau 2011). Hence, the harsh verdict regarding the plans to put debt brakes into the constitutions of the member states and to harmonize fiscal policies in the Eurozone countries, which is anyway far from fiscal centralization: "Europe is planning to solve the wrong crisis" (ibid.).

Interestingly enough, the "mismanaged capital flows" ("Misunderstanding the Euro Crisis," *Financial Times*, 3 March 2011) seem to run as a common thread in all the major crises that have occurred all over the world for the past 30 years or so: "The 1980s Latin American crisis was caused by excessive borrowing; but that could not explain Mexico's 1994 crisis, so it was attributed to undersaving. Then came East Asia, which had high savings rates, so the new explanation was 'governance.' But this, too, made little sense, given that the Scandinavian countries—which have the most transparent governance in the world—had suffered a crisis a few years earlier. There is, interestingly, a common thread running through all of these cases, as well as the 2008 crisis: financial sectors behaved badly and failed to assess creditworthiness and manage risk as they were supposed to do" (Stiglitz 2011).

Market Dictatorship vs. EU Dictatorship

In our view, these various and complex interpretations, out of which we have underlined only some exemplary statements, can be clustered into two broad paradigms. The first paradigm states that the Euro Crisis was caused by the weaknesses—old and new—of the European Union, irrespective of whether it contains its criticism to the design of the common currency or enlarges it to the EU institutional design and performance. This paradigm underlines, correctly albeit incompletely, the various crises confronting the EU—institutional crisis, leadership crisis, productivity and competitiveness crisis, balance of payments crisis etc. The second paradigm states that, notwithstanding these indisputable weaknesses, the Euro Crisis is an expression of the dictatorship of the markets, of the lost balance between politics and markets/finance across the EU. EU weaknesses created a favorable environment which gave the markets and, in other more targeted interpretations, the financial sector and the banks, free leeway to pursue their interests and nothing but these interests: "Some are blurring the causal connection between the euro crisis and the banking system crisis and are blaming the deficient fiscal discipline for the entire disaster. Others are eagerly trying to talk down the problem of the overdue harmonization of national economic policies [the long overdue EU's growth and development model, our note] into a mere matter of better management" (Habermas 2010).

The battle between these two paradigmatic interpretations of the Euro Crisis reflects a broader dispute regarding new *raison d'être* for the European Union, its future direction, the role of regulation and of the state (albeit a supra-national form of state or, better said, governance) in that part of the world. The crisis has forced the return to the question "why does the EU exist?" or what is its *raison d'être*? Let us remember Robert Schuman's Declaration of 9 May 1950, according to which (what is now called) the European Union would create the conditions which "will make it plain that any war between France and Germany becomes not merely unthinkable, but materially impossible." Around the year 2007, this *raison d'être* of the EU looked obsolete: a war—between any of its member states—was indeed unthinkable, while prosperity was taken for granted. The various official documents issued by EU institutions even before the crisis indicate that the new *raison d'être* derives from such challenges as global competition, the ascent of the emerging markets (the BRIC group), technological changes, climate change, higher energy prices, regulation of the financial and banking system, ageing population and migration, challenges that any individual state is ill-prepared to face. In other terms, the EU is a historical necessity in order to deal with these trans-border challenges and to provide a regional answer to a rapidly progressing globalization. The economic collapse throughout the Eurozone and the EU territory has boosted concerns over economic welfare, while the re-nationalization processes and the ascent of Euroscepticism across Europe have reactivated the fear of "history's demons": conflicts, xenophobia, attacks against minorities, the rise of (Euro)populism. Nevertheless, a return to these historical *raisons d'être* of the EU—peace and prosperity—is not enough and is not in line with contemporary developments. Peace and welfare are considered the consequences of a "political narrative" valid for the 21st century, based on the inauguration of a new form of governance that aims to recover the role of the state and of regulation in the economic realm (Merritt 2010).

The correct ideas that "none of the steps to protect Europe's way of life can be taken nationally—neither militarily nor industrially" (Merritt 2010) and that "global economic conditions, which have been transformed under the pressure of globalization, today prevent the nation-state from drawing upon the taxation revenues they need in order to meet the established social welfare claims and, more generally, the demand for collective goods and public services" (Habermas 2009, 56) have lead in some cases to a harsh attack against the idea of state, against the need for regulation at EU level. The fact that the state (the nation state, in the case of Europe) is no longer prepared to deal with the aforementioned challenges has acquired ideological overtones and has become part of "a neo-liberal new policy framework which papers over contradictions and the rollback of government" (Pieterse 2010, 17).

The ideas that the state must keep away from the economic life, combined with the excessive trust in the markets' capacity for self-regulation became fashionable long before the crisis. The almost supreme reign of the markets and the belief in the power of the "invisible hand" has found different expressions across the Western World. In the US, its powerful expression can be found in the deregulation of every sector, the privatization of everything, including the war. In the European Union, this trust in the invisible hand capable to contain the excesses of the markets has found its expression in the fact that the EU has invested much more effort in economic integration and far less in political integration. The Euro Crisis demonstrates that a monetary union cannot exist without a fiscal union; perhaps more importantly, it demonstrates that a common currency "does not exist without a state" (Marazzi 2010). Neo-liberalism, "the absurd idea of economic government based solely on the market and its ability to self-regulate . . .—is at the root of the great illusion of a leaderless Europe supposedly unified by a euro that has controlled the internal economic and social differences according to the logic of the financial markets" (ibid.).

J. Habermas is even more explicit on the new *raison d'être* of the EU: "We can't afford to avoid this thorny issue [of the EU *finalité*] for the sake of a shabby peace and to muddle through with the usual compromises. For that would be to give free rein to the dynamics of the unbridled markets and to stand by while even the existing regulatory power of the European Union is unraveled in favor of a diffusely enlarged European free trade zone" (Habermas 2009, 56). A new *raison d'être* for the EU should take into account the need to restore the balance between "unbridled markets" and politics (i.e. the state). The only way out of the deep problems confronting the EU for a long time is "to recuperate the lost political regulatory power at the supranational level" (ibid., 57).

Consequently, the German philosopher considers that the defining conflict in the EU is not between the advocates of deep integration (the federalists, so to say) and the advocates of intergovernmentalism, but between the advocates of EU integration and the so-called *market Europeans*—those who conceive of the EU as a huge market, a loose free trade zone. Having defined this conflict, Habermas notices that the crisis has had quite a surprising effect. Although the European integration and the neo-liberal discourse have gone hand in hand, only the former has fallen victim to the crisis, while the latter has been left largely uncompromised: "The financial crisis has reinforced national egoisms even further, but, strangely enough, it has not shaken the underlying neo-liberal convictions of the key players" (Jeffries 2010).

As the Euro Crisis continues to unfold across the entire Eurozone, there have appeared more and more instances of "market dictatorship," thus reinforcing its primacy over politics: toppling down governments, calling off referenda, downgrading countries' ratings, or "enthroning technicians linked to international finance, ordained and supervised by the IMF" (Balibar 2011). In this light, the recent German proposal to have an EU commissioner appointed in order to supervise Greece's finance is rather an instance of market dictatorship than of "German dictatorship" (as the current interpretation goes, of course bred by the fact that the proposal was advanced by Germany itself): "The Germans now want a commissioner appointed to ensure that the Greek government fulfils its promise. In the process, the debt crisis will profoundly circumscribe Greek democracy by transferring fundamental elements of Greek sovereignty into the hands of commissioners *whose primary interest is the repayment of debt* [our emphasis], not Greek national interests" (Friedman 2012).

European Integration —the Collateral Victim of the Euro Crisis

The collateral victim of the Euro Crisis appears to be "Europe" itself, which affects the process of restoring the primacy of politics over markets/finance. The process at the end of which only "Europe"—for all its real weaknesses—appears to pay the price has been bred by various factors. First, as we have underlined elsewhere (Bârgăoanu et al. 2010), the crisis and the sense of (economic) threat that it propagated turned into a threat to national identities and interests. The primacy of the national identity over the European identity becomes manifest under crisis circumstances, when groups, communities or nations feel that their identity and interests are threatened by integration: "the 'national/territorial cleavage' is manifest at the EU level if any of these features of national identity are threatened and/or if some nations are perceived to benefit (through gaining resources, for example) at the expense of others (Hix 1998, 8). Second, the culture of "blaming Europe," the temptation to turn "Europe" into a scapegoat long precedes the crisis. So does the behavior of national politicians coming home from Brussels as national heroes saving their countries from the tyranny of some "EU requirements," although they give no clue as to the content of the discussions that they have in Brussels or as to who the actors imposing these "EU requirements" are. The temptation to turn the EU into a scapegoat has added to the complexity of the crisis, with national elites and arguably ordinary people distancing themselves more and more from the EU.

Although neither the European integration, nor the existence per se of the single currency seem to have caused the Euro Crisis in the first place, they appear to be its first victims. See, as immediate examples, the ascent of the Sinn Fein extremist Eurosceptic party in Ireland, which is traditionally one of the most Europhile member states and, in general, the ascent of popular Euroscepticism all over Europe. This may bring about huge losses. Some of them have a strictly "European" relevance, so to say: de-legitimizing the idea of solidarity among EU citizens and among its member states and compromising the efforts to come up with institutions for European economic governance and to recuperate the lost political regulatory power of the nation-state at the supranational level. Others, which are mere consequences of the former ones, have a truly global significance. Among other things, Europe provided a transnational pacification mechanism accompanied by a growth mechanism at an unprecedented scale. For this reason, "the EU project itself is an incalculably important public good in Europe's modern history" (Schinas and Dăianu 2010), "a project for civilization that must not be allowed to fail" (Habermas, quoted in Diez 2011).

The Public Sphere—the Battleground of Ideas and Interpretations

As we have already underlined, two paradigms—"Europe is to blame" and "unbridled markets are to blame" coagulate the countless discussions around the Euro Crisis. The stakes of these largely divergent views have to do with the fact that the prevailing interpretation influences the policy responses for crisis resolution and, even more importantly, will influence the future direction of the EU. If the interpretation "Europe is to blame" prevails, then the EU will likely regress to a simple free trade area, with all the ensuing consequences—fragmentation, the pursuit of alternative routes by some of its most prominent members (see Germany's special relationship to the BRIC group), the loss of its global voice, "geopolitical irrelevance" for its nations (Kupchan 2010). If the interpretation "unbridled markets are to blame" prevails or at least is factored in, the EU is likely to evolve as a political body, enter the process of transnational democratization, rediscover the solidarity among its citizens and among its member states and evolve into a harmonious whole. As E. Balibar emphasizes following up on Habermas's call for a reinforcement of European integration, this will only be viable "in the event of a triple 'redemocratization': a rehabilitation of politics to the detriment of finance, which places control of central decisions in the hands of a reinforced parliament, and re-establishes the goal of solidarity and the reduction of inequalities between European countries" (Balibar 2011).

Judging by the current situation, "Europe" is held accountable for the crisis, while the neo-liberal discourse has been strengthened. A situation which is particularly striking given the fact that in the US, too, market fundamentalism (Stiglitz's term) was largely left untouched and the regulation of sensitive sectors, such as the banking one, remained in a grey area.

The stakes related to the prevailing interpretation are hopefully clear. Where do these interpretations stem from? Here, the role of the (EU) public sphere cannot be emphasized enough. The German philosopher J. Habermas launched the concept in 1962 in his book *Strukturwandel der Öffentlichkeit: Untersuchungen zu einer Kategorie der bürgerlichen Gesellschaft*. The *Öffentlichkeit* concept inspired a flourishing literature after the book was translated into English under the title *The Structural Transformation of the Public Sphere: An Inquiry into a Category of Bourgeois Society* (1989). We will not go into the details of the concept, its evolution and its transformations along with the extrapolation to the EU level. We will only underline several ideas that are relevant for the present discussion regarding the public sphere as the communicative network/environment where interpretations of major societal events are formed, solutions formulated and legitimate power ultimately produced. In an article published in 2001, Habermas dwelt on his concept of the public sphere as a melting pot where public opinion is formed, a laboratory where various points of view clash: "The function of the communicational infrastructure of a democratic public sphere is to turn relevant societal problems into topics of concern, and to allow the general public to relate, at the same time, to the same topics, by taking an affirmative or negative stand on news and opinions" (Habermas 2001, 3). Moreover, the public sphere is not a passive recipient of these societal concerns; rather, "the public sphere . . . must amplify the pressure of problems, that is, not only detect and identify problems, but also convincingly and *influentially* thematize them, furnish them with possible solutions, and dramatize in such a way that they are taken up and dealt with by parliamentary complexes" (Habermas 1996, 54).

Habermas developed his own view on the European public sphere as "a communicative network extending across national boundaries and specializing in the relevant questions" (Habermas 2009, 87). The emergence and performance of this trans-national communicative network call for a structural change of the national public debates and public spheres, which should become "more responsive to one another" (ibid., 183). In line with his original view on the central role of the mass media in cultivating citizens' interest to communicate, in carrying, steering and modifying the various messages, Habermas assigns a crucial role to the national media in creating this mutual responsiveness of the national public spheres. The role of the media is not only to present European topics and concerns, but also to provide information on the decisions made and on the political debates that give rise to the same concerns in other member states. Habermas also underlines the idea that the Europeanization of the national public spheres, their opening and mutual responsiveness is largely a problem of elites. "The governments are the stumbling block, not their populations. The governments shy away from a constructive debate over the future of Europe" (ibid., 102), and the apparent lack of interest of the EU citizens, even the so-called "lethargy" invoked by many critics and taken as a structural deficiency of the public sphere is explained by the fact that the public debate, as it is currently initiated by the political elites, is not genuinely European, but has national stakes. Europe is often a mere rhetorical excuse, whereas interests are deeply rooted in the national context, and the clashes of opinions actually reflect the fear to lose power or the incapacity to adapt to a totally changed background.

Conclusions

THE EU public sphere, or, more adequately for the EU context, the Europeanized national public spheres, and their key actors—mass media and elites—are paramount for the battle over the interpretations of the roots of the current Euro or, better called, EU Crisis. The Euro Crisis may or may not be a legacy of the past. The way it is interpreted and consequently resolved is definitely a legacy for the future. The prevailing interpretation regarding the "existential test" that EU undergoes, the solutions and the future model for the EU that will spring from this prevailing interpretation will be the historical legacy that the EU media and elites—be they political, economical, financial, or intellectual—will leave to the future generations.

We must not forget that A. S. Milward (1992) defined the enterprise of Jean Monnet and the other founding fathers as the "European rescue of the nation state." The vision of the founding fathers was to create a mechanism that would allow each state to survive in the aftermath of the Second World War. The reinforcement of European integration, highly dependent on Habermas's triple redemocratization, amounts to an enterprise of the same magnitude and historical importance as that of Jean Monnet and his fellow thinkers: a European rescue of the European Union allowing it to survive in the aftermath of the Euro Crisis; that is, something meant to save it from "geopolitical irrelevance" and peripheral standing.

❑

References

Balibar, E. 2011. "Europe's Revolution From Above." *The Guardian*, 23 November. Retrieved from http://www.guardian.co.uk/commentisfree/2011/nov/23/europe-revolution-from-above.

Bastasin, C. 2010. "Not Dead Yet." *Il Sole–24 Ore*, 3 September. Taken over and translated into English on www.presseurop.eu. Retrieved from http://www.presseurop.eu/en/content/article/331221-not-dead-yet.

Bârgăoanu, A., Negrea, E., and Dascălu, R. 2010. "Communicating the European (Lack of) Union: An Analysis of Greece's Financial Crisis in Terms of Communication." *Romanian Journal of Communication and Public Relations* (Bucharest) 12, 1 (18): 27–38.

Cohen, R. 2010. "Europa! Europa!" *New York Times*, 11 May. Retrieved from http://www.nytimes.com/2010/05/11/opinion/11iht-edcohen.html.

Diez, G. 2011. "Habermas, the Last European: A Philosopher's Mission to Save the EU. Part 2: A Vision of Europe at the Crossroads." *Spiegel Online International*, 25 November. Retrieved from http://www.spiegel.de/international/europe/0,1518,799237-2,00.html.

Eichengreen, B. 2009. "Was the Euro a Mistake?" *Vox*, 20 January. Retrieved from http://www.voxeu.org/index.php?q=node/2815.
Ferguson, N. 2010. "The End of the Euro." *Newsweek*, 7 May. Retrieved from http://www.thedailybeast.com/newsweek/2010/05/07/the-end-of-the-euro.html.
Friedman, G. 2012. "Germany's Role in Europe and the European Debt Crisis." www.stratfor.com, 31 January. Retrieved from http://www.stratfor.com/analysis/european-crisis-2012.
Guérot, U. and Hénard, J. (eds.). 2011. *What Does Germany Think about Europe?* London: European Council on Foreign Relations.
Habermas, J. 1996. *Between Facts and Norms: Contributions to a Discourse Theory of Law and Democracy*. Trans. W. Rehg. Cambridge, Mass: The MIT Press.
———. 2001. "Why Europe Needs a Constitution." *New Left Review* 11, September–October. Retrieved from http://www.newleftreview.org/A2343.
———. 2009. *Europe: The Faltering Project*. Trans. C. Cronin. Cambridge: Polity Press.
———. 2010. "Germany and the Euro-Crisis." Trans. C. Cronin. *The Nation*, 9 June. Retrieved from http://www.thenation.com/article/germany-and-euro-crisis.
Hix, S. 1998. "Dimensions and Alignments in European Union Politics: Cognitive Constraints and Partisan Responses." *Working Paper Series in European Studies* 1, 3. Retrieved from http://uw-madison-ces.org/files/hix.pdf.
Jeffries, S. 2010. "A Rare Interview with Jürgen Habermas." *Financial Times*, 30 April. Retrieved from http://www.ft.com/intl/cms/s/0/eda3bcd8-5327-11df-813e-00144feab49a.html#axzz1OONL4t54.
Krugman, P. 2010. "The Making of a Euromess." *New York Times*, 14 February. Retrieved from http://www.nytimes.com/2010/02/15/opinion/15krugman.html.
———. 2011. "Can Europe Be Saved?" *New York Times*, 12 January. Retrieved from http://www.nytimes.com/2011/01/16/magazine/16Europe-t.html?_r=1&pagewanted=all.
Kupchan, C. 2010. "As Nationalism Rises, Will the European Union Fall?" *Washington Post*, 29 August. Retrieved from http://www.washingtonpost.com/wp-dyn/content/article/2010/08/27/AR2010082702138.html.
Leonard, M. and Guérot, U. 2011. *The New German Question: How Europe Can Get the Germany It Needs (Policy Brief)*. London: European Council on Foreign Relations
Marazzi, C. 2010. "Neoliberalism Is Destroying Europe." *The Guardian*, 14 September. Retrieved from http://www.guardian.co.uk/commentisfree/2010/sep/14/neoliberal-europe-union-austerity-crisis.
Marsh, D. 2009. *The Euro: The Politics of the New Global Currency*. London: Yale University Press.
Merritt, G. 2010. "Shaping Europe's Global Role I: Why Europe Badly Needs a New Political Narrative." *Europe's World* (Autumn). Retrieved from http://www.europesworld.org/NewEnglish/Home_old/Article/tabid/191/ArticleType/ArticleView/ArticleID/21718/language/en-US/Default.aspx.
Milward, A. S. 1992. *The European Rescue of the Nation-State*. Berkeley: University of California Press.

Münchau, W. 2011. "Say No to Germany's Competitiveness Pact." *Financial Times*, 27 February. Retrieved from http://www.ft.com/intl/cms/s/0/6100d1f0-42a8-11e0-8b34-00144feabdc0.html#axzz10ONL4t54.

Pieterse, J. N. 2010. *Development Theory*. Los Angeles: Sage Publications.

Sarotte, M. E. 2010. "Eurozone Crisis as Historical Legacy: The Enduring Impact of German Unification, 20 Years On." *Foreign Affairs*, 29 September. Retrieved from http://www.foreignaffairs.com/articles/66754/mary-elise-sarotte/eurozone-crisis-as-historical-legacy.

Schinas, M. and Dăianu, D. 2010. "From Possible Breakdown to Desirable Breakthrough." BEPA *Monthly Brief* 37 (May).

Schuman, R. 1950. "Declaration of 9 May 1950." Retrieved from http://europa.eu/abc/symbols/9-may/decl_en.htm.

Soros, G. 2010. "The Crisis and the Euro." *The New York Review of Books*, 19 August. http://www.nybooks.com/articles/archives/2010/aug/19/crisis-euro/?pagination=false.

Stiglitz, J. 2010. "A Principled Europe Would Not Leave Greece to Bleed." *The Guardian*, 25 January. Retrieved from http://www.guardian.co.uk/commentisfree/2010/jan/25/principled-europe-not-let-greece-bleed.

———. 2011. "What Can Save the Euro." *Project Syndicate*, 12 May. Retrieved from http://www.project-syndicate.org/commentary/stiglitz146/English.

Van Overtveldt, Johan. 2011. *The End of the Euro: The Uneasy Future of the European Union*. Agate B2.

Wallerstein, I. 2010. "Greek Mess, Global Mess." *New York Times*, 1 March. Retrieved from http://www.nytimes.com/2010/03/02/opinion/02iht-edwallerstein.html.

Abstract

The Historical Legacy of the Current Euro Crisis: The Battle for Interpretation

This article reviews the major events in the unfolding of what is conveniently and somehow mistakenly labeled as the Euro Crisis. The main idea underpinning the interpretation of these events is that while there is absolute agreement that the Euro Crisis is an existential test for the European Union, no similar agreement can be found regarding the roots of the crisis. Two largely divergent, even clashing views on these roots are the catalyst for the countless discussions in this regard: "Europe is to blame" vs. "markets are to blame." The stakes of this clash have to do with the fact that the prevailing interpretation influences the policy responses for crisis resolution and, even more importantly, will influence the future direction of the EU. The topic of the EU public sphere as the battleground where the battle over interpretations takes place is brought in, together with the role of the most important actors in the public sphere—mass media and the elites. The conclusion is that the prevailing interpretation regarding the roots of the crisis, the solutions and the model for the EU springing from this prevailing interpretation will be the historical legacy that the EU media and EU elites will leave to future generations.

Keywords

Euro Crisis, global crisis, European integration, EU public sphere