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Universitat Autònoma
de Barcelona

The EU's Management of the Euro Crisis: A Discursive Policy Analysis

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A thesis submitted to the Universitat Autònoma de Barcelona for the degree of Doctor
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“with a cruelty that I’ve never encountered [Joe Biden, US vice president] said that the only way to get the market’s confidence is to take decisions that make you suffer really badly [...] that you are credible in a given set of circumstances if you subject your citizens to difficult tests and if unions openly reject your policies – in brief, if there are tears and suffering”

(Rodríguez Zapatero 2013: 102)

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Agraïments

M'hauria estat impossible afrontar l'enorme esforç vital que m'ha requerit la realització d'aquesta tesi doctoral sense el suport que m'han donat una sèrie de persones al llarg d'aquests quatre anys. Ha estat un honor per part meva poder-hi comptar, fet pel qual els vull dedicar unes línies d'agraïment amb les quals espero que hi vegin reflectida tota la vida compartida i la que queda per compartir.

En primer lloc, volia agrair a en Josep, en Mixu, en Martí, en Wyman, la Marta, l'Aina, en Joshua, els Russis's i l'Henri per fer de Torroella el millor lloc dels Països Catalans. Per haver estat la principal font d'estabilitat emocional que he trobat al llarg d'aquests anys. Per haver fet tan palpable la frase de Serrano que diu que "*los peores antros a las peores horas están llenos de la mejor gente*".

En segon lloc, volia agrair a en Miquel i en Biel l'inesgotable font d'estímuls intel·lectuals, així com també de suport vital, que han estat al llarg de gairebé una dècada. Pel nano setciències que arribava amb 18 anys a la UAB, veure's despullat en el debat polític amb ells suposà la primera presa de consciència d'una profunda ignorància que sols podia motoritzar les ganes d'aprendre. Òbviament, ells també han estat importants per mi per la xarxa d'amistats compartides que hem anat creant durant aquests anys, font inesgotable de sòlides amistats: gràcies per tant també a autèntics *gentlemen* com en Noel, al Belda, en Badenes, en Pepitu, l'Enric Vila, en Vives, i en Font pels vespres de d'amistat, cultura i patriotisme que hem compartit.

Gràcies també a l'Ari, per ser la persona que més m'ha ensenyat a gaudir de la vida. I per haver fet d'Esterrí un lloc de refugi. No se m'acudeix cap pla millor per una nit d'estiu que una festa major al teu costat.

Vull agrair especialment a en Nil les nits plenes d'incerta glòria que hem compartit al llarg d'aquests anys. Ell és la primera persona que trucaria en cas de necessitar refundar Terra Lliure, i ho seria perquè amb ell he entès de manera precisa el significat del vers de Benedetti: "*en la calle codo a codo somos mucho más que dos*".

També gràcies a la Laia, per l'inigualable mèrit d'haver-me ajudat a créixer com a persona a una edat en què canviar-se a un mateix cada cop costa més.

Aquesta tesi no hauria estat en cap cas possible sense aquells que han cuidat de mi en els pisos que hem compartit: la Maria, *jefa* allà on n'hi hagi, l'Iker i l'Aina. Gràcies especialment a l'Aina, l'única persona d'aquests agraïments que podria formar part de pràcticament qualsevol dels paràgrafs que els componen: companya de militància i conspiracions, amiga i guia, contrincant de tertúlia política constant.

L'Esquerra Independentista ha estat el més proper a una pàtria que he tingut. Pels qui concebem les nostres activitats personals com a part d'un projecte més ampli encaminat a alliberar aquest país, mantenir dempeus aquesta possibilitat constitueix la primera font de

motivació vital. Gràcies doncs a tota la gent que m'ha ajudat a somiar en aquesta direcció al llarg dels darrers anys, i com no, gràcies especialment aquells amb qui he compartit militància de forma més directa: la Núria, la Maria, la Mireia, en Carles, la Nerea, la Montse i en José Luis. Gràcies especialment a en Pujades, company en tants projectes, i a l'Albert: pel jove de comarques que amb 16 anys llegia el llibre *Unitat Popular*, haver pogut treballar amb tu ha estat motiu de profunda satisfacció. Guanyarem!

Una altra persona sense la qual aquesta tesi no hauria estat possible és la meva directora de tesi, la Margarita León. Gràcies per haver complert amb perfecció en aquesta direcció la tasca que Lenin demanava al partit bolxevic a l'hora de dirigir la revolució: ni al costat del poble ni 100 passes allunyat d'ell, sinó sempre un precís pas per davant seu per tal d'ajudar-lo a avançar.

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Abstract

This thesis aims to characterise and analyse the political strategies pursued by the EU institutions and the national governments of its member states in order to manage the so-called European sovereign debt crisis (2009-2013). By relying on a discursive perspective on policy analysis, it departs from the basic analytical assumption that the development of the crisis was constructed through meaning-making practices: the nature of a crisis is never simply determined by 'objective' dislocations, but rather, amid the radical uncertainty provoked by the economic downturn, some actors imposed onto others their diagnosis of 'what had gone wrong' and thus 'what had to be done'.

In the light of this perspective, four research questions guide the thesis: what were the main ideational underpinnings of the discursive construction of the euro crisis? Why did the ordoliberal construal of the crisis, at the centre of these underpinnings, become the dominant one at the EU level? How was the austerity-based management of the euro crisis legitimised despite the regressive, inefficient and unpopular consequences that this policy strategy implied? What have the main consequences been of the institutionalised discursive construction of the euro crisis for the economic governance of the European and Monetary Union? Overall, the research seeks to understand why the scale and depth of the Great Recession in the Eurozone was met with a commensurate reevaluation of the pre-crisis modes of European integration.

In order to answer these questions, the thesis first describes and problematises the main policies and institutional reforms adopted in the EU in response to the euro crisis. Secondly, it identifies the signifying practices that led to the construction of the European sovereign debt crisis as a problem of 'wasteful Southern states' that required the application of austerity and internal devaluation measures. And thirdly, it explores the constitution of competing discursive coalitions on the basis of rival rhetorical strategies and political projects.

There are three main discursive strategies identified as key in providing the political conditions for possible austerity in the EU: the depoliticisation of economic – particularly budgetary – policy, the articulation of a discourse on social and economic development focused on the notion of competitiveness, and the deployment of anti-populist discourses in order to marginalise worries about fiscal consolidation programmes. The first three journal articles of the thesis – which is a compilation of articles, not a monograph – study each of these discursive articulations. The fourth departs slightly from the focus of the thesis; by relying on the policy learning approach, it analyses the development of the idea of austerity in the post-crisis context, and therefore studies the aftermath of the management of the euro crisis rather than its management as such.

List of abbreviations

DG ECFIN – Directorate-General for Economic Financial Affairs of the European Commission

DG EMPL – Directorate-General for Employment, Social Affairs and Inclusion of the European Commission

ECB – European Central Bank

ECOFIN – Economic and Financial Affairs Council

EFSF – European Financial Stability Facility

EFSM – European Financial Stability Mechanism

EDP – Excessive Deficit Procedure

EMU – European and Monetary Union

EU – European Union

ESM – European Stability Mechanism

GIIPS – Greece, Ireland, Italy, Portugal and Spain

GDP – Gross Domestic Product

IMF – International Monetary Fund

MoU – Memorandum of Understanding

MIP – Macroeconomic Imbalances Procedure

OCA – Optimal Currency Area

OMT – Outright Monetary Transactions programme

PDT – Poststructuralist Discourse Theory

SSM – Single Supervisory Mechanism

SRM – Single Resolution Mechanism

TFEU – Treaty on the Functioning of the European Union

US – United States

QE – Quantitative Easing

CHAPTER 1. INTRODUCTION

1.1 The context

A decade has passed since the European Union (EU) was hit by the worst economic crisis since the 1930s. The euro crisis was part and parcel of what came to be known as the Great Recession (2008-2012) ushered in by the 2007 US financial crash, and had a profound impact on European societies, in terms of political stability, social cohesion and economic transformations. Indeed, what had started by late 2008 as a banking crisis ended up in 2012 seeing the whole European integration project on the verge of crumbling. For the first time since its inception in 1957, there was a serious chance that European integration might have taken steps backwards¹.

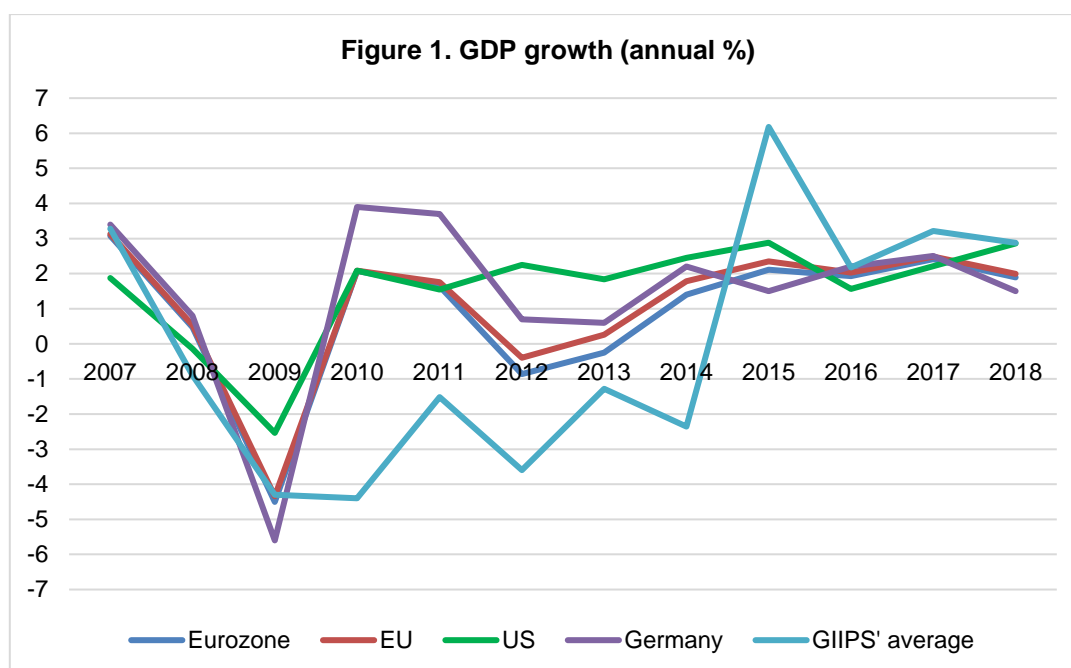
What happened between 2008 and 2012? What did the euro crisis consist of and how was it managed? How did it lead the whole project of European integration into an 'existential' crisis? When studying the effects and shapes taken by the Great Recession in Europe, the term *euro crisis* is deliberately used to subsume a whole range of events affecting the EU, and particularly the European and Monetary Union (EMU), between 2008 and 2014. Chronologically, the starting point of the Great Recession was the collapse of the subprime mortgage market in the US in 2007 and the subsequent freezing of interbank markets. With the collapse of the US investment bank Lehman Brothers in September 2008, the crisis developed into a full-blown international banking crisis. Excessive risk-taking by banks had triggered "the worst financial crisis since 1929" (Baldwin and Wyplosz 2012: 528), with global financial impacts.

Worldwide, bailouts of financial institutions, fiscal stimuli and extremely aggressive active monetary policies were employed to prevent the collapse of the financial system (Tooze 2019). In the EU, between 2008 and 2012, the governments of almost all member states intervened to bail out their banks; the total amount of public funds channelled to support the financial sector amounted to 600,000 billion euros, that is, 4.6 per cent of the Union's GDP (Heinrich 2015: 691). In parallel, coordinated in the context of the G20, a massive global fiscal stimulus was implemented in order to shore up aggregate demand (Tooze 2019: ch. 11). This represented a sudden return of Keynesian measures in the policy-making circles of advanced industrialised economies; these circles had largely abandoned activist fiscal policy in the pre-crisis years (Farrell and Quiggin 2017).

In the EU, however, the series of bank bailouts and fiscal stimuli did not curtail the crisis. Although economic growth started to resume in 2010, with the euro area's GDP growing 2.09%

¹ This was reflected, together with the Brexit debacle in 2016, in the sudden growth, within the field of EU studies, of works analysing the possibilities of European dis-integration (see, e.g., Jones 2018; Lefkofridi and Schmitter 2015; Vollaard 2018; Webber 2014).

in that year and 1.64% in 2011 (see Figure 1), since 2009 budget deficits had started to climb in some euro area member states. The combined effects of diminishing fiscal revenues and the costs of automatic stabilisers, fiscal stimuli, and bank bailouts were damaging their debt dynamics. In the euro area, in 2009, almost all member states exceeded the three per cent GDP deficit ceiling established in the Stability and Growth Pact (SGP) — with particularly high values in Ireland, Italy, Greece, Spain, and Portugal (Hodson 2010: 229-30).



Source: IMF.

The situation became particularly problematic in these Mediterranean countries and in Ireland, soon to be known by the acronym GIIPS (Greece, Ireland, Italy, Portugal and Spain). In these euro area member states, as the financial markets' misgivings grew about the capacity of Greece to pay back its debt from late 2009 onwards, the failure of EU institutions to guarantee that a member of the Eurozone would not default sparked doubts about their capacities to service their debts. In consequence, as the risk premium of their bonds began to rise “beyond levels justified by fundamentals” (Pérez 2019: 17), by the second semester of 2010 they started to experience serious difficulties in obtaining liquidity in the financial markets. In short, they were experiencing sovereign debt crises that were calling their solvency itself into question². Other countries, such as France, began to experience higher interest rates in government borrowing and threats of credit downgrades. By mid-2010, an immense market of credit default swaps had

² As Shambaugh (2012: 167-169) explains, the solvency of a country not only depends on the debt-to-GDP ratio, but also on the type of interest rates that it is paying to keep on refinancing its debt and deficits: “A country that can fund itself with low interest rates may be solvent, but the very same country forced to pay a higher interest rate may suddenly be feared to be insolvent, even if its primary budget is in balance”.

developed in which speculators treated sovereign public bonds of euro area member states as if they were equivalent to private debt, and betted on the decline of the euro. It was in this context that the other Eurozone countries started to fear domino effects and dramatic currency fluctuations if Greece left the euro. As put by Lefkofridi and Schmitter (2015: 3), “By 2011 the second strongest currency in the world had become hostage to the domestic politics of its 17 member states and experts seriously considered the demise of the euro and even of the EU a possible outcome”. This led to a second economic downturn in the EU: the euro area (and the EU) entered recession again in 2012, with a negative GDP growth of -0.86, remaining in recession in 2013.

Until here, we have seen a more or less stylised (and brief) description of the factual sequence of events that constituted the “crisis escalation phase” (Warren 2018: 75) of the euro crisis. However, if the economic turmoil that hit the Eurozone at various junctures between 2008 and 2014 proved to be a lasting and existential one, developing into a sovereign debt crisis and later on into a crisis of economic growth, it was not only because of the economics of the crisis, but also (or rather, principally) because of the politics of the crisis. As Gamble says, economic crises “arise politically, they are constructed politically, and they are resolved politically” (Gamble 2009: 10). In this sense, the policy responses given to the 2009 economic problems were crucial in identifying the subsequent measures to the crisis.

Of the multiple policy responses that EU policymakers could have chosen at the onset of what later came to be known as European sovereign debt crisis in early 2010, they selected a policy mix of fiscal austerity and structural reforms, coupled with financial assistance for the countries with liquidity problems (ECB 2013; European Council 2010a, 2010b; Trichet 2010; Trichet and Fernández Ordoñez 2011). The following section (section 1.2) revises the interpretations of the crisis upon which this policy response was based. In this section, we briefly describe the content of the policy responses and evaluate their results.

Structural reforms, in the EU context, are policies aimed at increasing the competitiveness and openness of the labour markets and economic systems of the member states. These typically include policies to make labour markets more flexible in order to reduce labour unit costs, liberalising welfare reforms, pension reforms, or removing entry barriers into different professional sectors (see chapter 6; see also de la Porte and Heins 2015; Pavolini et al. 2014). Structural reforms pursued an economic strategy of internal devaluation of the GIIPS’ economies, that is, the reduction of their prices and wages in relation to prices in other countries (without nominal depreciation) (Armingeon and Baccaro 2012). The aim was to achieve higher productivity levels relative to their trading partners, and thus to stimulate external demand and correct current account deficits (Kang and Shambaugh 2014).

In turn, fiscal austerity describes an economic policy aimed at reducing the government’s deficit by budgetary cutbacks and/or higher taxes. A policy of fiscal austerity relies on the intuitive notion that when a country has difficulties in financing its debt, it must reduce it as quickly as possible. The underlying hypothesis is that financial markets’ pressures on sovereign bonds

emerge when states have large deficits, since these deficits mean more debt that needs to be bought and therefore increase the possibility of default. In short, austerity is needed in order to placate investor panic (Wren-Lewis 2016). Interpreting fiscal policy in the light of confidence effects has two main policy implications. Firstly, front-loaded, decisive fiscal consolidation measures are better than gradual strategies because they create higher confidence in the sustainability of public finances and lead the economy to a low default risk premium (Brunnermeier 2016: 141). Secondly, spending cuts generate higher credibility gains than tax increases, since the latter are less easily reversed so that credibility effects are higher (ibid).

As such, after the “global fall of Keynesianism” in late 2009 (Farrell and Quiggin 2017), a huge wave of austerity reforms was implemented throughout the euro area. According to Degryse, between 2010 and 2012 more than 700 billion euros worth of public spending cuts were implemented in only fifteen EU countries (Degryse 2014: 72). This massive fiscal consolidation plan affected not only the countries suffering from pressures on their sovereign bonds, but the EU as a whole (Weisbrot and Jorgensen 2013). The budgetary cutbacks were usually complemented by tax hikes and the freezing of public wages.

Nevertheless, despite the implementation of fiscal consolidation schemes beginning in 2010, yields on debt issued by the GIIPS countries started to rise by April-May 2010, reflecting increasingly sizeable default premiums. Indeed, the adoption of spending cuts was largely correlated with strong increases in the default premium (Blyth 2013a: 743; cf. Born et al 2018). A critical point in the spiralling sovereign debt crisis occurred in the second half of 2011, when market pressures turned against Spain and Italy (Laffan 2016: 25). Widening Spanish and Italian bond spreads indicated the declining creditworthiness of two ‘too big to bail out’ (and ‘too big to fail’) EMU states. This raised the spectre of self-fulfilling adverse financial market dynamics which could threaten the viability of the Eurozone. As such, according to many observers, rather than fending off the escalation of the risk premium of the GIIPS’ sovereign bonds, fiscal consolidation measures worsened it (Blyth 2013a; Krugman 2012).

Furthermore, defenders of strict austerity measures had also argued that fiscal contractions could have expansionary effects on output. The argument was articulated on the basis of two interrelated ‘non-Keynesian’ hypothetical effects of fiscal consolidation. Firstly, deficit reduction could produce ‘wealth effects’ via lower interest rates: “a consolidation causes a fall in interest rates, which increases the market value of assets held by households. If the ensuing positive wealth effect on consumption is stronger than the negative demand effect of a consolidation, a consumption boom can result”, had written Perotti (1998: 372), a prominent intellectual defender of the expansive austerity thesis. Secondly, the possibility of expansionary fiscal consolidation was also sustained by the belief that this consolidation might have expansionary effects via changes in market actors’ expectations: when private actors notice that the public administration reduces its spending, they tend to assume that the state will need fewer fiscal resources and thus that there will be less tax pressure, thereby increasing their propensity to consume. As argued by Giavazzi and Pagano (1995: 4), “a spending cut that is sufficiently large and

(believed to be) persistent can signal a future reduction in the tax burden, and therefore an increase in permanent disposable income". The underlying theoretical premise of this argument is the so-called "Ricardian equivalence theorem" (Buchanan 1976), that is, the assumption that citizens internalise their country's income constraints. For instance, as stated by Wolfgang Schäuble, the German Finance Minister between 2009 and 2017, "the main reason for the lack of demand is the lack of confidence; the main reason for the lack of confidence is the deficits and public debts which are seen as unsustainable" (Giles 2011). As such, not only fiscal consolidation was described as potentially positive for growth, but its positive effects, it was argued, increased in proportion with increases in the size and in the guarantees of irreversibility of the cutbacks (Alesina et al. 2015).

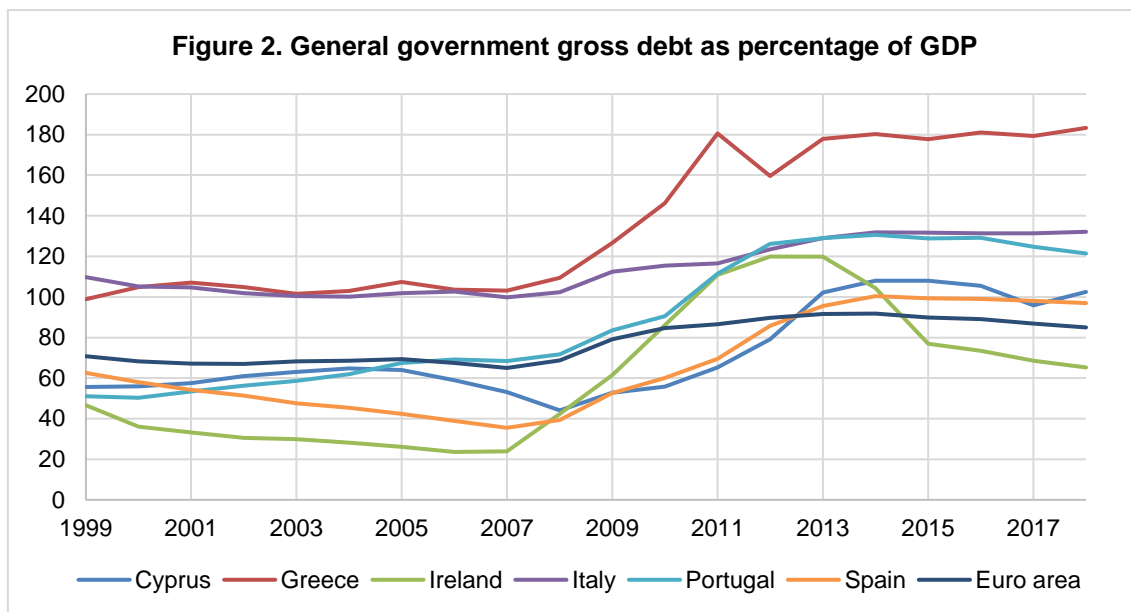
However, instead of promoting growth as defended by the so-called "expansionary fiscal consolidation thesis" (Islam 2014) influential among top EU policy circles during the crisis years (Blyth 2014; Helgadóttir 2016), the austerity-based response to the debt crisis triggered a second recession in the EU, one that was particularly acute in the GIIPS countries (see Figure 1). In consequence, the EU's call for fiscal stringency at the height of the sovereign debt crisis has been widely criticised for deepening and prolonging the post-2008 financial crisis in the EMU's periphery instead of solving it (Blyth 2014; Hopkin 2015). The contrast with the much stronger recovery path of the US, where fiscal stimuli had been wider and budgetary cutbacks were slighter and implemented much later, has been pointed out by some commentators as illustrative of the poor economic results of the orthodox approach to austerity followed by EU institutions between 2010 and 2013 (Krugman 2015).

Not surprisingly in the light of these results, from 2012 onwards, the link between an absence in growth and debt sustainability concerns began to feed into the macroeconomic policy debate, with a widening range of actors increasingly questioning whether growth should be afforded higher priority. As such, an increasing range of policy actors that had been among the supporters of strict austerity began to question the EU's approach to fiscal consolidation. The IMF, a member of the Troika – institution in charge of designing the fiscal consolidation programmes of the bailout countries of the Eurozone, formed by the Fund, the ECB and the European Commission – took the lead in this aspect. As explained in detail by Ban (2015; see also Ban and Patenaude 2018) and Clift (2018), the IMF's views on austerity substantially evolved over the course of (and as a reaction to) the development of the Eurozone crisis. In some ways, a turning point in this evolution was the publication of the 2012 *World Economic Outlook* (IMF 2012). In this influential report, the IMF included an information 'box' suggesting that austerity was more harmful to economic growth than previously argued by various agencies (ibid: 41). The reason was that fiscal multipliers³ were larger than previously believed. Later, the chief economist of the IMF, Oliver Blanchard, together with Daniel Leigh, admitted that "forecasters significantly underestimated the increase in unemployment and the decline in

³ The fiscal multiplier refers to the ratio of change in national income to the change in government spending that causes it.

domestic demand associated with fiscal consolidation" (Blanchard and Leigh 2013: 5). Still, Blanchard and Leigh (2013: 20) indicated that "the results do not imply that fiscal consolidation is undesirable", since "virtually all advanced economies face the challenge of fiscal adjustment in response to elevated government debt levels and future pressures on public finances from demographic change".

Although the IMF's criticism of the austerity strategy pursued in the EU was publicly rejected by the Directorate-General for Economic Financial Affairs of the European Commission (European Commission 2012b) and the ECB (2012), in early 2013 Jean-Claude Juncker severely criticised the austerity approach pursued in Southern Europe in his farewell speech as president of the Eurogroup. Juncker acknowledged that he had "many doubts" about the pace of the spending cuts "imposed" on Southern Europe, stating that the adjustments were designed to fall on the weakest (*El País* 2014a). In April of the same year, the European Commission's President, José Manuel Durão Barroso, warned that austerity was "reaching its limits", hinting towards certain self-criticism: "while I think this policy [austerity] is fundamentally right [...] we have to have tailor-made solutions for each country, we cannot apply a one size fits all programme to the European countries" (*EU Observer* 2013). A further important reprimand to the austerity doctrine was launched in 2017 by the European Court of Auditors, who in a report assessing the Commission's intervention in the Greek financial crisis concluded that the macro-economic assumptions of fiscal consolidation programmes were poorly justified and lacked "a broader strategy for the country" (European Court of Auditors 2017: 9-11). A similar conclusion had been reached in 2013 by the IMF's ex-post evaluation of the first fiscal consolidation programme imposed on Greece in 2010 (IMF 2013a). Importantly, the problem with aggressive fiscal consolidations was not only their negative impacts on growth rates, but also their likely "self-defeating" (IMF 2012: 101) character with regards their own purported aims (with their negative effects on growth increasing public debt to GDP ratios). Indeed, as shown in Figure 2, austerity has been ineffective in reducing the levels of public debt in the GIIPS. As stated by George (2013), "the ironic lesson appears to be that austerity alone – often the preferred course of creditors – limits the ability of debtors to service loans and to emerge from a debt crisis".



Source: IMF.

Importantly, since its inception in 2010, several economists had actively warned of the self-defeating effects of austerity in recessionary or low growth conditions (see, e.g., Krugman 2012; Wren-Lewis 2018). They had argued, following Keynes, that a decrease in the share of income dedicated to public spending, although ensuring a short-term increase in public saving, would also lead to a decrease in aggregate demand, and thus a decrease in gross output, which in turn lowers total saving⁴. In other words, the expansion of growth, triggered by countercyclical fiscal policy, is a pre-requisite to ensuring debt sustainability, since growth increases the denominator of the debt-to-GDP ratio. As such, Keynesians' retrospective reading of the crisis management upholds that the transition from stimulus to austerity was excessively premature: countercyclical fiscal policies should only be withdrawn once the "output gap" (that is, the difference between actual GDP during a downturn and potential GDP (full employment output)) has been eliminated. What the EU needed in 2010 were expansionary fiscal measures to support growth, alongside medium-term fiscal consolidation measures (Batini et al. 2012). A measure of austerity that seemed, according to many, necessary; the problem was its front-loaded and across-the-board character, together with the absence of complementing growth-enhancing measures (George 2013).

⁴ If the country is not in a liquidity trap (i.e. in a situation when nominal interest rates are at the zero-lower bound), reducing government spending does not necessarily lead to lower output because monetary policy can offset the impact of negative demand. But in a recession with unchanged interest rates, cutting government spending is bound to reduce aggregate demand and output (Wren-Lewis 2018: 11). This does not imply that Keynesians are against budgetary consolidation as such. According to this paradigm, austerity needs to be adopted at the peak of the business cycle, using fiscal restraint to prevent inflation and creating budgetary space to meet the costs of future depressions. As Keynes put it, "the boom, not the slump, is the right time for austerity at the Treasury" (quoted in Taylor 2013).

Notably, that ‘austerity alone’ could not solve a debt crisis, but actually sharpened it, had already been learned from the management of the Latin American sovereign debt crises of the 1980s. Indeed, in Latin America, the implementation of austerity policies, also under the guidance of the IMF, had already proved ineffective in both reducing debt levels and generating economic growth (George 2013; see also Cohen 2013). In fact, the emphasis on belt-tightening and the scant attention paid to growth led to disastrous economic and social results, today known as ‘The Lost Decade’. Only after the debt restructurings of the early 1990s, accompanied by export-oriented growth strategies, did Latin American countries get back on the path to growth again. Nevertheless, despite the lessons learned, “Europe repeated ineffective Latin American policy approaches” to austerity (George 2013: 3).

Furthermore, as shown by several studies, fiscal consolidation in the EU has had extensive socially regressive outcomes and painful social consequences, especially in the GIIPS (Pérez and Matsaganis 2018). For instance, the strategy of internal devaluation has led to a reduction of the wage share of GDP in the five GIIPS countries by an average of 3.06 points between 2006 and 2018. Of course, this has had important political implications for the structural power relations between capital and labour inside these countries (Unmeyer et al. 2018).

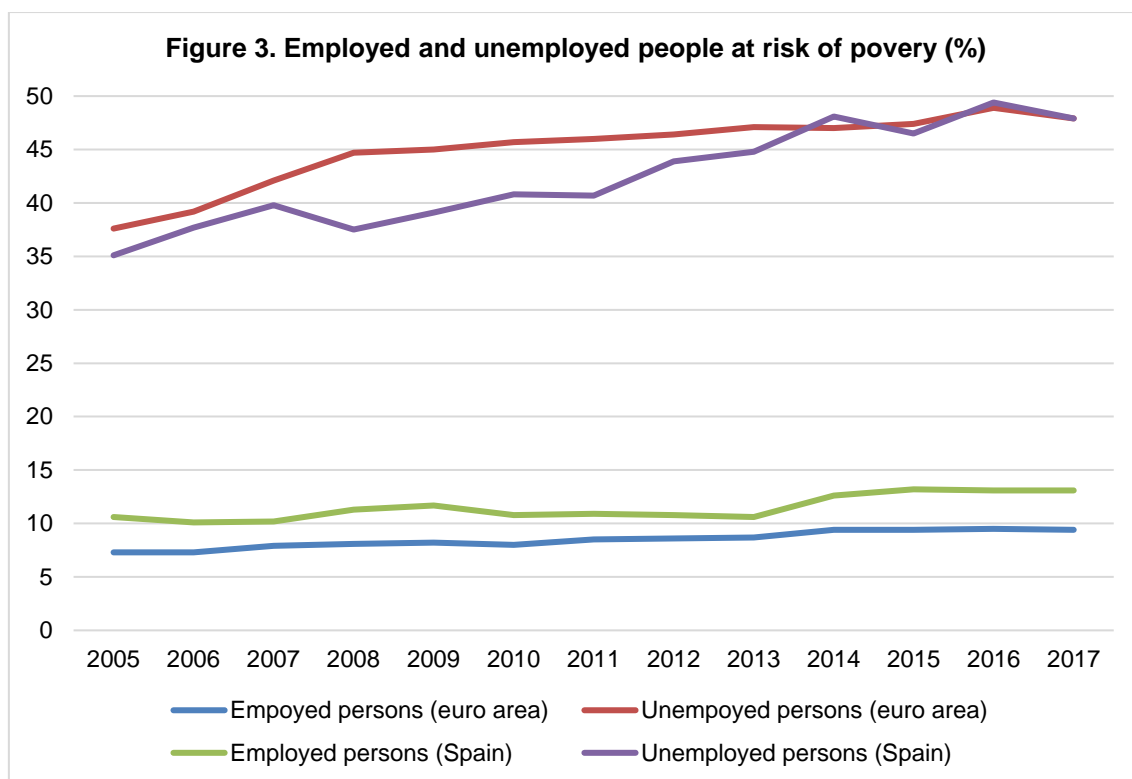
Table 1. Adjusted wage share as percentage of GDP at current prices

	2006	2018
Greece	51.7	49.6
Ireland	46.7	34.3
Italy	52.3	52.8
Portugal	57.2	52.1
Spain	55.6	53.9

Source: AMECO database.

Relatedly, by limiting the contribution of public investment, the crisis management led to a growth model that was less equitable in the long term. Extensive empirical research demonstrates the deleterious effects of the austerity response to the crisis on all social services (Heins and de la Porte 2016) and particularly on health (Reeves et al. 2014). This has been linked to a dramatic increase in poverty in the EU, particularly in the EMU’s periphery. Eurostat data, updated in 2017, shows that one in ten workers lived in a household that was below the poverty line, a figure that was unchanged since 2014 and the highest level recorded. Furthermore, the percentage of unemployed people at risk of poverty increased almost 10 points between 2008 and 2017 in peripheral EMU country like Spain (Figure 3). In this sense, despite five years of growth (since 2014), there is a clear trend across EU countries: although

employment rates have been recovering, wages have stagnated, and labour precariousness has increased (Romei 2019).



Source: AMECO database.

As will be explained in section 1.2, this policy response was in line with the model of European integration established by the Treaty of Maastricht (1992), which favoured the development of export-led growth models *à la* Germany (see chapter 6). Austerity and internal devaluation sought to emulate this export-led strategy in the GIIPS countries, by repressing wages and domestic demand and thereby increasing external cost-competitiveness (Pérez 2019). Nevertheless, instead of economic convergence between the EMU's periphery and its core, this strategy has exacerbated pre-crisis economic divergences, which, according to many, were at the root of the euro crisis (Álvarez et al. 2013; Hall 2018; Storm and Naastepad 2015). Thus, the costs of the prolonged economic contraction, added to internal devaluation, contributed to the debtor countries downgrading many of their sources of productivity: human capital was negatively affected by long periods of unemployment for many people, infrastructures were adversely affected by the absence of public investment. In this way there were increases in the differences in technological potential with the creditor countries. Not surprisingly therefore, the jobs produced by the recovery have been very different - from an innovation-led Northern core focused on high-tech industrial production to the Southern periphery with lower levels of productivity and a shrinking industrial base (Cirillo and Guarascio 2015; Galgóczi 2016; Veugelers 2016). Relatedly, as Pérez (2019: 1) states, “the divide in the Eurozone between a

small set of core economies with strong international financial positions (North) and a set of debtor states that show periodic vulnerability in international financial markets (South) remains a core feature of the area”.

Finally, apart from its socio-economic aspects, the political consequences of the austerity-based management of the crisis were profound and are proving to be long lasting. These political consequences concern not only the loss of citizen support for EU integration during the crisis years (Roth et al. 2019: 3), especially in the Southern periphery (Hobolt and De Vries 2016: 417), but also, and especially, the emergence of an entrenched line of conflict inside the EMU between creditor and debtor states. This divide, which “has to do with the issue of fiscal stability and, ultimately, cross-national transfers, [...] is rooted in both economic interests and highly entrenched cultural worldviews and mainly runs from North to South” (Ferrera 2017: 6). In the short term, it pits the fiscal consolidation approach central to German ordoliberalism against the Southern wish to reduce public debt levels via economic growth and financial repression. But in the long term, it pits the new Hanseatic League’s⁵ intention to maintain the current status quo against the Southern wish to advance towards forms of fiscal integration and stronger supranational economic governance. This line of conflict constitutes a permanent source of distrust among national executives and public opinions, and as explained in chapter 7, is widely perceived by EU policy elites as constituting the main political obstacle towards the transition to greater forms of fiscal integration that would potentially solve some of the EMU’s imbalances.

The implementation of austerity was crucial to the formation of this cleavage. In some countries, fiscal retrenchment was seen by many domestic actors as necessary for combatting the euro crisis. However, these ideas were not shared by everyone. Indeed, the sharpest austerity programmes were often implemented in those countries where popular opposition to austerity was more widespread: Greece, Portugal, Spain, Cyprus and Italy (Ireland was an exception here) (Gallup 2013). Furthermore, austerity was perceived in these countries as serving the interests of Germany (ibid). In consequence, in these member states the impetus for austerity did not come (primarily) from national governments, but from EU institutions. Drastic fiscal consolidations were imposed by the Troika of creditors as conditions to be accepted by member states in order to receive financial assistance. In May 2010 the first bailout plan was agreed to for Greece. Similar bailout plans followed for Ireland (November 2010), Portugal (May 2011), Spain (July 2012), Cyprus (May 2013) and Greece again (December 2011 and August 2015). Against the backdrop of this austerity-based crisis management, European economic governance became a subject of heated political debates and definitively left behind the era of a “permissive consensus” (Lindberg and Scheingold 1970), in which relatively insulated elites had negotiated grand treaties in the shadow of an uninterested and generally approving public. In contrast, in the era of “constraining dissensus” (Hooghe and Marks 2009), the EU polity has

⁵ The new Hanseatic League is a pressure group inside EU institutions formed by a set of (traditionally) fiscally hawkish member states: Indeed, in the post-crisis context, Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, the Netherlands and Sweden. It was established in February 2018.

become widely politicised (Hutter and Kerscher 2014), with the growth of Eurosceptic populist parties being the most startling expression of this phenomenon (Hodson and Puetter 2019; Kriesi and Pappas 2015).

1.2 On paradigms of European monetary integration and crisis construals

Unsurprisingly in the light of these results, austerity has been categorised by many mainstream analysts as “one of the great policy tragedies of our times” (Münchau 2019; see also Blyth 2014; De Grauwe and Ji 2013). To understand how and why the policy formulation of this tragedy was possible is the guiding research question of this thesis. Deciphering the conditions of possibility of the austerity response to the crisis constitutes an intellectual conundrum not only because this response (1) was ineffective in reaching its economic aims of reducing public debt levels and producing economic growth, (2) had dramatic and regressive social consequences, and consequently, (3) engendered social unrest and stringent political opposition where it was implemented, but also because (4) it was avoidable to the extent that there were other alternative policy responses to the 2009 debt crisis, as well as because (5) it represented a reinforcement of the very pre-crisis mode of European monetary integration that had led to the crisis. This chapter briefly substantiates these last two statements.

Before doing so, partially building on Degryse et al. (2013), we first provide two ideal-typical⁶ descriptions of the two different theoretical paradigms that have historically served as alternative reference frameworks or rationales for determining the institutional dynamics of the EMU’s building process (see also Miró 2017a). These “paradigms” (Hall 1993) link the monetary, fiscal, political and social dimensions of the integration process in different ways. As section 1.4.4 explains, from our perspective, the sequence of reforms adopted in response to the crisis has kept with one specific paradigm (or ideational model) of European economic and monetary integration that has been considered desirable by a powerful coalition of policy actors.

1.2.1 Two paradigms of European economic and monetary integration

According to a first paradigm, the creation of the monetary union had to be implemented on the basis of formal selection criteria – in particular, the public deficit and debt ceilings –, so that the pursual of these criteria by the future members of the union would foster a real convergence of

⁶ Max Weber (1949: 90) defined ideal-types in the following way: “An ideal type is formed by the one-sided accentuation of one or more points of view and by the synthesis of a great many diffuse, discrete, more or less present and occasionally absent concrete individual phenomena, which are arranged according to those one-sidedly emphasised viewpoints into a unified analytical construct. In its conceptual purity, this mental construct [...] cannot be found empirically anywhere in reality”. In this sense, an ideal-typical methodological strategy aims at the “analytical order[ing] of empirical social reality” (Weber 1949: 63) rather than the mind-independent mapping of this reality. It enables us to comprehend problems and debates better by thinking in terms of sharply differentiated features.

economic structures. In parallel with this process, it was expected that supranational mechanisms of macroeconomic, fiscal and social policy governance would be developed, since it was understood that they were necessary supports for economic integration: solidarity mechanisms between countries would fend off regional imbalances and soften the competitiveness dynamics of the process of market integration. In this sense, from the perspective provided by this paradigm, monetary integration was seen as “the trigger” for fiscal and political integration (Degryse et al. 2013: 9). As Schelkle (2013: 43) explains, this vision of the integration process had as a premise the expectation that governments pursue monetary integration in order to “pool policy resources so as to stabilise the economy more effectively”.

However, the paradigm of economic and monetary integration embedded in the institutional architecture established by the Treaty of Maastricht did not have the expectation of future fiscal integration as a premise. While it transferred monetary policy to the supranational level, it left the formulation of budgetary, fiscal and economic policies to member states. In these policy fields, the EU’s role was limited to monitoring national budgetary policies and loosely “coordinating” member states’ economic policies⁷. This was a paradigm of monetary integration without fiscal integration, and therefore implied the absence of adjustment instruments of a fiscal character at the supranational level. In the case of country-specific economic shocks, the model could only respond through the flexibilisation of social policies at the national level (policies of internal devaluation). As such, this paradigm envisaged a process of market-driven economic convergence within a monetary union (Degryse et al. 2013: 14). Influenced by the theory of optimal currency areas (OCA), the expectation was “that the monetary union would become an ever-better currency area simply by forming one. This is mainly because of closer trade integration that leads to more synchronized business cycles or more similar production structures if intra-industry trade dominates” (Schelkle 2013: 39; see also Benczes and Szent-Iványi 2017: 141).

Nevertheless, although fiscal integration was abandoned in this paradigm, some form of supranational coordination of national fiscal policies was perceived as necessary. This was to guarantee that member states would not avoid the competitive adjustments – necessary for the correction of imbalances inside the EMU – through incurring debt. The centrepiece of the supranational budgetary surveillance regime was the 1997 SGP, a set of rules defining a mechanism requiring member states to respect a deficit-to-GDP ratio of 3 per cent and keep a public debt ceiling at 60 per cent of GDP. In order to verify compliance with the rules, a surveillance system was instituted. It consisted of a monitoring procedure for preventing excessive deficits (known as the ‘preventive arm’ of the SGP), which required member states to submit stability programmes detailing their annual budgetary policies, and a corrective procedure for redressing them (Excessive Deficit Procedure (EDP)) that included the possibility of financial sanctions. The task of monitoring and enforcing budgetary compliance with these rules was given to the Commission. In short, a form of “procedural governance” (Degryse et al.

⁷ Treaty on the Functioning of the EU (TFEU), Article 119.

2013: 10) at the European level, that is, governance by formal rules and indicators devised by experts and under surveillance mechanisms, had been instituted: these were technocratic and bureaucratic mechanisms of governance instead of politics. In addition to the rules-based system of surveillance, the so-called ‘no bailout clause’ embodied in Article 125 of the TFEU, and the ECB’s lack of power to provide monetary financing – printing money to support government debt – prohibited by Article 127, constituted further mechanisms to ensure fiscal discipline, in these cases through the pressures that the financial markets’ behaviour would put on national public finances: “as creditors were exposed to potential losses, they would respond to a deteriorating outlook for public finances by demanding higher risk premia, which in turn would ensure that governments did not pursue profligate fiscal policies”⁸ (Yiangou et al. 2013: 227)”. In sum, instead of political mechanisms of governance, this paradigm envisaged a “market-led monetary union” (Degryse et al. 2013). It was an architecture clearly based on an ordoliberal economic philosophy, the specific German variant of liberalism defined by its focus on the legal, moral, and political foundations of both free markets and political institutions following agreed rules⁹ (Brunnermeier et al. 2016).

1.2.2 Two diagnoses regarding the euro crisis

When the European debt crisis struck in late 2009, each of the two paradigms offered a distinct diagnosis of its causes, and therefore a different prognosis of the institutional reforms that needed to be adopted in response to it. According to what would become the dominant policy consensus, strongly shaped by the German policy elites committed to the ordoliberal paradigm of integration, the main determinants of the sovereign debt crisis had been the lack of international (cost) competitiveness of the GIIPS countries and the consequent fiscal profligacy which had not properly been halted by the SGP: these countries had not adjusted their prices or wages during the economic boom of the early 2000s, and had covered up the consequent losses in competitiveness through taking advantage of the cheap credit enabled by the creation of the monetary union (see, e.g., Trichet 2009, 2010). In consequence, from 2009 onwards, this narrative continues, international bond markets began to price in the growing risks associated with the high volumes of debt of these countries. In sum, deteriorating competitiveness in individual countries was seen as a source of capital inflows and large current account deficits, and eventually of financial instability and fiscal profligacy (Gabrish and Staehr 2015: 560). As summarised in 2010 by Jean-Claude Trichet, President of the ECB between 2003 and 2011:

“It is very important to understand that the developments we are currently witnessing in Europe’s economy have to do with the ‘Economic’ functions of Economic and Monetary Union. They have essentially three origins: unsound fiscal policies in a number of Member States; inappropriate macroeconomic policies in a number of

⁸ In contrast, what happened is that lenders believed that the new monetary union implied security, and therefore they lent to the GIIPS’ economies without restraint.

⁹ On ordoliberalism, see section 1.4.4.

Member States; and overall an inadequate system of surveillance by all Member States [...] The roots of the sovereign debt tensions we face today lie in the neglect of the rules for fiscal discipline that the founding fathers of Economic and Monetary Union laid out in the Maastricht Treaty”

Nevertheless, as Sofia Pérez (2019) highlights, an alternative reading of the origins of the crisis points towards a different directionality between losses in external competitiveness and increasing indebtedness. According to this second reading, “the divergence of national labour costs itself was a consequence of the large, positive demand shock that monetary union entailed for those countries that saw a decline in interest rates as a result” (Pérez 2019: 2). The relationship was not one of increasing unit labour costs leading to excessive borrowing, but one of excessive capital inflows leading to competitiveness losses via nominal appreciation (Gabrish and Staehr 2015). Explained in more detail by Jacoby (2015: 192):

“as global liquidity increased at the beginning of the first decade of the 2000s, a significant amount flowed to Spain, Ireland, Greece, Portugal, and other states where, despite rapid convergence in interest rates with Germany and others, somewhat higher yields were available. These capital inflows contributed to strong asset bubbles (Spain, Ireland), surging demand (Italy, Greece, Bulgaria), or both (Estonia, Latvia, Portugal). They also created permissive space for steady rises in unit labour costs, even as Germany’s stayed flat. As competitiveness eroded in these states, current accounts went heavily into deficit, which required additional capital inflow. Meanwhile, Germany’s deep strength in high-quality manufacturing goods whose purchase was enabled by such liquidity provision led to sustained export booms in several manufacturing sectors.”

In this second diagnosis therefore, the causes of the crisis were de-nationalised, and understood in a more systemic way.

In any case, in both diagnoses the endless accumulation of debt since Maastricht was acknowledged as being at the centre of the EU's transnational model of development (Álvarez et al. 2013). Nevertheless, the significance of this debt for different member states was different, giving place to core-periphery dynamics. While for the group of Northern industrial countries (led by Germany) the creation of the EMU meant the beginning of a growth model based on the exportation of goods to the European (inner) periphery (thanks to their higher productivity levels and strict wage structure), this periphery could only buy these goods by drawing upon the cheap credit enabled by interest rate convergence inside the Eurozone (Hall 2018; Heinrich and Jessop 2015). Southern and Eastern European countries, lacking national mechanisms of wage coordination, thus became indebted economies distinguished by important current account deficits, marked by giant credit bubbles - and their associated high levels of inflation - and heavily dependent on foreign capital to maintain their domestic demand (i.e., they became peripheral economic units). At the heart of this asymmetrical growth regime was a strategy of infinite debt accumulation in a context of stagnant wages (Álvarez et al. 2013): debt (mostly

private) constituted the engine of economic growth of the peripheral economies¹⁰, while the demand sustained by this credit nourished the current account surpluses of the “export-led growth regimes” (Stockhammer 2016: 316) of the EMU’s financial core. As this model was only possible thanks to an acute process of credit expansion, and since credit expansion typically relies on some form of financial bubble, the European economy as a whole was marked by a “systemic fragility” (Álvarez et al. 2013: 108). This is because when they are in a situation of over-indebtedness in a credit bubble, debtors cannot continue refinancing themselves with new debt, because credit inflows have tightened up, the aggregate demand is suddenly reduced, and the economy collapses. And in this case, the factor that triggered the breakdown of the European financial system was the ‘subprime’ mortgage crisis that originated in the US during the second semester of 2007.

1.2.3 The new European Economic Governance

The first of the two diagnoses described above had become more influential among EU policy elites by 2010: excessive unit labour costs and fiscal profligacy in the periphery were identified as the main causes of the European debt crisis (Gabrish and Staehr 2015; Storm and Naastepad 2015). For instance, according to Yiangou et al. (2013), the paradigm of integration established by Maastricht crumbled because: (1) governance through market discipline did not have the consequences expected by the EMU; (2) fiscal governance in the euro area proved not to be as effective as intended; (3) the principle of keeping one’s own house in order proved to be an uncertain foundation of monetary union and (4) in a situation of rising debt levels, financial stability and contagion, the no bailout clause did not contribute to a self-reinforcing framework. In short, the crisis was the outcome of the failure to comply with the principle of sound budgetary policy as enshrined in the SGP, and to stick to the commitments to reform labour and product markets. The crisis response arising from this diagnosis would call for the strengthening of the rules of fiscal and macroeconomic surveillance.

Following this (ordoliberal) line, between 2010 and 2013 the EU adopted a far-reaching series of reforms in its economic governance aimed at extending and strengthening the powers of EU institutions to monitor the economic and budgetary policies of member states (Degryse 2014). The kernel of these measures was constituted by three major legislative initiatives that came to be known respectively as the Six-Pack, the Fiscal Compact and the Two-Pack.

The first major step in building what came to be known as the new European economic governance was the adoption in June 2010 of the European Semester, a framework aimed at

¹⁰ A model of growth defined as “asset-price Keynesianism” by López and Rodríguez (2011). This theoretical construct underlines how the financialisation of peripheral euro area economies was linked to increasing income inequality, both within and between states, over the past decades. In this way, recurrence to private debt, instead of active demand management by the state, became the main driver of economic growth (see also Crouch 2009).

strengthening economic policy coordination within the EU by allowing supranational institutions to exercise policy formulation, supervision and guidance on the economic and social policies of the member states. The European Semester was fully codified in December 2011 by the so-called Six-Pack (European Commission 2011). The Six-Pack furthermore reinforced the economic policy surveillance regime in three important ways. As regards the governance architecture of the SGP, it introduced the 'reverse qualified majority voting' (RQMV) for adopting sanctions in the ECOFIN when member states do not comply with recommendations¹¹. As regards the monitoring activities of the Commission, the EDP was reinforced by the operationalisation of the debt criterion, while the corrective arm of the SGP was strengthened by introducing an expenditure rule and a debt reduction benchmark. Finally, the Six-Pack extended policy surveillance to non-budgetary areas through the creation of the Macroeconomic Imbalances Procedure (MIP), a mechanism to detect, prevent and correct persistent distortions in competitiveness.

The Six-Pack's fiscal monitoring mechanisms were toughened up in March 2012 by the Treaty on Stability, Coordination and Governance (TSCG), also referred to as the Fiscal Compact. Its main novelty was the introduction of the so-called 'golden rule' that requires member states to overcome the 60% debt ceiling to converge towards structural deficits of 0.5 per cent of GDP. For euro countries with a debt ratio below 60 per cent of GDP, structural deficits can reach 1 per cent. Moreover, the Fiscal Compact entailed a high degree of enforcement, since it established the possibility for a binding intervention from the European Court of Justice in case of non-compliance with the golden rule, through the threat of imposition of financial sanctions of up to 0.1 per cent of GDP.

Finally, in May 2013 the so-called Two Pack was formally adopted (European Commission 2013b); this also focused on strengthening the Commission's powers of surveillance of national budgets and basically amplified the Commission's *ex ante* coordination of budgetary policies. Regulation (EU) No 473/2013 requires member states to send their budget proposals first to be approved by the Commission and Eurogroup (the finance ministers of euro area member states) before they are presented to national parliaments. Furthermore, it also requires member states to make their national medium-term fiscal plans public by 30 April (i.e., a moment in which national budgetary processes are in their early stages). This not only means that national parliaments' scope for intervention was significantly reduced, but also that national governments found themselves "developing their budgets in the shadow of EU surveillance" (de la Porte and Heins 2015: 19). Furthermore, the Two-Pack introduced a tougher monitoring procedure for member states that receive financial assistance.

Taken together, this series of incremental reforms adopted in response to the crisis led to a strengthening of the mechanisms of the EU's fiscal surveillance, and particularly, of the austerity-oriented bias of the framework. Wolfgang Streeck (2014a) famously coined the

¹¹ Before the reform, the application of the corrective arm of the SGP required a qualified majority vote in favour the ECOFIN.

concept of a European Consolidation State in order to define this new EU fiscal framework, while others announced the coming of an age of permanent or pervasive austerity (Pavolini et al. 2014; Schäfer and Streeck 2013). According to these accounts, a new ideational consensus, reflected in these new supranational institutional arrangements, had been built up in the EU. This revolved around macroeconomic policy conduct that prioritised orthodox fiscal conservatism in the form of balanced budgets and diminished social spending.

In this sense, in the area of European economic governance, the crisis response was paradigm-reinforcing rather than paradigm-challenging (Matthijs and Blyth 2018). The contradiction between full supranational integration of monetary policy and weak integration of fiscal policy at the heart of the emergence of the so-called European debt crisis had not been addressed: the model of monetary integration without fiscal integration survived the crisis. However, important institutional reforms and policy shifts were adopted in the course of the crisis management to compensate for the lack of reforms in the area of fiscal governance. Three important innovations are particularly noteworthy:

- 1) In the first place, the 'no-bailout clause' of the TFEU was ignored and an EU funding programme, the European Financial Stability Facility (EFSF), was established in May 2010. It was created by the ECOFIN in order to fund a rescue operation for Greece. In addition to help from the European Commission and the ECB, the EFSF also had the IMF's support. It was followed by a series of bailouts in response to financial market pressures on the public finances of other Eurozone members, namely Ireland, Portugal, Spain and Cyprus. In September 2012, the EFSF and another temporary EU funding programme, the European Financial Stability Mechanism (EFSM), were integrated to form a permanent crisis resolution mechanism for euro area countries: the European Stability Mechanism (ESM). ESM bailouts are conditional on member states first signing a Memorandum of Understanding (MoU), outlining a programme for the required fiscal consolidation and structural reforms to be implemented in order to restore financial stability.
- 2) In second place comes the ECB's gradual adoption of increasingly unconventional (and discretionary) monetary policies from 2010 onwards (Brunnermeier et al. 2016: ch. 15; Matthijs and Blyth 2018; Scicluna and Auer 2019). Indeed, from a purely financial perspective, the European debt crisis ended in July 2012 when the President of the ECB, Mario Draghi, gave an unlimited guarantee to do "whatever it takes to preserve the euro" (Draghi 2012) (that is, when the ECB finally assumed the function of lender of last resort for euro area member states). This was followed by an immediate decline in the risk premiums of the GIIPS countries, even before Draghi's announcement was made official, with the launch of the Outright Monetary Transactions (OMT) programme in September 2012. The OMT was a programme of sovereign debt purchases in the secondary markets whose aim was to bring down interest rates on the bonds of the countries under MoU conditions (and Spain). These countries, in exchange, had to

agree to enter into a programme of financial assistance with the ESM, and therefore, to implement fiscal consolidation programmes.

Indeed, since May 2010 the ECB had *de facto* been fulfilling the task of lender of last resort through indirect purchases of sovereign debt of countries under financial assistance under the Securities Markets Programme (SMP). However, the OMT extended the SMP in one crucial way: in contrast with the SMP, there are no limits to how many bonds can be bought through the OMT, but the purchases stop whenever the ECB's objective of securing appropriate monetary transmission is achieved. Measured against its aim of calming markets' pressures on sovereign bonds, the OMT programme was highly successful. In fact, it was so successful that it has never been used to date. However, ordoliberalists saw the ECB's bond buying programmes as ignoring the prohibition of monetary financing and succumbing to fiscal dominance (a situation that occurs when monetary authorities are obliged to finance governments' deficits in order to avoid bankruptcy and consequently downgrade other objectives such as inflation control). Ironically, nevertheless, it was the refusal of the ordoliberalists to create a European fiscal backstop that forced the ECB into this quasi-fiscal role.

Finally, in January 2015, the ECB launched a programme of Quantitative Easing (QE), whose aim was to bring down long-term interest rates by directly acting on long-term sovereign bond markets. In this case, however, with the sovereign debt crisis solved since 2012/2013, the aim was not to ensure monetary transmission but to raise inflation expectations. As a by-product of the ECB asset purchase programme, the Eurozone gained a safe asset in virtual form. As of the end of July 2019, the ECB held €2.646 billion from its purchases of government bonds (ECB 2019).

- 3) In third place, we must note the creation of an (incomplete) banking union. Before the crisis, the integration of capital markets in the single market allowed for cross-border trade in financial services but relied on national authorities to regulate this trade and backstop cross-border banks. During the sovereign debt crisis, the vicious circle where ailing domestic banks caused fiscal difficulties for governments, which in turn undermined public debt sustainability and further damaged banks, was one of the main causes behind the crisis deepening. Because of the dysfunctions of this design uncovered by the crisis, with the creation of a banking union many saw "the main response" of the EU to the sovereign crisis in the periphery (Quaglia 2019). Nevertheless, the banking union "that was originally envisaged in 2012 is different from the one that was eventually set up between 2012 and 2014" (ibid). A fully developed banking union as it was originally envisaged consisted of four elements: a single supervisory authority, a single resolution authority, a common deposit guarantee scheme and a common fiscal backstop (ibid). However, only the first two of these four elements actually materialised: in November 2013 the Single Supervisory Mechanism (SSM) was created, followed in March 2014 by the Single Resolution Mechanism

(SRM). Nevertheless, the refusal to pool resources to fund supranational re-capitalisation mechanisms meant that the new banking union would have a “structural difficulty” (ibid) to break the ‘doom loop’ between ailing banks and struggling states (Bénassy-Quéré et al. 2017). The creation of a common fiscal backstop was successfully blocked by the German government because it was seen as “an unacceptable step towards debt mutualisation” (ibid).

1.2.4 The ‘forgotten’ alternative reform paths

Taken together, this set of reforms has led to a period of rapidly deepening EU integration. Yet, as Jones et al. (2016: 1012) say, “even as they took steps toward deeper integration to preserve the euro, EU leaders have acted much as they did at the inception of the common currency: repeatedly putting in place incomplete, unsustainable solutions and rejecting more comprehensive, reform proposals”. Or in the more acerbic words of Münchau (2016): “The cardinal mistake of our time was the decision to muddle through the Eurozone crisis. Europe’s political leadership failed to generate the public support for what was needed: creating a political and economic union. Instead, the European Council did the minimum necessary for the system to survive to the next day”. This implied that, while “the member states and EU institutions brought the acute phase of the crisis under control in 2012”, they “did not address many of the underlying causes and legacies” (Laffan and Schlosser 2016: 247).

In the collectively edited volume *The Future of the Euro* (Blyth and Matthijs 2015), four main “forgotten unions” are positioned as being at the root of the Eurozone’s crisis, as well as for its later economic woes: a financial union, an economic and fiscal union, and a political union¹². Building supranational mechanisms in these respective domains, according to the authors, would have helped to fix many of the pre-crisis and post-crisis socio-economic problems that faced the EU. Nevertheless, with the partial exception of the financial union, EU political elites did not ‘remember’ to address any of these missing unions, either during the management of the crisis, or in its aftermath. By taking the paradigm-reinforcing response to the crisis explained here, other alternative solutions to the crisis were abandoned. In consequence, the euro as a currency area remains fundamentally dis-embedded in political and social terms, or what is the same, vulnerable to new economic shocks and incapable of addressing intra-regional macroeconomic imbalances without recurrence to internal devaluations.

Addressing the issue of fiscal union is seen by many analysts as the only long-term way forward for the euro area (e.g. World 2012; see Bargain et al. (2013: 378-383) for a review). A fiscal union would consist in the institution of a joint guarantee for government debt (the so-called Eurobonds), redistributive transfers between regions and/or a centralised budget at the EU level (cf. Fuest and Peichl 2012). According to many commentators and political actors, the first

¹² The so-called Four Presidents Report (Van Rompuy 2012) also called for making progresses in these four unions.

instrument would have prevented the emergence of the sovereign debt crisis. The second and third instruments, in turn, could have promoted real economic convergence between member states, and thus have avoided the formation of macroeconomic imbalances in the run-up to the crisis, as well as providing a strong (fiscal) stabilisation mechanism, one capable of absorbing large asymmetric macroeconomic shocks, once the crisis erupted. In this situation, fiscal consolidation could have been implemented in a far more gradual way. This last strategy would also depended, probably, on a restructuring of the GIIPS' public debts¹³ (George 2013).

More generally, this alternative blueprint of institutional reform would have implied a profound re-orientation of the underlying rationales of the process of integration, since it would have deployed a more federalised and Keynesian vision of European economic governance through the institution of a process of macroeconomic policy formation at the European level¹⁴. Significantly, this would enable demand management through the active coordination of wage increases at the EU level, a key measure for stimulating growth according to post-Keynesians (Lavoie and Stockhammer 2013: 4-5). It would thus differ from the ordoliberal paradigm in that the integration process would cease to be solely driven by market forces, since economic convergence would not be assumed to occur spontaneously but would be made dependent on political debate and discretionary decisions.

1.3 The research problem

In his seminal article 'Policy paradigms, social learning and the State', Peter Hall (1993) identified three types of policy change. First order change refers to adjustments in the settings or levels of the instruments used to achieve the goals of policy. Second order change occurs when new policy instruments are adopted, while the goals behind policy remain stable. Third order change is characterized by a shift in the guiding goals and values of a policy settlement, in addition to a shift in the types and settings of policy instruments. The activation of each of these types of policy change depends on the existence of empirical anomalies/policy failures that undermine the workings of the established institutional arrangements. To the extent that policy failures increase, and it is not possible to integrate them within the parameters of the established policy paradigm, processes of "social learning" unfold, that is, policy actors update their beliefs about the effects of policies and strive to develop new policy paradigms.

The dramatic forms taken by the Great Recession in the EU, particularly in the euro area's periphery, uncovered important flaws in the ordoliberal design of the Eurozone. As such, it was a clear case of paradigm failure, and therefore a "critical juncture" (Capoccia and Kelemen 2007) with remarkable potential to usher in a "third-order policy change" of the pre-crisis mode

¹³ In the case of Greece, a haircut was included in the second bailout programme.

¹⁴ There was a third paradigm in the political debate about that future of the integration project that argued for the unwinding of the monetary union (Feldstein 2012) and for a process of "decentralised Europeanisation" (Varoufakis et al. 2014).

of European integration (Blyth 2013b). Indeed, scholars have emphasised the opportunities that economic crises give to policy makers in challenging the status quo (Hay 1999). During crises, amid the uncertainty provoked by the inability of the existing mechanisms of government to continue to function 'as usual', spaces open up to discuss "what is to be done" and thus to promote institutional reform (Blyth 2002). In short, crises constitute "windows of opportunity" for putting through policy changes (Birkland 2004; Saurugger and Terpan 2015). Nevertheless, although the post-2009 economic meltdown uncovered important dysfunctionalities in the EMU's architecture, as well as in the different national models of capitalist development in Europe, EU and national policy elites, as explained previously, preferred to 'muddle through' rather than to implement fundamental reforms. Hence, a puzzling question that the management of the euro crisis raises for political scientists concerns the lack of third order institutional changes unleashed by crisis. Or, at least, the lack of institutional changes commensurate with the depth and scale acquired by the Great Recession in the EU.

To look for the factors that enabled the absence of third order institutional change is equivalent to looking for the factors that made the formulation of the austerity-based response to the crisis possible. This is because the selected crisis diagnosis, by focusing on correcting the 'national' causes of the crisis (fiscal profligacy and lack of competitiveness), omitted the systemic ones, and therefore facilitated the absence of third order changes in the pre-crisis mode of European integration. Given this absence, the mix of fiscal consolidation plus structural reforms constituted a policy response to the crisis that was predetermined by the EMU's existing institutional framework.

The conditions required to make austerity possible in Europe constitute an intellectual conundrum that dovetails with the broader debate about the post-crisis survival of neoliberalism as the dominant political and economic ideology at both the EU and global levels. Back in 2008, the Great Recession was perceived by many as a challenge for the global economic order that emerged from the "neoliberal revolution" (Robison 2006) of the last quarter of the twentieth century. Many thus expected ground-breaking transformations in the socio-economic order, following the patterns of transformation suffered by the hegemonic paradigms prevalent before the previous 'big crises' of capitalism – 1873, 1929, 1973 – and eventually leading to the global demise of neoliberalism (Crouch 2011; see also Birch and Mykhnenko 2011). Nevertheless, this did not happen. Against this background, the resilience or perpetuation of the neoliberal era, or the "strange non-death of neoliberalism" to use Peter Crouch's (2011) formula, has become a widely studied research topic in political science (see, e.g., Cahill 2014; De Ville and Orbie 2014; Mirowski 2013; Schmidt and Thatcher 2013).

What is understood by neoliberalism in the context of this thesis? Neoliberalism has been variously defined as a policy programme of economic and political restructuring informed by neoclassical economics and imbued with anti-government fervour (Mirowski 2009), as a response of the capitalist class to the post-war crisis of Keynesianism in order to restore its class power and rates of profit (Harvey 2007), or as a rightist ideology originally foregrounded

by Anglo-American ruling elites (Klein 2007), just to mention some of the most popular definitions of this extremely polysemic concept. In the context of this thesis, in line with the discursive analytical perspective that will be outlined in chapter 2, we instead draw from what could be called “ideational” explanations of neoliberalism (Campbell and Pedersen 2001; Ban 2016). More particularly, we rely on the analytically useful definition of neoliberalism provided by Michel Foucault in *The Birth of Biopolitics* (2008). In Foucault’s account, neoliberalism refers to a concrete type of governmental rationality (i.e., a concrete mode of reasoning about the best way of governing), which attempts to reshape the whole social body according to market principles. Neoliberalism is about the extension of market logic to the rest of society, with market competitiveness gradually becoming the benchmarking of more and more economic and social relations. Importantly, in the late 1970s, when Foucault delivered his course on neoliberalism, mainstream understandings conceived the new emergent liberal rationality as the mere re-birth of the eighteenth-century classical *laissez-faire* liberalism. In contrast to this, Foucault emphasised how neoliberalism entails a specific normative rationality aimed at, rather than limiting the state’s area of intervention in order to give the necessary freedom to the market, to constructing and organising the state and other social spheres according to the logic of market competition. In neoliberalism, the state becomes an interventionist agent which must permanently “govern for the market” (ibid: 121) (the “market maker of last resort”, to use Albo et al.’s expression (2010: 44)).

From this definition it is easy to understand why the management of the Eurozone crisis, comprising a mix of fiscal consolidations, financial bailouts and internal devaluations, can be defined as predominantly neoliberal: it not only reduced public expenditure in many social areas (and thereby reduced the presence of the state in them), while guaranteeing the existence of financial markets, but it also used state power to increase the exposure of entire areas of social life to the logic of market competition, for instance with the deregulation of collective bargaining systems (see chapter 6) or the privatisation of social services. In the same way, it is also clear why the strengthening of the ordoliberal mode of European integration, which marginalises the building of mechanisms of fiscal governance at the supranational level, underscored the enduring power of neoliberal policy ideas.

At this point, it is important to clarify that the thesis does not assume that nothing has changed in the EU since the outbreak of the crisis in 2008: the building up of a new European fiscal surveillance regime between 2010 and 2013, the creation of the ESM in 2013 or the setting up of a partial banking union between 2012 and 2014 cannot be considered small steps in the process of European integration. Nevertheless, what the thesis does assume and takes as its starting point is the conclusion shared by many scholars who are working from very different theoretical (and political) perspectives¹⁵, that the European project did not undertake a comprehensive revision of its ordoliberal guiding framework during the crisis management; quite

¹⁵ See, among others, Heinrich (2015), Jones et al. (2016), Laffan and Schlosser (2016: 247), Macartney (2013), Parker and Tsarouhas (2018), Sum and Jessop (2013: 406-436).

the opposite. Consequently, post-crisis European integration still rests on the pre-crisis consensus around the virtues of market competition, stable money and fiscal discipline. Or what is the same, on the central ideological tenets of neoliberalism and ordoliberalism. To borrow a helpful distinction made by Sum and Jessop (2013: 399-402), the crisis was construed and managed as a crisis *in* the system and not *of* the system. In crises in the system, solutions can be depicted as existing within the boundaries of existing policy paradigms, which can be adjusted, and costs displaced onto non-elite groups (in our case, through austerity policies). In crises of the system, the problems are interpreted as exhausting the existing paradigm, and therefore, calls for more fundamental changes may prevail. How can we make sense of this development? How did European political elites successfully marginalise critical worries about the austerity-based crisis response and invest it with an aura of inevitability?

1.4 The literature and the argument: the discursive is crucial

There is no shortage of explanations about the causes and conditions of possibility of the paradigm-reinforcing route that was implied in the management of the euro crisis. These explanations can be schematically organised into four groups, each of them emphasising the various roles played by economic constraints, institutional path-dependencies, actors' interests and discursive factors in causally determining the austerity-based crisis management.

1.4.1 The role of economic constraints

A first line of analysis focuses on the determining role played by economic conditions in affecting the policy decisions taken during the euro crisis. Not surprisingly, a wide variety of work carried out by economists from various schools can be categorised as arguing from this perspective. We limit the review here to two accounts that, in our understanding, provide challenging and thought-provoking interpretations of the crisis responses. These are Wolfgang Streeck's neo-Marxist theory of the fiscal consolidation state and the transnational historical materialist account of the euro crisis.

Streeck's argument is that post-2009 austerity was the (necessary) response taken by European policy elites in the face of both the high levels of public and private debt that had been accumulating since the 1970s, as well as creditors' worries from 2009 onwards that this debt might not be repaid (Streeck 2017: 122). Austerity was necessary, from Streeck's viewpoint, in the sense that it was structurally determined by long-term patterns of capitalist development: Streeck situates the austerity-based response to the crisis within a long-term transition, initiated in the 1970s, from a "tax state" towards a "debt state" – i.e. "a state which covers a large, possibly rising, part of its expenditure through borrowing rather than taxation, thereby accumulating a debt mountain that it has to finance with an ever greater share of its revenue" (Streeck 2014a: 87). The "austerity state" (Schäfer and Streeck 2013) would then be the state which, from the late 1990s, gradually substituted the previous "debt state". As such,

the austerity state constitutes the ultimate solution given by Western policy elites to “the fiscal crisis of the state” of the 1970s, that is, to the declining capacity of democratic capitalist states to fund their financial needs through taxation. The fiscal consolidation state “is the political-institutional response to financial market demands for a break in the trend towards ever higher public indebtedness” (Streeck 2017: 122):

“an established consolidation state is one that has managed to institutionalise a political commitment and build a political capacity never to default on its debt, projecting an uncompromising determination to place its obligations to its creditors above all other obligations [...] it may be described as an state whose commercial market obligations take precedence over its political citizenship obligations, where citizens lack access to political and ideological resources with which to contest this” (ibid: 123)

Nevertheless, if austerity was necessary because of the dwindling tax capacity of capitalist states, what were the causes behind this weakening of the states’ capacity to tax? Streeck differentiates between proximate causes and ultimate cause. Proximate causes have a conjunctural and political character rather than a structural one: the growing tax resistance of the middle and upper classes since the 1970s, rising unemployment and therefore rising mandatory social spending, and the large bank bailouts adopted after the 2008 financial crash are the main proximate causes pointed out by Streeck. Nevertheless, for Streeck, these various proximate causes are the expression of a common ultimate cause, which is the decline of economic growth in the democratic-capitalist OECD world since the mid-1970s (Streeck 2014b). For Streeck, after “buying time” through inflation and financialisation as substitutes for real economic growth during the last four decades, and after the failure of the neoliberal agenda of ‘structural reforms’ to deliver growth, democratic capitalism may be grinding towards its end:

“The question we may have to ask is whether there is a ‘third way’ for OECD capitalism between lack of aggregate demand on the one hand and the booms and busts of a capitalist zombie economy under artificial respiration. The answer might well be that there is none. Perhaps we should start thinking about what that could mean” (Streeck 2013: 727)

In this way, Streeck puts the weight of this explanatory argument on the inherent growth limitations of capitalism as a mode of production. As such, Streeck’s explanation of the EU’s austerity response to the crisis shares with mainstream macroeconomic positions the depoliticising argument that fiscal consolidation was the only available option for governments in 2010 when they were faced with increasing distrust of the financial markets over the states’ capacities to repay their debts (see, e.g., Schäuble 2011; Sinn 2014). They both adopt the view that austerity was the unavoidable answer to the growing costs of future interest payments, since, at a certain point, these were going to become prohibitive.

In contrast to this perspective, Blyth (2013a: 748) gives us a compelling set of arguments for demonstrating the conjunctural and therefore political character of the decline in growth observed since the seventies:

“First, the data set observed is OECD countries, which heavily weights European countries. Those countries have, since 1992, been deliberately lowering their long run growth rates by adhering to the Maastricht criteria and then joining a deflationary monetary union. [...] This is a conjunctural political choice and not a structural inevitability. Second, as growth has gone down, wages have stagnated with labor’s share of national income now at historic lows, while income and wealth inequalities have reached historic highs in these same states. This gives rise to what might be called ‘Kaleckian politics’ where a concentrated investor class doesn’t need to invest as they already own everything, with the result that capital formation lags and growth flattens out. This too is conjunctural, not structural [...] Third, the shift to a service-dominated economy, where capital cannot easily be added to inputs to augment productivity, clearly lowers growth potential. However, even this is only partly structural as giving up one’s industrial base and/or encouraging it to move offshore are also political choices that can, in principle, be challenged.”

So for Blyth, the increase in public debt since the late 1970s is as much about political choices as growth dynamics (Blyth 2013a: 748). Or in other words, austerity was not an inevitable policy choice. For instance, in order to delineate an alternative policy response to high volumes of public debt, Blyth draws from the Keynesian toolbox and argues for “a combination of financial repression and higher taxes” (Blyth 2013a: 745; see also Krugman 2012). In any case, asserting the political and hence contingent character of the euro area crisis management implies the necessity of moving beyond the economic sphere and including political and agential factors in the analysis. We cannot simply assume that, as the interest rates on bonds went up, the governments’ need to roll over their debts increased, and therefore austerity was adopted. What is missing in an explanation like this – here oversimplified for analytical purposes – is the reason behind ruling out other policy options. One might say that these other options were simply dismissed as politically unfeasible (e.g. Giavazzi and Wyplosz 2015: 728). However, the distinction between what is feasible or unfeasible in any given historical moment is always the product of a frontier that is constructed politically by the different policy actors according to their (perceived) interests.

This focus on the dynamics of the social structures of capital accumulation in order to explain the outcomes of the euro crisis is also developed by other strands of critical political economy. Particularly relevant for its growing popularity within EU integration scholarship are the analyses provided by a group of critical political economists, variously identified as the Amsterdam School of International Political Economy or the transnational historical materialists. What they all share is a theoretical perspective originally formulated in the works of Robert W. Cox (1981, 1983) and Kees van der Pijl (1984), rooted in Marxism and French Regulation Theory¹⁶.

¹⁶ Regulation theory constitutes a more or less distinctive theoretical orientation in evolutionary and institutional economics, one that explores the ways in which extra-economic practices - institutional arrangements, social practices, political identities, symbolic constructions, and so forth - combined with different economic conditions, help to secure, albeit always provisionally, “capital’s reproduction as a social

This strand of scholarship has argued that the euro area crisis management is to be understood as a process that has mainly sought to preserve the finance-led accumulation strategy dominant in the EU since the 1980s and its concomitant commitment to regulation based on ordoliberalism (Becker and Jäger 2012; Bieler et al. 2019; Ryner 2015; Ryner and Cafruny 2017; Van Apeldoorn 2014). As such, the analysis of crisis management delivered by this perspective can be summarised in three main insights. In the first place, not only was the crisis the outcome of objective contradictions that the neoliberalisation of European capitalism, which started in the 1980s, unleashed, but its policy management only provided a new temporary and unstable fix for these contradictions (Van Apeldoorn 2014). Importantly enough, in a clear Marxist move, the crisis-prone tendencies at the root of the euro crisis are interpreted as “associated with capitalism as a mode of production [...] as constitutive properties in the power relations between capital and labour (Ryner 2015: 279). Secondly, the new crisis-borne settlement was entrenched in the project of market liberalisation assumed by the EU since the 1980s and its attendant re-commodification of social relations (Heinrich 2015). It thus reinforced the dominance of a European transnational capitalist class organised under the leadership of its financial sector. In this sense, in contrast to the explanations of the euro crisis management centring on the role played by the German state (see below), historical materialist analyses take class fractions and class alliances as their methodological entry-point:

“notwithstanding the geopolitical and geo-economic weight of Germany within the current EU, it would be a mistake to view the management of the euro crisis and the apparent efforts to save the single currency purely in national, and intergovernmental, terms and as such primarily a *German* strategy. This would miss the important transnational dimension, that is to say it would fail to understand how not only EMU and the broader neoliberal project in which it is embedded has been the outcome of struggles between transnational social forces and shaped by the agency of a transnational capitalist class” (Van Apeldoorn 2014: 196)

Finally, in third place, these accounts understand crisis management as an elite operation, whereby the dominant classes used the dislocations provoked by the crisis to further accelerate the neoliberalisation of the EU (ibid: 197; Bieler et al. 2019: 13).

Historical materialist explanations of the euro crisis have made significant contributions to our understanding of the Eurozone crisis. They correctly remind us that European integration is a process through which a new institutional *form* of European governance is constructed in an

relation” (Jessop and Sum 2006: 353). As an analytical framework for the study of political economy, the key move of regulation theory is to assert the “instituted nature” of the economy, arguing that the emergence and functioning of any ‘regime of accumulation’ (a particular organization of economic production, distribution and consumption) is entirely dependent on a ‘mode of regulation’ (an ensemble of institutional and social arrangements, above all wage and competition relationships, monetary policy and ecological restriction) which shapes it. In addition, the articulation of a regime of accumulation and a mode of regulation in a coherent ‘model of development’ is not conceived in a functionalist way, but as the articulated product of social and political struggles (Jessop and Sum 2006; Lipietz 1988).

endogenous relationship with a specific (neoliberal) socio-economic *content* (Van Apeldoorn 2001: 71; 2002). In this manner, they move us beyond the dichotomy that organises mainstream discussions in EU integration theory around the question of ‘more *versus* less integration’ (epitomised in the traditional ‘intergovernmentalist-neofunctionalist debate’), by focusing on the question ‘integration for what?’ Thus, not unlike Streeck, they identify structural weaknesses in the EMU – related to the patterns of accumulation and circulation of European capitalism, as well as to the contradictory dynamics underlying them – that go well beyond the inadequacies of the institutions managing it. However, transnational historical materialist explanations of the euro crisis management tend to suffer from an acute functionalism (in the form of economism¹⁷) that is not very attractive in analytical terms. Relatedly, they also tend to display a high level of theoretical abstraction that reduces both their empirical basis – the lack of empirical research featuring this literature is striking – as well as the explanatory leverage of these accounts.

1.4.2 The force of institutional path-dependencies

A second line of explanation for Eurozone crisis management puts the explanatory burden on the constraining (and enabling) force of the institutions in determining responses to the crisis. These intuitionist accounts depart from the theoretical assumption that institutions crucially shape the interests and strategies of political actors as well as the venues where ideational debates are developed. Institutions in this context are broadly understood as frameworks of formal and informal rules and incentives, although ‘institutions’ analysts typically centre on formal institutions. The concept of institutional path dependence, according to which the set of decisions that policy actors face for any given conjuncture is limited by the decisions they, and others, have made in the past, is crucial in these accounts. According to Skocpol and Pierson (2002: 665), the significance of path dependence is that:

“once actors have ventured far down a particular path, they are likely to find it very difficult to reverse course [...] The ‘path not taken’ or the political alternatives that were once quite plausible may become irretrievably lost. ‘Path dependence analysis’ highlights the role of what Arthur Stinchcombe has termed ‘historical causation’ in which dynamics triggered by an event or process at one point in time reproduce themselves, even in the absence of the recurrence of the original event or process”.

Amy Verdun’s (2015) historical intuitionist analysis of the EU’s responses to the European debt crisis provides an illustrative example of an institutionalist account of crisis management (see also Gocaj and Meunier 2013; Jones et al. 2016; Yiangou et al. 2013). According to Verdun, at the root of the economic problems suffered by the Eurozone from 2008 onwards

¹⁷ For instance, when providing an explanation of the causes of the Eurozone crisis, Bieler et al. (2019: 10) write: “uneven development cannot simply be reduced to the institutional set-up of EMU and the introduction of the Euro in the early 2000s. Uneven development, rather, is the hallmark of geographical space resulting from the necessity of capital accumulation within the EU”.

were important maladjustments in the original institutional design of the EMU. Chief among these deficiencies were the lack of centralisation of fiscal policy, the absence of mechanisms to offer quick response to exogenous shocks and the dependence of EU institutions on member states in order to act. The crisis uncovered these deficiencies starkly, opening up a “critical juncture” in which EU policymakers had the opportunity to solve them. Nevertheless, rather than triggering a leap in integration aimed at solving these deficiencies effectively, the management of the crisis followed a process of institutional “copying” (new institutions were created by borrowing from earlier institutional rules) and “layering” (creation of new institutional rules to be placed on top of existing institutions) that did not fundamentally change the ordoliberal model underpinning the design of the EMU. For Verdun (2015: 224), the crucial factor explaining this pattern of (incomplete) reform was the constraining role played by the previous EMU architecture, crucially limiting the set of possible institutional innovations that could be chosen as a response to the crisis.

In the field of EU studies, institutionalist analyses have traditionally merged with neofunctionalist integration theory¹⁸. In this literature, neofunctionalism is understood as a theory of the politics of the integration process that understands European integration as a self-unfolding process – that is, driven by the pressures for further supranationalisation that it itself creates. These pressures crystallise in national and transnational interest groups’ demands for deeper integration and in supranational institutions meeting these demands (Vilpisauskas 2013: 365). Spillover – a concept that resonates with the historical institutionalist logic of “increasing returns” (Pierson 2000) – constitutes the key concept for understanding this process of self-driven institutional change. It refers to the (functional) logic in which cooperation in one policy field triggers pressures for cooperation in other policy fields. The process of European integration is therefore seen as moved forward by incremental changes. Three types of spillover, which are not mutually exclusive, are identified by neofunctionalist theory. Firstly, functional spillover, which develops when an original goal can only be reached by taking further integrative actions which were not initially planned. Secondly, political spillover, which occurs in situations in which national political elites and interest groups consider that important problems can be better managed at the supranational level rather than at the national one. And thirdly, cultivated spillover, which refers to situations in which supranational institutions actively foster new integrative steps because they seek to enhance their powers. In all the cases, spillover logics appear as an outcome of the already existing interdependence of policy areas, so that institutional reform is conceived as endogenous to the functioning of institutions.

Accordingly, neofunctionalist perspectives have interpreted EU responses to the euro crisis as measures adopted “in order to alleviate functional pressures arising from an incomplete architecture created at Maastricht” (Niemann and Ioannou 2015: 201). A central functional

¹⁸ Indeed, from the late 1980s, many scholars in the neofunctionalist tradition preferred to label their explanations as institutionalist or supranationalist instead of neofunctionalist (Jones et al. 2016: 1028). Seminal neofunctionalist accounts include Haas (1958), Lindberg (1963) or Schmitter (1970).

dissonance in the EMU's original architecture was the one between the coordination of monetary policy at the supranational level and the coordination of fiscal policy at the national one (ibid: 202). The crisis overtly exposed this institutional flaw, creating functional pressures for resolving it and eventually leading to the institution of the 'Six Pack', the 'Two-Pack' and the Fiscal Compact, all of them intended to increase the supranational coordination of fiscal policy. The crisis was, in short, "the result of existing, and amplifier of subsequent functional pressures" (ibid).

The main explanatory weakness of historical institutionalist and neofunctionalist accounts of the development of the euro crisis is, not surprisingly, the annoying functionalism implicit in the basis of their argumentation: the appeal to structural logics that appear as necessary rather than contingent leads to the impression that these accounts merely offer abstract redescriptions of the observed processes of change instead of explanations of them. As Cocks (1980: 3) pointed out more than three decades ago, neofunctionalism fails to acknowledge that explaining integration "as a response to interdependence does not inform our understanding of why given kinds of interdependence occur at one specific point in history and why, therefore, new levels of integration are possible/probable at one juncture in the past and not another" (see also Bickerton et al. 2015). Related to this, institutionalist explanations are not well suited to addressing the conundrum guiding this thesis, which concerns the absence of third-order institutional change. In fact, according to this perspective, if path-dependent or spillover dynamics were at play in responding to the crisis, then we would expect the integration process to be moving towards a comprehensive solution such as a fiscal union. Nonetheless, the reasons behind ruling out alternative scenarios of change are not explored by 'institutions' scholars. For instance, in Niemann and Ioannou's influential article on neofunctionalist theory, it is simply argued that these options "were considered politically and economically too costly and/or risky by euro area policy makers and that path dependencies point in a different direction" (2015: 203). Nevertheless, it seems rather obvious that the stark implementation of austerity was also a politically risky (and indeed economically costly) operation. What matters, as we understand it, is the question of who each policy option was risky and costly for.

1.4.3 The power of economic and political interests

A third group of studies focuses precisely on answering this question. Interest-based analyses place the explanatory emphasis upon the divergent interests in the management of the crisis between creditor countries and debtor countries (see, e.g., Álvarez et al. 2013), between supranational institutions and member states (Fabbrini 2016; Scicluna and Auer 2019), between business interests, financial markets and national states (Albertos and Kuo 2018; Chang and Leblond 2015) and/or between France and Germany (Schweiger 2016; Vail 2015). In this type of explanation, the policy debates about crisis management are understood as appropriated by vested economic and political interests. 'Interests' analysts examine the strategies and resources of actors in promoting their policy ideas and strategies about the management of the

crisis and in crafting coalitions around these ideas. Importantly, within these accounts, actors promote and sustain certain ideas primarily because they benefit materially from them, i.e. for self-interest. Ideas are hence understood as instruments used by actors for justifying the policy options that favour their interests.

Traditionally in EU integration studies, liberal intergovernmentalism has been the prominent analytical framework used by those analysts stressing the causal significance of member states' interests in determining policy decisions at the EU level. Liberal intergovernmentalism provides an explanatory framework of EU integration politics based on two basic assumptions: on the one hand, that states are the key actors in the integration process inasmuch as they continue to enjoy pre-eminent decision-making power; on the other, that these states are rational actors in the sense that they calculate the costs and benefits of the different available options in accordance with their interests. By relying on these two premises, liberal intergovernmentalism develops an analytical framework for explaining European integration based on three elements: national economic interests, relative state power and the credibility of interstate commitments (Moravcsik 1998: 4). Firstly, states define their preferences at the domestic level and in accordance with the economic interests of dominant domestic groups. Secondly, states engage in international agreements between each other, prompted by high economic interdependence, the character of which depends on the relative bargaining power and asymmetrical interdependences (uneven distribution of the benefits and costs of relations of interdependence) between them. And, thirdly, states create international institutions in order to secure credible inter-state commitments and thus reduce the uncertainty of each other's future behaviour.

Consequently, liberal intergovernmentalism, as exemplified by the work of Schimmelfennig (2015), explains the management of the euro area crisis in relation to the constellation of intra-EMU economic interdependences and the fiscal position of its member states. Schimmelfennig argues that economic interdependence creates strong incentives for member states to cooperate for the preservation of the euro, inasmuch they perceive integration offering more advantages than disintegration. But he also argues that, from 2010 onwards, divergences between solvent and indebted countries regarding the institutional solutions for this preservation limited and hindered the scope of cooperation. Since the solvent countries, led by Germany, enjoyed a stronger fiscal position and therefore stronger bargaining power, the concrete measures taken for safeguarding the euro reflected Germany's preferences. This implied the financial rescue of the insolvent countries, but through mechanisms shaped in accordance to German interests: in broad terms, rejection of forms of debt mutualisation, nationalisation of the adjustment costs in the form of fiscal austerity and reinforcement of the supranational mechanisms of fiscal surveillance.

The dominant role played by Germany in the politics of the EMU since its foundation is a common topic in the liberal intergovernmentalist literature (Moravcsik 1998, 2012). Nevertheless, the range of studies that take Germany's interests as the crucial explanatory factor in understanding the development of the euro crisis extend well beyond liberal

intergovernmentalist literature (see, e.g., Beck 2013; Bibow 2013; Bonatti and Fracasso 2013; Bulmer and Paterson 2013; Jabko 2013; Thompson 2015; Vines 2015). These studies analyse German policy actions during the Eurozone crisis in the light of the various economic and political trade-offs underlying Germany's internal and external politics.

A sophisticated study illustrating this kind of explanation is provided by Wade Jacoby (2015). Jacoby reflects on the reasons that led the German political elites to put all the costs of the adjustment on peripheral economies, through austerity and structural reforms, while actively resisting any moves towards greater macroeconomic and fiscal integration. The author explains these crisis responses by locating them in the context of the domestic electoral tensions and external (European) political economy dynamics at play in Germany after 2009. According to Jacoby, German political elites' decisions on the crisis were determined by a framework of assumptions comprising five main elements: (1) Germany had to help the highly indebted countries out financially since she was interested in safeguarding the common currency, but, at the same time, (2) German policy elites had to pick the optimal time and form of intervention in order to prevent moral hazard dynamics. In addition, (3) German elites could not intervene until they had properly prepared their voters, (4) while the rescue efforts should not negatively affect German exporting economy. In fact, (5) German voters would acquiesce to the first point only if the government provided assurances that the second and fourth were guaranteed. Germany's insistence on the narrative that the euro crisis was one of public debt, and therefore that what was needed was austerity, structural reforms and stricter fiscal rules, is consequently explained by this constellation of strategic considerations. The 'public debt story' about the crisis was thus functional for Germany in three aspects: firstly, it helped to legitimise and maintain the status quo of the European regional economy (highly favourable to Germany in terms of trade and capital flows) by omitting the role of trade imbalances in provoking the debt crisis; secondly, because "acknowledging imbalances might have threatened to shift some of the burden of adjustment to Germany as a matter of fundamental correction" (ibid: 197); and thirdly, the austerity-based crisis solution provoked an unexpected "flight to safety" of capitals that further benefited Germany. In conclusion, as put by Jabko (2013: 708-709) in a similar analysis:

"It was pretty clear that Greek or Irish or Spanish deficits were the mirror image of German surpluses. Germany's export surplus, in conjunction with German banks' lax lending and investment practices could have easily been held responsible for the piling of public and private debts in peripheral countries. This was a Pandora's box that German politicians understandably did not want to see open. In this context, their advocacy of austerity served to deflect attention from Germany's share of responsibility in the debt crisis. [...] Austerity is the ideology of the creditor nations who do not want to bear the burden of adjustment"

A complementarily analysis of the constraining role played by German economic interests in the management of the crisis is provided by David Vines (2015). According to this author, the appropriate policy response to the problems triggered by the euro crisis comprised three measures. Firstly, adjusting costs and prices inside the Eurozone not only through internal

devaluations in the periphery but also by allowing more inflation in Germany. Secondly, revising the SGP in order to allow fiscal policy to play a countercyclical stabilisation role inside the Eurozone. Thirdly, writing off much of the sovereign debt of the GIIPS countries. However, Germany resisted these measures for several reasons: in the first case, because inflation in Germany would be detrimental to its export potential; in the second, because significant fiscal expansion in Germany and an easing of austerity in the GIIPS would contradict the ordoliberal ideological tenets hegemonic in Germany's politics; and in the third, because, since Germany was Greece's biggest creditor, any debt cut was highly unpopular and hence too politically risky to assume by the German government (see also Wagstyl 2015). In contrast to this policy recipe therefore:

“German political requirements made it necessary to demand that the GIIPS countries: (i) deflate their costs and prices as much as is necessary to restore competitiveness; (ii) live within the constraints imposed by the SGP; and (iii) honour their sovereign debt obligations.” (Vines 2015: 862)

The problem with this policy mix, as put it by Vines, is that “its objectives cannot be achieved. Any analysis which suggests that these things are possible is incoherent” (ibid). Germany in consequence has been acting as a “reluctant hegemon” (Bulmer and Paterson 2013), incapable of integrating in its strategic proposals some of the demands of the subaltern states and thereby building a new and more attractive project of European integration. In contrast, by relying on its economic strength, it provided some EU level stabilisers during the crisis – it was the state contributing most to the bailout funds –, but on the condition of guaranteeing its interests and beliefs. Overall, Germany's rationale in the crisis management sought to preserve its “neo-mercantilist” model of capitalist development, the basis of its “conservative corporatist-etatist” socio-economic model (Bonatti and Fracasso 2013).

By including questions of domestic preference formation, inter-state economic competition and broader power issues into the analysis, interest-based explanations offer a better answer than neofunctionalism to the questions of why the crisis management took the form it did from late 2009 onwards. In this sense, they provided plausible responses to the critical question of “whose interests does the particular course of integration serve in a particular policy area and whose interests are challenged?” (Parker 2016: 49). Particularly, these kinds of studies help to understand the strategic context in which the debate about the EMU's politics of macroeconomic governance reform is situated: underlying the process of stronger coordination of economic policies at the EU level has always been a grand North-South *quid pro quo* between control and solidarity: stronger control over Member States' policies has always been understood by the Northern powers as a prerequisite for greater mutualisation.

Nevertheless, despite these strengths, interest-based accounts present two main problems from our perspective, one analytical and the other substantive. In analytical terms, the instrumentalist conception of the role of ideas in politics displayed by these accounts do not allow an analysis of how ideas limit the possibility set. As such, the constitutive role of discourse vis-à-vis actors'

interests is omitted (we will come back to this point in the following subsection). More importantly, in substantive terms, these accounts that centre on the role played by supranational institutions and/or Germany in the crisis management offer convincing explanations for why these actors preferred austerity over other policy options. And they also provide good reasons why such options were adopted at the EU level despite the important drawbacks that they implied for many other actors. Nevertheless, what they do not explain is why and how these 'other actors' negatively affected by austerity, that is, peripheral states and societies, were convinced not only to accept this policy solution passively, but in many instances to actively defend it. The sovereign debt crises displayed a neat logic of pitting the interests of the creditor states very strongly against those of the debtors. The costs of adjustment were imposed almost entirely on the debtor nations, leaving them in a deeply disadvantageous position. To understand how and why these countries came to accept this policy output, and thus failed to impose structural changes in the design of the EMU that would have been more advantageous to them, we need to turn our analytical gaze towards the role of discourse and ideas during the euro crisis.

1.4.4 The role of ideas and discourse

A fourth line of explanation focuses on the role played by political and economic ideas, arguments and discourses in the development and the management of the euro crisis. For authors working from this perspective, the three previous logics of explanation, focused on disputes based on material interests, economic dynamics, and institutional path-dependencies, are deemed incomplete due to their tendency to overlook an even more important aspect in explanatory terms: how interests and economic and institutional contexts are always interpreted through the lens of ideas and discourses in order to acquire political significance. For instance, institutional failures need to be interpreted as failures in order to provoke change, and this task of interpretation is a process mediated by meaning-making struggles about the very nature of the problem to be addressed as well as its standards of failure or success. The explanatory burden in discourse-focused analyses falls therefore within the realm of the articulation of political ideas, as well as in their dissemination through communicative practices. They are featured by taking ideas and discourse as explanatory variables in their own right, either for the substantive content of ideas themselves, for the formal properties (mutability, generality, ambiguity, and so on) of certain concepts, for the rhetorical strategies used in order to impose some ideas into argumentative processes, or for the ideological capacity of some discourses to define reality according to certain parameters instead of others (Schmidt and Thatcher 2013).

The role of ideas and discourse in the management of the euro crisis has attracted ample scholarly attention. In shedding light on the question of why the scale of the euro crisis was not met with a commensurate reevaluation of the European integration model, ideas-focused analysts seek to trace the processes of "variation, selection and retention" (Jessop 2015a) of competing crisis interpretations and how they impacted on the subsequent policy responses.

The insights produced by this scholarship can be organised depending on the level of abstraction from which the discursive/ideational is studied. Here we differentiate between ideational variables at two different levels:

- 1) Ideas. A first group of works have studied the policy ideas, philosophical principles, economic theories and/or ideological beliefs that underpinned agents' core understandings about how the economy works and what the consequent appropriate action was during the euro crisis. Most of the works in this area point to two guiding economic theories to understand developments in European monetary integration before and during the crisis: ordoliberalism and Keynesianism. *The Euro and the Battle of Ideas*, by Brunnermeier et al. (2016), offers one of the most complete accounts of the confrontation between these two ideologies in the context of the crisis (see also Van Esch 2014; Warren 2018). According to them, during the Eurozone crisis, these two economic philosophies were primarily articulated by the German and French positions on managing the crisis. In their ideas-based approach, the management of the crisis constituted the reflection of a sequence of policy disputes in which the governments of these two countries held different visions of the diagnosis and solutions to the crisis, as well as of the model of European integration that they considered preferable, on the basis of these two different ideologies (see also Matthijs 2016; Matthijs and McNamara 2015). The economic philosophies underlying the German and French positions can be summarised through a series of dichotomies shown in Table 2:

Table 2. Differences between German ordoliberalism and French economic tradition as economic philosophies.

Ordoliberal economic thinking	French statist economic thinking
"A focus on the legal, moral, and political foundation of free markets with agreed rules"	"Rules should be subject to the political process"
"A strong emphasis on responsibility and accountability"	"Crisis management requires a flexible response"
"A potential for moral hazard arising out of lender of last resort activities"	"Constraining the freedom of government to act – and to borrow – would be undemocratic"
"A concern that lender of last resort action may corrupt or pollute monetary policy"	-
"A belief that firm or binding rules are needed to shield monetary policy from fiscal dominance"	"Monetary policy needs to be used to serve more general goals than simply price stability, such as being concerned with economic growth"
"A strict approach to government deficit and debt ceilings"	"Adjustment to international imbalances should be undertaken symmetrically, with surplus countries doing their part"
"Growth is not achieved by the provision of additional money or resources but by structural	"As multiple equilibria are possible, choosing an unpleasant trajectory for the present is likely to

reforms”	perpetuate rather than remove constraints on growth”
“A belief that present virtue – or austerity – is rewarded by future benefits”	“Present virtue is self-contradictory and self-defeating”
“Net exports are considered a gauge to competitiveness and a signal of economic health”	Excessive exports are not “a sign of strength but an indication of the application of a beggar-thy-neighbour mercantilist principle”
“Germans prefer flexible exchange rates in an internal setting with open capital markets”	“Fixed exchange rates are a desirable reflection of states’ ability to impose discipline on disorderly markets”

Source: Brunnermeier et al. (2016: 66-82).

French views on the management of the euro crisis were hence deeply influenced by Keynesian economics, a group of macro-economic theories featuring demands for an active role for the state in the management of the economy. In contrast to ordoliberalism, the most important insight of Keynesianism is the recognition of the need for demand management by the state both during economic booms and downturns (Skidelsky 2009). Keynesianism as a policy paradigm usually defends active fiscal and monetary policies, controls on capital mobility, a strong public sector through high taxes and public spending and intervention in the labour market to upgrade social protection. Keynesianism was more associated with the positions of the debtor member states during the euro crisis than ordoliberalism for having a more pragmatic view on deficits, for putting the emphasis on the need of demand management and growth, and for being more concerned with the social implications of economic policy.

Nevertheless, despite some compromises, it was the ordoliberal view that came to prevail in most aspects of the management of the crisis. Ordoliberalism refers to a particular variant of neoliberalism hegemonic in Germany since the post-Second World War period. For Bonefeld (2012: 633), the theory of ordoliberalism “brings to the fore a tradition of a state-centric neoliberalism, one that says that economic freedom is ordered freedom, one that argues that the strong state is the political form of free markets, and one that conceives of competition and enterprise as a political task”. In the words of Jürgen Stark, member of the Executive Board of the ECB between 2006 and 2012, ordoliberalism is an approach “arising from the recognition that market need rules to be set and enforced by government. From this perspective the most important principles are the primacy of price stability; the promotion of competition in all markets; the protection of property rights; freedom of contract; and the idea that individuals should bear the risks of their own decisions and the losses of banks should not be borne by the whole of society” (Stark 2015). In this sense, while classical *laissez-faire* liberalism took the existence of market liberty for granted, and therefore advocated a lean state, the fundamental ordoliberal concern is how to create and sustain the precarious liberty of the market through state action. “In contrast to the utilitarian

approach of *laissez-faire* economists”, ordoliberal “emphasised a normative-ethical foundation of economics, delineating an important role for the state in setting the constitutional framework for economic competition”, writes Young (2017: 35). From this ordoliberal worldview emerged the practice of “free economy and strong state”¹⁹ (Bonefeld 2012: 524). In the context of the euro crisis, the ordoliberal reading of the crisis was supported by a group of strategic actors (Northern member states, central bankers, right-wing politicians throughout the EU, certain Commission DGs, big capitalists) (see previous section; see also Albertos and Kuo 2018) and was structurally favoured by the architecture of the EMU, designed according to its principles (Dyson and Featherstone 1999).

Ideas-based explanations of the management of the crisis thus focus on the role that certain ideas played during the crisis in fixing agents’ understandings and policy debates. In some cases, they focus on the specific political appeal or rhetorical powers of particular ideas. For instance, Jabko (2019) argues that, thanks to its inherent ambiguity, the notion of “stronger economic governance” provided a “platform for collective innovation on EU rules” that made a compromise possible between the French demands for a greater *gouvernement économique* at the EU level and the German ordoliberal emphasis on greater rules-based discipline. In turn, Blyth (2014) argues that austerity as an economic idea has particular rhetorical and ideological powers: the idea that ‘more debt doesn’t cure debt’ and that ‘we need to tighten our belts to pay back our debts’ constitutes a simple, seductive and intuitive notion, although at the same time it frames the economic policy debate in peculiar moral terms that make debt repayment ethically binding. In both cases, the power of the selected ideas or signifiers may lie not so much in their correspondence with objective economic needs, but in the political consequences that follow from assuming them to be accurate representations of those material needs (Hay and Rosamond 2002). Other works within the ‘ideas’ literature on the euro crisis focus on how specific (public or private) organisations or agents promoted the idea of austerity and institutionalise it (Anstead 2017; Dellepiane-Avellaneda 2015; Helgadóttir 2016; Maesse 2018). Others dwell on the different impacts of austerity ideas in different countries, giving place to different ‘varieties of austerity’ (Ban 2016; Dellepiane-Avellaneda and Hardiman 2015), as well as on the different ideational components of the idea of austerity (Russell 2017).

- 2) Discourses. A second group of works focuses on the study of discourses in the construction and legitimisation of austerity rather than on the intellectual bases of austerity. Of course, the distinction between ideas and discourse is far from clear-cut. In the literature, discourse is usually understood “‘the dress’ in which ideas are made manifest to us” (Finlayson 2004: 537). Conceptualised in this form, discourse becomes important because ideas only have political effects “in as much as they can be formulated in communicable terms (even if they

¹⁹ For Streeck (2015: 362), ordoliberals should speak of a “strong-and-weak state”: strong when dealing with democratic pressures while simultaneously weak when dealing with market pressures and intervening in the economy.

are communicated to ourselves)” (ibid). The notion of discourse refers in sum to the signifying practices through which not only ideas, but also arguments, material practices or institutions are represented and articulated in coherent narratives, causal stories or worldviews. Analyses focused on discourse therefore study the intersubjective processes of persuasion in politics rather than the properties of political ideas *per se*²⁰.

Along these lines, many works have focused on the processes of deliberation, argumentation and persuasion behind the discursive construction of the euro crisis, as well as how this construction has made the formulation of austerity possible. Let us consider an interesting question. Why did the Greek sovereign debt crisis become the focus of the policy debate during much of the euro crisis? A standard answer might begin by pointing out the disproportionately high levels of public debt of the Greek state, as well as the high possibilities of Grexit that appeared in different bailout negotiations, or the long period of economic recession that the financial crisis triggered in Greece. However, on the one hand, these developments were endogenous consequences of the crisis management approach taken by EU institutions from late 2009, so that they cannot be understood as *causes* of the character of this management. On the other, Greece was not the only peripheral state struggling with deep economic dislocations in the aftermath of the 2008 financial meltdown, nor it was the first to be rescued by the EU. Why then the obsession with the Greek sovereign debt crisis?

In her article ‘A catalytic moment’, Amelie Kutter (2014) suggests that a factor crucial to understanding the massive spread of news about Greece in the media debate on the crisis was the central meaning-making role that the Greek case played in the discursive construction of the euro crisis. In the interpretive struggle between the creditors’ diagnosis that construed the crisis as caused by governments’ irresponsible fiscal policies and the debtors’ diagnosis that pointed to systemic weaknesses of the EMU, selecting and promoting the Greek experience as the symptom of a more general tendency in Southern Europe favoured the persuasiveness of the first diagnosis. As Kutter (2014: 461) explains:

“With reference to the Greek case a specific notion of crisis was established. The Greek crisis appeared as symptomatic of a general failure of fiscal policy applying to all EU member states, and as revealing systemic failure in the regulatory design of the EMU [...] Reference to the Greek case helped mobilize an EU-wide clampdown on expansionary fiscal policy and a deepening of economic integration. It rendered these scenarios of action more palpable than reference to the Portuguese, Spanish or Irish sovereign debt crises ever would have. In this sense, the Greek crisis, through its specific construction, proved a catalytic moment in the institutionalization of a specific model of EU economic governance”

²⁰ On the notion of discourse, as well as on the relationship between ideas and discourse in the context of this thesis, see section 2.1.

As provocatively summarised by Mark Blyth (2013a: 741), “austerity has been all about saving the banks while blaming the Greeks”, since the obsession with Greece legitimised the “the Greatest Bait and Switch in Human History – as the private debt of the banking system was turned into the ‘excessive spending’ of the public sector through lost revenues, bailouts and recapitalizations” (ibid: 744).

Complementary to the role played by the Greek case, Coulter et al. (2017) analyse how Ireland was also used by the pro-austerity discursive coalition as a rhetorical asset. But in Ireland’s case not to sustain a “horrific fantasy” (Glynos 2011) about the effects of fiscal profligacy, but to articulate a “beatific fantasy” (ibid: 376) about the benefits of austerity. Ireland was thus discursively constructed as the “‘poster child’ for the remedial powers of austerity and a ‘role model’ for other countries seeking to restore to balance their public finances” (Coulter et al. 2017: 2).

Importantly, in both accounts, the Greek and Irish stories were not only important in terms of the persuasiveness of certain arguments in the public debate, but also in terms of the reforms adopted in response to the crisis. Arguments, ideas and institutional changes appear in this sense as endogenously linked. Discourse-focused analyses of the euro crisis management focus precisely on these links: on how certain signifying struggles determined the policy debates on the crisis (see, e.g., Brazys and Hardiman 2015; Griebel 2017; Luporini 2013; McDonagh 2019; Stavrakakis and Galanopoulos 2019).

Importantly in the context of this thesis, discourse-focused scholars are especially concerned with studying the conditions of possibility of the legitimation of the crisis responses. Indeed, in the field of political discourse analysis, the legitimation of power has been a key theme for a long time (Fairclough 2003). This is because legitimisation has an obvious discursive component: legitimacy is a component of political power that is intersubjective/non-material, i.e., situated at the level of ideas and meanings (Fairclough 2003; Beetham 2013: 5). If the crucial element in most forms of political legitimation is that a powerful group “seeks normative approval for its policies or actions”, then it becomes clear that legitimation may be accomplished by having recourse to discursive devices (Rojo and van Dijk 1997: 528).

In this sense, discursive approaches have been deployed by various authors to understand the legitimatising strategies underlying the austerity-based policy management of the euro crisis. For Borriello (2017), the legitimation of austerity in Portugal and Spain was achieved through a strategy of depoliticisation of the responses to the crisis (see also Séville 2017 and Standing 2018). This strategy was based on three discursive strategies: the construction of an economic common sense based on neoliberalism, the appeal to external constraints and the metaphorical naturalisation of economics. Vaara (2014), in turn, by analysing financial media texts in a creditor country (Finland), identifies six main discursive strategies that support the legitimation of the austerity-based management of the euro crisis: “position-based authorization (institutional authorities and ‘voices of the common

man’), “knowledge-based authorization (dominance of economic expertise)”, “rationalization (focus on economic arguments)”, “moral delegitimation and legitimation by (un)fairness”, “mythopoiesis (alternative future projections)”, and “legitimation and delegitimation based on inevitability”. Fonseca and Ferreira (2015), to give a final example, develop a discourse analysis of the speeches of the Portuguese Prime Minister, Pedro Passos Coelho, during the bailout period, and identify five main discursive legitimation strategies of the MoU: state of exception, blame allocation, effectiveness, appeal to the emotions and ‘there-is-no-alternative’ arguments. Overall, discourse-based explanations of the legitimation of austerity focus on political elites’ strategies to suppress or deflect alternative policy proposals and coalitions through recounting convincing crisis interpretations and stories (see also Borriello and Crespy 2015; Crespy and Schmidt 2014; Doudaki 2015, Kelsey et al. 2016; Wendler 2014; White 2015).

Interestingly, some authors have focused on the conditions that hinder the discursive legitimation of the crisis management in the EU (see chapter 5). For instance, Schmidt (2014) explains how the Eurozone sovereign debt crisis became an existential crisis for the project of integration not only because of the negative consequences of the economic decisions taken by EU leaders, but also because these decisions were not accompanied by a discourse capable of making them convincing to the public. Such a failure was provoked to a large extent by the multi-level nature of the European political system, which is criss-crossed by a twofold cleavage that disables the political functionality of any unitary discourse: on one hand, there is a cleavage between the different national constituencies structured around creditor-debtor frictions; on the other hand, there is a transnational cleavage between the people and “the markets”. According to Schmidt, this topography made it hugely difficult to articulate a legitimising discourse regarding the management of the crisis.

Overall, the literature on the role of ideas and discourse in the management of the crisis explains well how certain political decisions and institutional reforms were adopted and became accepted as desirable (or inevitable) from 2010 onwards. It does so by focusing on how certain crisis interpretations won over others in the ‘battle of ideas’ during the crisis and thereby came to define the range of (socially perceived as) feasible crisis responses. Ideational and discursive approaches to the crisis have two particular strengths that have made them the chosen analytical frameworks to conduct the research of this thesis:

- 1) On the one hand, in order to explain ‘why’ and ‘how’ the discursive construction of the euro crisis was possible on the basis of ordoliberal premises, and thus explain the absence of third-order policy change during its management, they emphasise that those who exercise power need to legitimise their decisions in the eyes of the broader public and in the different member states. As such, these approaches connect with the core traditional issue of political science, namely the study of the conditions of maintenance

and transformation of power relations and of the correlations of forces that underpin such relations.

- 2) On the other hand, by studying the mechanisms through which austerity-based crisis management was constructed through signifying practices, discursive and ideational approaches brought to the fore the historical and contingent nature of the economic order and its established practices. In other words, understanding the euro crisis as a discursive event lays open how its management was political rather than technical, partisan instead of neutral.

1.5 The research questions and aims

By seeking to contribute to the scholarly efforts to understand the role of ideas and semiosis in the management of the euro crisis, the guiding research questions of the thesis are:

1. What were the main ideational underpinnings of the discursive construction of the euro crisis?
2. Why did the ordoliberal construal of the crisis, at the centre of these underpinnings, become the dominant one at the EU level?
3. How was the austerity-based management of the euro crisis legitimised?
4. What have been the main consequences for the economic governance of the EMU of the institutionalised discursive construction of the euro crisis?

Answering these questions implies pursuing the following research objectives:

1. To describe and reconstruct the policies and institutional reforms adopted in the EU in response to the euro crisis.
2. To identify the discursive practices and social representations that led to the signification of the European sovereign debt crisis as a problem of 'wasteful Southern states' that required the application of austerity and internal devaluation measures.
3. To explore the building of competing "discursive coalitions" (Hajer 1995) and their rival rhetorical strategies and political projects.

1.6 The structure of the thesis

The thesis, which is a compilation of four journal articles, is structured as follows:

- Chapter 1 briefly introduced the historical context of our research problem, namely the conditions of possibility for the development of the Great Recession in the EU in the form of the European debt crisis. It then situated this development within the longer trajectory of institutional development of the project of monetary integration in the EU. It then constructed the guiding research problem of the thesis, subsequently reviewing in

what ways previous literature has approached this problem. Finally, it presented the guiding research questions of the thesis.

- Chapter 2 reviews and compares the different analytical frameworks of the study of the role of discourse and ideas used in the different articles that make up the thesis. These analytical frameworks are ideational political economy, Discursive Institutionalism, Post-structuralist Discourse Theory (PDT) and the interpretivist approach to governance.
- Chapter 3 reviews and compares the different methodological frameworks, methods and research strategies employed in the different articles of the thesis. These are the logics approach, content analysis, elite survey and semi-structured interviews. It also includes a section that justifies the selection of Spain as case study in two of the four articles of the thesis, as well as a brief rationale behind the use of a case study approach as a research strategy.
- Chapter 4 is made up of the article “Beyond populism and institutionalism: anti-populism and the management of austerity in Spain”, published in 2019 in *Constellations*.
- Chapter 5 is made up of the article “Abolishing politics in the shadow of austerity? Assessing the (de)politicization of budgetary policy in crisis-ridden Spain (2008-2015)”, published in 2019 in *Policy Studies*.
- Chapter 6 is made up of the article “In the name of competitiveness: a discursive institutionalist analysis of the EU’s approach to labour market structural reform, 2007-2016”, published in 2019 in *Socio-Economic Review*.
- Chapter 7 is made up of the article “Austerity’s failures and policy learning: mapping European Commission officials’ beliefs on fiscal governance in the post-crisis EU”, currently under review in *Review of International Political Economy*.
- Chapter 8 concludes by outlining the main contributions of the thesis, its limitations and areas for future research.

CHAPTER 2. THE ANALYTICAL FRAMEWORKS OF THE THESIS: DISCURSIVE APPROACHES TO POLICY ANALYSIS

2.1 Introduction: policy analysis and Discourse Studies

Chapter 1 has explained why the analytical starting point of the thesis is the recognition of the crucial role played by the discursive in making possible the management of the euro crisis. This chapter is dedicated to review and compare the analytical approaches that have been employed during the thesis in order to operationalise such a guiding analytical premise. Not surprisingly given our research questions, these analytical approaches are located at the crossroads between two different disciplines, namely public policy analysis and Discourse Studies. This first section of the chapter briefly presents these two disciplines as a way to set the tone for introducing their “articulation” (Glynos and Howarth 2007) in the different forms of discursive analysis that are explored in the rest of the chapter.

The political science discipline called policy analysis aims to study, in the words of Scharpf (2000: 762), “the nature and causes of (societal) problems that (public) policy is expected to resolve and the (empirical or potential) effectiveness of policy responses to these problems”. In order to do that, public policy analysis documents, describes, explains and evaluates policymaking processes.

The roots of policy analysis as an academic discipline are usually traced back to the investigations of the North American scholar Harold Lasswell, particularly to his work, edited with Daniel Lerner in 1951, *The Policy Sciences in the United States* (Parsons 1995: 18; Fischer 2003). Lasswell's works, like most North American work in the field during the 1950s and 1960s, had as its main objective improving the effectiveness and efficiency of public powers through the rationalisation of their activities. This implied a conception of policy analysis as an applied social science dedicated to the improvement of policymaking (Lasswell 1970). Policy analysis was thought as a problem-solving discipline aimed to “speaking truth to power”, to use Wildavsky (1979) expression. In the US, the pioneering examples of this applied form of policy analysis were developed under President Johnson's War on Poverty and Great Society programmes, during which social scientific expertise in the form of information and analysis of education, urban planning, health or cultural policy acquired a unknown degree of practical and political importance.

Although having been vindicated by some as precursor of the post-positivist tradition in policy analysis (Torgerson 1985), there is more consensus in the literature in interpreting Lasswell's legacy as setting the path for the positivist form that mainstream policy analysis would take during the 1960s and 1970s (Fischer 2003: 5; Hoppe 1999). Deborah Stone defined this mainstream form of policy analysis under the rubric of the “rationality project” (1995: 9).

According to Stone, the rational approach to policy analysis rests on three pillars: a model of reasoning, a model of society and a model of policymaking (ibid. 11). In the first place, the model of reasoning was informed by rational choice theory, dominant analytical perspective in political science since the 1970s after the decline of the behavioural revolution. Hay (2002: 8) defines rational choice theory's analytical perspective as comprising three basic assumptions: "individual actors are the basic units of analysis", "they are rational, efficient and instrumental utility-maximisers who seek to maximise personal utility net cost alone", and "they have a clear and 'transitive' hierarchy of preferences". In short, the model of individual underpinning rationalism imagines humans as agents who enjoy a relatively fixed set of preferences and are capable of continuously behaving instrumentally in order to achieve them.

In the second place, the model of society underlying this rational model of decision-making is "the market" (Stone 1995: 12). This means that society is perceived as constituting a "collection of autonomous, rational decision makers who come together only when they want to make exchange" (ibid.). As Karl Polanyi explained in *The Great Transformation* (2011[1944]), the self-regulating market appears as the organising myth, the dominant "utopia", against which more and more social areas (human labour force, land and money, above all) come to be modelled (i.e. commodified) in capitalist societies.

In the third place, the model of policy-making encapsulated in the "rationality project" was that of technocracy: policy-making was depicted "as an orderly sequence of stages, almost as if on an assembly line" (ibid 12), whose basic function was to manage non-conflictual affairs in a technical manner. The policy process was purported as dominated by expertise and, therefore, as an arena in which politics, understood as power struggles between contradictory interests, disappeared. In this sense, the political ontology of the rationality project borrows from neoclassical economics not only the naturalisation of market competition as the main mechanism of societal coordination, but also (indeed, as a consequence), the pinpointing of power issues (i.e. politics) as artificial and exogenous elements that distort the otherwise spontaneous competition that reigns in the social world (Palermo 2016). Policy makers consequently need to act by closely paralleling the practices of scientific research, selecting the policy options that produce the most efficient decisions according to the Pareto criterion. In this picture, the task of policy analysis is to develop generalisable rules that can be falsified through quantitative techniques.

Stone's outline of the rationalist approach to policy analysis is powerful because it highlights how any social ontology, based on a concrete vision of human nature, always determines a concrete vision of politics and thus of the policy process, as well as a concrete approach to study them. Moreover, in her seminal introduction to the *Policy Paradox* (1995), Stone not only outlined a critique of the rationalist approach to policy analysis dominant at that time, but also the main insights of an alternative post-positivist approach (which is at the basis of this thesis' analytical framework). This approach was articulated by Stone around three main claims.

In the first place, the anti-realist negation of the fact/value distinction central to positivism: “I aim to construct a model of policy analysis that recognises analytical concepts, problem definitions, and policy instruments as political claims themselves” (Stone 1995: 10). As such, the objectivism of empiricist – which does not mean empirical – epistemologies were rejected, and with it the search for generalisable findings whose validity would be independent of the particular social context in which they were located. All observations, scholarly or otherwise, are dependent upon concepts: social science is inherently value-laden (Weber 1946). “Facts do not exist independent of interpretative lenses, and they come clothed in words and numbers” (Stone 1995: 314).

In no small part, the empiricist epistemology of the rational project was the outcome of the heavy influence of neoclassical economics on the development of policy analysis as a discipline²¹. From this influence emerged the market-based model of society underlying the discipline’s worldview. In second place, therefore, Stone proposed, in contrast to this marketisation of social life, to think politics from a different model of society: “a model of community where individuals live in a dense web of relationships, dependences and loyalties [...] where their influence each other’s desires and goals” (Stone 1995: 19). In short, from a model of “political community” or “polis” (ibid: 34-35).

Relatedly, in third place, Stone defended the conflictual character of politics. Against technocratic visions that render politics the neutral management of technical affairs, Stone defended the messy, foolish, erratic and even irrational character of politics. In consequence, she opposed to the rational model of reasoning a “political model of reasoning” based on “metaphor and analogy” (Stone 1995: 11). If interests are not given and identities are not fixed, politics becomes the activity of “trying to get others to see a situation as one thing rather than another”. In consequence, language becomes central to politics (Stone 1995: 383). For Stone, thus, “the essence of policy making” is “the struggle over ideas”: “policy making is a constant struggle over the criteria for classification, the boundaries of categories, and the definition of ideals that guide the way people behave” (ibid.: 13).

Deborah Stone’s book (first published in 1988), together with Giandomenico Majone’s *Evidence, Argument and Persuasion* (1989), constituted the opening salvos of a prescient discursive turn that would develop within the field of policy analysis during the 1990s (Gottweis 2006: 463; Hajer 2002). They set the tone for new forms of policy analysis focused on the importance of persuasion in political life and interpretation in social science. These new forms of discursive policy analysis, which were prescient in Deborah’s and Majone’s books, would be the outcome of a cross-disciplinary dialogue between the field of policy analysis and an increasingly popular – at least since the 1980s – transdisciplinary field in social sciences known as discourse analysis.

²¹ The (neoclassical) “economics imperialism”, with its associated tenets of methodological individualism and utility maximisation, and the consequent desocialisation of other social sciences, has been succinctly criticised by Fine and Milonakis (2009).

In contrast to policy analysis, it is not possible to trace the field of Discourse Studies back to one founder or school (Angermuller et al. 2014: 1). Discourse Studies is the result of the convergence of different philosophical and theoretical currents originating during the twentieth century, mostly in European countries and North America, in different social science disciplines: philosophy, linguistics, psychology, sociology, literary criticism, anthropology or political science (ibid.). However, in spite of the extreme heterogeneity covered under the rubric of Discourse Studies, one can state that, in broad terms, the field of discourse analysis was the expression of a long-term paradigm shift in social sciences during the twentieth-century later known as “the linguistic turn” (Rorty 1990[1967]). The main intellectual shift broad about by the linguistic turn consisted in a move from taking a view about the world as expressed through language to focus on how the world is constructed for us through language (Carver 2002: 50). This represented an inversion of the empiricist worldview inherited from the Enlightenment (such as those of John Stuart Mill or David Hume), according to which language was a neutral medium through which material facts were represented (see Harto de Vera 2005: 79). Laclau (2000: 75) interprets the linguistic turn as a long-term subterranean anti-essentialist move that progressively emerges inside four central traditions of twentieth-century Western philosophical thought: analytical philosophy, phenomenology, structuralism and Marxism:

“at some stage, in all three, the illusion of immediacy disintegrates and gives way to one or other form of thought in which discursive mediation becomes primary and constitutive. This is what happens to Analytical Philosophy after Wittgenstein’s *Philosophical Investigations*, to phenomenology after Heidegger’s existential analytic, and to Structuralism after the poststructuralist critique of the sign. (And, I would argue, to Marxism after Gramsci)”

Although rarely pointed out, linguistic turn’s central insight – the socially constructed character of social reality – was shared with another major tradition that emerged in other social science confines during the 1970s: social constructivism. The foundational work of social constructivism, at least in sociology, was *The Social Construction of Reality*, written by Berger and Luckmann (1966)²². The central insight of this book affirmed that individuals interacting in society create, over time, mental representations of each other’s practices, and that these intersubjective representations eventually become roles assumed by the actors in relation to each other. Society is like a theatre, as latter was written by Berger (1991). In order to enter into society and play out, individuals need to assume some of these roles. In this process, meaning and people’s beliefs of what reality is become embedded in the very fabric of society. It is in such a sense that reality is socially constructed.

²² Although the crucial importance of Berger and Luckmann’s work has in the origins of social constructivism, pointing them as the only foundational text of this school of thought is reductionist. For a review of the different paths towards constructivism, and the different varieties of constructivism in political science, see Abdelal et al. (2010).

Consequently, the basic insight brought in political analysis by constructivism and discourse studies was to focus on how agents' interests are constructed and how nonmaterial factors specify those interests. Against rationalist views that presented interests as pre-given or fixed, and beliefs as mere rationalisations of such interests with no force on their own, constructivists and discourse analysts argued that both interests and agents' identities were constructed discursively. This had important methodological implications. For, as Hay (2004: 144) says, if it is recognised that actors "similarly situated with respect to the 'role' they play in a given game scenario are likely to behave differently, by virtue of their differential understandings of both the context in which they find themselves and/or their role within it, and their normative orientation towards others and their environment, then their behaviour is no longer predictable". In other words, the search for universal causal laws and prediction at the heart of positivist political science no longer holds.

A further central insight of both the linguistic turn and constructivism was the focus on how power relations are reproduced through discourse/culture/beliefs. The argument here is that, given that different agents construct social reality through meaningful social practices, each agent tries to construct reality according to its perceived interests. In consequence, asymmetrical relations between agents solidify in the character of social reality itself. Importantly, this underscores not only the role of discourse in instituting power relations, but also in challenging them. As explained by Flores Farfán and Holzscheiter (2011: 141):

"Discourses in themselves act as powerful structures of social conventions (meaning-conventions) by limiting the potentially indefinite ways of talking about and perceiving social and material reality. Yet, it is also linguistic interaction which is seen as constantly transforming and challenging dominant perceptions of this social and material reality. Every speech-act, thus, at the same time represents and transforms patterns of meaning"

The field of Discourse Studies resulted therefore from the encounter of the basic ontological and epistemological tenets of social constructivism and the linguistic turn. The central research object of the field, as its name indicates, is the notion of discourse. Although there is no single definition recognized by all researchers of the notion of discourse, the common ground of discourse researchers is that they understand discourse as comprising three components (Fairclough 2003):

- Language, which refers to the semiotic material in a broad sense. It consists of both written and oral texts.
- Practices, which refer to the actions through which language is appropriated and expressed. Social practices have both linguistic and practical (material) aspects.
- Context, which designates the concrete historical setting and social situation where discursive interactions take place.

The notion of discourse refers in sum to the interface between these three elements. In the words of Hajer (1999: 62) a discourse consists in “a specific ensemble of ideas, concepts, and categorizations that are produced and transformed in a particular set of practices and through which meaning is given to physical and social realities” (Hajer 1995: 62). As the following section will explain, different discursive analytical approaches, on the basis of distinctive ontological assumptions, understand the relationships between these three components in different ways. Nevertheless, what all these approaches share is a conception that does not reduce discourse to language or text, but that involves the meaning-making activities through which social reality is instituted.

Importantly, in our understanding, ideas and beliefs (which are the main objects of analysis of two of the analytical approaches used in the thesis, namely constructivist institutionalism and the interpretive approach), as well as arguments (which are the main objects of analysis of other forms of discursive policy analysis, not used in the thesis, such as Rhetorical Political Analysis (Finlayson 2007; Martin 2013) or argumentative policy analysis (Fairclough 2015)) are ideational variables situated at a lower level of abstraction than discourse. Indeed, the notion of discourse encompasses them. Hence, in the context of this thesis, we employ a “thick conception” (Howarth 2013) of discourse, in which this is understood as an ontological horizon, rather than a more thin or pragmatic understanding of discourse (predominant among linguistic and micro-sociological discourse analysts), which would consider discourse only as language in use.

What does discourse analysis in the field of political science do then? We can unpack four main tasks involved in the practice of political discourse analysis:

- 1) Discourse analysis studies language in its own right. This means that it seeks to describe, reconstruct, map and understand ‘what is said’ (Fairclough 2003). In other words, discourse analysis tries to grasp the point of what is being said and to make intelligible meanings that are initially unclear.
- 2) Discourse analysis seeks to uncover and conceptualise the wider rules governing a text. “What is said in the text always rests upon ‘unsaid’ assumptions, so part of the analysis of texts is trying to identify what is assumed” (Fairclough 2003: 11). Looking at the rules of a discourse is abstracting away from the specific linguistic utterances to look at ‘what can be said, by whom, what are limits of the sayable’. The rules of a discourse are conceptualised differently by the different traditions (for instance, as frames, logics, identities, cognitive models, or discursive relations), by they all refer to the conditions of possibility of particular discourses and the formal regularities that these discourses present.
- 3) Discourse analysis seeks to uncover the implications of discourse for political outcomes and social reality. It asks ‘how discourse is used and by whom?’, ‘what are the transformative impacts of discourse?’ and ‘who is benefited from a given discourse?’

(Fairclough 2003). The focus is not only on what is literally said but also on what is generated through 'saying', in the effects that what is said produces in a context.

- 4) The task of critique. Discourse analysis is an inherently critical method, since studying the (re)construction of meaning necessarily involves uncovering the contingency of the established world and thus highlighting underlying power relations. In this aspect, some discourse analysts aim to uncover the true meanings underlying texts, which are assumed to be deliberately concealed by ideological practices. They thus seek to demystify surface meanings as well as to point out to more emancipatory forms of social organisation (see, for example, the Critical Discourse Analysis approach developed by authors like Fairclough (2003) or van Dijk (1993)). However, this kind of normative critique remains anathema for those discourse analysts more attached to post-positivist ontologies. For the latter, the task of critique is limited to the cultivation of an academic ethos attuned to the radical contingency of social reality (Critchley 2004; see, see section 3.2).

2.2 Comparing analytical approaches

In what follows we expose how analytical insights coming from the field Discourse Studies, and from social constructivism more broadly, have been injected into the discipline of policy analysis. This injection has been expressed in the "discursive turn" (Griggs and Howarth 2013) and "argumentative turn" (Fischer and Forester 1993) in policy analysis, as well as in the "ideational turn" in political economy and institutional analysis (Berman 2013; Blyth 1997). All these turns have brought to the fore the construction of meanings in and through the policy process. The rest of the sections of this chapter lay out and compare the four different analytical approaches to the role of discourse and ideas in the policy process that are used in the articles of the thesis. The following chapter, chapter 3, reviews in turn the different methodological approaches and research techniques employed to operationalise these analytical frameworks. Table 3 summarises the relation of analytical, theoretical and methodological frameworks, as well as research methods, used in the articles of the thesis.

Before proceeding, it is necessary to define what is understood by analytical framework in the context of this thesis, and how analytical frameworks are differentiated from theoretical and methodological frameworks. We follow Stanley (2012a; see also Hay 2017) in understanding an analytical framework as a set of ontological assumptions that help the researcher to organise, categorise and reduce the inherent complexity of the world. The aim of an analytical framework is not to reflect reality, but "to offer an approach that political scientists can adopt in order to generate explanations about politics in answering specific research questions" (ibid: 475). As such, the ontological assumptions underpinning analytical frameworks are not usually evaluated as being 'true' or 'false', but rather by their ability to generate explanations.

Table 3. Analytical, theoretical and methodological frameworks employed in the thesis

	Analytical framework	Theoretical framework	Methodological framework	Methods
Article I	Post-structuralist discourse theory	Laclau's theory of populism	Logics approach	Documentary analysis
Article II		EU politicisation literature Depoliticisation literature		Relational content analysis Qualitative content analysis
Article III	Discursive institutionalism			Semantic text analysis Qualitative content analysis Documentary analysis
Article IV	Ideational scholarship in political economy Interpretivist approach to governance	Policy learning		Elite survey Semi-structured interviews Documentary analysis

Ontology is a type of philosophical inquiry concerned with “the nature and properties of being and existence and the categorical structure of reality” (Sum and Jessop 2013: 2). In political science, the role of ontology concerns the definition of the “implicit and simplifying assumptions about political ‘reality’ that underpin explanations of political phenomena” (Stanley 2012b: 95). In other words, in order to explain the political world, we need to depart from a certain vision about the character of social reality. The meta-ontological assumption underlying this conception of ontology is the recognition that the social world is too dense to be grasped in all its complexity, and the concomitant epistemological position that our knowledge about it is always incomplete and provisional.

Analytical frameworks, formed on the basis of ontological assumptions, are different from theoretical frameworks or theories: “the aim of an analytical framework is to generate explanations about politics with an epistemological license to make simplifying assumptions, while the aim of the theory is to explain and (possibly) predict the (political) world” (Stanley 2012a: 476). Thus, in contrast to analytical frameworks, theories do aim to reflect the social world.

In turn, methodology refers to the strategies and rules used for producing and testing knowledge. Following Jackson and Nexon (2013: 551), methodology is concerned with the justification of the “epistemic status of claims and their proper use in the process of generating knowledge”. A methodological framework equips the researcher with guidelines for conducting empirical research in a systematised manner, seeking to ensure the validity of his or her explanations.

Finally, a methodological framework usually, although not always, defines a range of methodical tools that can be used under its area of influence. By methodical tools we refer to the research techniques and strategies employed to generate empirical data (cf. Harto de la Vera 2005: 113).

On the basis of this understanding of the role of ontology and methodology in political science, chapters 2 and 3, rather than reproducing ‘my approach is better than yours’ debates, depart from the assumption that different approaches to discursive policy analysis are helpful in addressing different kinds of questions. We contend that the wide variety of approaches existing in the field of discursive policy analysis must be understood by the analyst as a catalogue of analytical tools from which one can borrow depending on the issue that it aims to study.

The four analytical approaches presented and compared in what follows are built on the basis of a discursive turn at the ontological level. Nevertheless, they perceive in different ways the implications of this ontological turn, so that they have different positions in classical ontological debates such as the agency-structure debate, the conceptualisation of discourse, the causality versus constitutiveness debate, or in methodological dilemmas. Furthermore, they also have different ‘purposes’, that is, different motivations animating their research. The motivations animating social scientific research range from the positivist emphasis on prediction to the interpretivist focus on understanding, with several other possible aims, such as explanation, critique, description or evaluation. Finally, a third difference between the presented approaches is related to their preferred areas of study: each of these approaches tends to be better equipped to study certain topics than others. In this sense, in what follows I introduce the distinctiveness of the analytical perspectives employed in this thesis by considering what their positions in these three dimensions are.

2.3 The ideational scholarship in political economy

The so called ‘ideational scholarship in political economy’, also known as constructivist political economy (Abdelal et al. 2010) or constructivist institutionalism (Clift 2018; Hay 2006), constitutes a heterogeneous research programme mainly developed in the fields of political economy and institutional analysis. Its defining entry point for the study of political economy are economic ideas: constructivist political economy studies economic ideas’ internal properties and components, their process of evolution and decline, their circulation among policy actors, and specially, their transformative impact upon political and economic dynamics. In short, the aim of constructivist political economy is to explain how economic ideas contribute to the creation,

maintenance or breakdown of institutional, economic and social orders. Kathleen McNamara (1998), Mark Blyth (2002), Colin Hay (2002), Leonard Seabrooke (2006), or Nicolas Jabko (2006) have provided some of the most influential contributions to this scholarship. In this section, we mainly review the framework developed by Blyth.

To understand Blyth's framework, we should first consider his conceptualisation of 'interests' and 'institutions'. Blyth's starting point is dissatisfaction with the predominant rationalist assumption that material interests are the key factor in driving policy change. In contrast, Blyth (2002: 29) argues, in a social constructivist way, that "in order to specify the content of interests, one must have previously specified the beliefs that an agent has about what is desirable in the first place". In addition, Blyth enacts his framework not only in opposition to interest-based form of political science explanation, but also in contrast to institutions-based ones. According to Blyth, "structures do not come with an instruction sheet" (Blyth 2003). By this, he means that, although institutions are the context in which agents think and act, they are also the outcome of agent's thoughts and actions. In this way, constructivist intuitionists seek to go beyond the restrictive vision of institutions hold by historical institutionalism and position institutional change as preceded by agency-driven ideational change (Berman 2013; Blyth 2016).

In order to conceptualise how this ideational change takes place and triggers institutional changes, Blyth (2002) develops a typology of specific causal mechanisms through which ideas can unlock institutional change:

- 1) In the first place, ideas enable policymaking by reducing world's uncertainty, particularly in moments of crisis. Blyth (2002: 36) conceptualises crises as moments of a-probabilistic uncertainty, that is, moments that cannot be managed rationally (i.e. on the basis of information about past developments) because past expectations are no longer fulfilled due to the failures of existing institutions. In this sense, a-probabilistic uncertainty is different from the "probabilistic uncertainty" contemplated by rationalist scholars: in this second case, uncertainty means complexity, in the sense that agents know their interests but are unsure about how to achieve them. In contrast, in the case of a-probabilistic uncertainty, agents lack any basis for calculating their interests given that there are any past experiences upon which they can rely to do so (Blyth 2002: 30). In the second case, therefore, agents face situations that are qualitatively different from any other in the past. In these scenarios, spaces open for ideational entrepreneurs, who seek to diagnose "what has gone wrong" and therefore "what is to be done", and thus render agents' perceived uncertainty more explicable and actionable (Blyth 2002: 10).
- 2) The second causal effect of ideas on policy change is to enable coalition-building and collective action. Ideas often act as "coalition magnets" (Béland and Cox 2016), that is, as the glue cementing different actors' strategic worldviews and interests (Jabko 2006).
- 3) The third causal effect of ideas is via de-legitimising effects of existing institutional arrangements. "In the struggle over existing institutions, ideas are weapons", writes

Blyth (2002: 39). Ideas serve to alter agents' perceptions of their own interests and thus provide ideological resources to challenge existing institutions.

- 4) Relatedly, the fourth causal effect of ideas is to act as "institutional blueprints". Policy ideas provide new principles and normative models for crafting new institutional designs.
- 5) Finally, ideas not only produce institutional change, but they also promote institutional stability "by generating conventions that make the institutional coordination of agents' expectations possible" (Blyth 2002: 41).

Moments of institutional crisis are therefore critical in Blyth's explanatory model. Indeed, given the object of study of this thesis (the euro crisis), it is of utmost interest for it ideational political economy's conceptualisation of economic crises. As we have said, Blyth (2002) hypothesises that during moments of crisis, agents have no other choice than to draw on ideas in order to cope with uncertainty. As such, the short-term effects of a crisis rarely impose in a direct manner the socially perceived nature of the crisis. "Crises do not just happen; they are made" (Stanley 2014: 76). In Hay's (1996: 255) words:

"crises are representations and hence 'constructions' of failure. A given constellation of contradictions and failures within the institutions of the state can sustain a multiplicity of conflicting narratives of crisis. Such narratives compete in terms of their ability to find resonance with individuals' and groups' direct, lived experiences, and not in terms of their 'scientific' adequacy as explanations for the condition they diagnose."

We can see how Hay, rejecting a purely materialist view of crisis, draws an analytical distinction between contradictions or failures (accumulations of empirical maladjustments) and crises (moments of political intervention during which meaning is attributed to those contradictions). Thus, crises are followed (indeed, co-constituted) by interpretive battles to build coalitions centred on certain crisis narratives or "crisis construals" (Sum and Jessop 2013: 398-400; see also Widmaier and Blyth 2007) that emerge from different economic ideas.

A further invaluable insight of ideational political economy is that the category of ideas ceases to be monolithic. Following recent theorising on policy paradigms²³, several works (see, e.g., Carstensen 2011a; 2011b; Carstensen and Matthijs 2018; Clift 2018; Jabko 2019) have conceptualised economic policy ideas as more composite, flexible, dynamic and even incoherent than it was often assumed in the first wave of ideational research in historical institutional analysis, which had conceptualised paradigms as systems of closed, coherent and stable ideas (see Hall 1993). The reasons, as argued by Wilder (2015: 1005), relate to the fact that "the paradigmatic purity of both policy ideas and the policy solutions that follow from them is often fleeting, first as theoretical concepts are translated into policy proposals and, second, as policies confront the challenges of implementation". In other words, policymaking is not

²³ On the notion of policy paradigm, see chapter 7.

predominantly based on attempts to maintain paradigmatic coherence but is rather featured by pragmatic efforts to deal with unexpected political and administrative conflicts that make political “cogitation” unavoidable (Lindblom 1959). In consequence, it is necessary to be analytically focused not only on processes of inter-paradigmatic change but also to processes of ideational “bricolage” (Carstensen 2011b), that is, shifts inside ideational paradigms.

From our point of view, two are the main strengths of ideational political economy when compared with discursive institutionalism, PDT and interpretivist policy analysis. The ideational turn’s main achievement in the field of political economy was to recognise that ideas employed in politics have particular effects on the economy and are therefore necessary objects of investigation. This has implied, firstly, the development within this scholarship of fine-grained empirical studies of the form and content of economic ideas that are of great value to public policy analysis. In second place, the above-mentioned achievement has been translated into a distinctive analytical concern to “trace any given action to a distinct kind of mechanism (social construction) and a distinct kind of cause” (Abdelal et al. 2010: 19). As such, ideational political economy is more focused on questions of explanation (‘why’ questions, i.e. questions aimed at explaining the causal pathways through which ideas are transformed into policy outcomes) than understanding (‘how’ and ‘what’ questions), a feature that positively differentiates it from other, more interpretivist, approaches to discourse analysis. Probably, this is related to the fact that ideational political economy retains some of the tenets of positivism (Stanley 2014: 74), such as the material-ideational divide.

2.4 Discursive institutionalism

Discursive institutionalism is inseparably linked to the work of Vivien Schmidt. Although Schmidt has argued that the notion of discursive institutionalism does not refer only to the concrete analytical grammar developed by her, but to “a wide range of ‘interpretive’ approaches in the social sciences that take ideas and discourse seriously” (Schmidt 2011: 107), the fact is that by discursive institutionalism is usually understood in the literature the specific analytical infrastructure that she has put forward in her work (Jacobs 2018).

The first distinctive feature of discursive institutionalism is its aim to bridge the gap between the more ‘ideas’ oriented and the more ‘text’ focused forms of constructivist policy analysis. In this sense, the discursive institutionalist conceptualisation of discourse encompasses both the substantive content of ideas as well as the argumentative processes by which these ideas are exchanged between agents through discourse. Not unlike constructivist institutionalism, discursive institutionalism aims to analyse the ideological substance of public policy governance, as well as the argumentative practices through which this substance is constructed. In this sense, Schmidt defends that the importance of introducing the notion of discourse to the study of institutional change lies in bringing into institutional analyses the

processes of discursive communication that convey the 'battle of ideas' in a given institutional context (Schmidt 2008: 309-310).

In turn, the intuitionism in the name of the approach points towards the importance of considering discourses in institutional context. As other institutionalist approaches, discursive institutionalism understands that the institutional setting constitutes a key determinant of the policy process: ideas and interests are produced within the parameters given by the institutional framework. In this sense, (discursive) institutionalists argue that public institutions are not merely a transmission belt for influent socio-political forces (pluralist account), nor the functional expression of underlying socioeconomic forces (Marxist perspective), but instead they have important political impacts on they own on the nature of public policy.

Nevertheless, new institutionalists – of which discursive institutionalism is part – differ between themselves in theorising how this influence takes place. In this aspect, critical to the way Schmidt has constructed discursive institutionalism as the fourth new intuitionist approach, differentiated from historical institutionalism, sociological institutionalism and rational choice institutionalism, is her conceptualisation of institutions are internal to actors' mental constructs (Schmidt 2010: 16). This enables discursive institutionalism to get away from institutions as being forever external constrains on agency, and to theorise policy change without recourse to exogenous shocks. As such, discursive institutionalism explains policy change from inside the policy process. More specifically, from the perspective of its agents²⁴: "after all, if the structure changes there must be some political processes through which specific actors have modified the structure" (Schmidt and Radaelli 2004: 192; see also Schmidt 2010: 55).

Beyond this set of ontological assumptions, discursive institutionalist main strength resides in its parsimonious toolkit of analytical categories for developing discourse analyses. In this aspect, of particular utility is the distinction made by discursive institutionalism between coordinative discourse and communicative discourse (Schmidt 2008: 310-311): the former involves the exchange of ideas between actors within the specialist policy sphere; while the latter refers to speech acts articulated by political elites toward the public sphere. Different spheres implying different audiences incentivise different forms of rhetoric, types of argumentations and levels of generality and technicality through which ideas are employed in discourse.

Discursive institutionalism also analytically distinguishes between different types ideational variables located at three levels of generality. Firstly, policy ideas related to specific policies; these are the most basic political ideas, since they are limited in scope and relate to circumscribed areas of policymaking. Secondly, programmatic ideas or paradigms, which refer

²⁴ Because of this agency-driven vision of institutional change, discursive institutionalism has been criticised for appearing as excessively voluntaristic, i.e. for "overemphasizing the autonomy of actors by invoking subjective ideas as the cause of radical action and change" (Larsson 2015: 191). The post-structuralist charge against discursive institutionalism is that "although ideas ultimately reside in individuals' minds, they must nevertheless have a place of origin" (ibid: 76; see also Bell 2011; Jacobs 2018).

to the organising principles or frames of reference that define the character of the public problems addressed through policy action, as well as the goals to be achieved through this action. Thirdly, “philosophical ideas”, which “underlie policy and programmatic ideas” through appeal to a deeper core of normative values and ideological principles (Schmidt 2011: 111). Discursive institutionalism analyses how changes in each of these levels impact upon the other ideational levels.

Despite these set of heuristic categories, discursive institutionalism is short on specific methodological tools for studying linguistic utterances at the level of concrete social interaction. Consequently, for the purposes of empirical research, discursive institutionalism is usually used – though not always (Schmidt 2013, 2014, 2017; Dawson and Hanley 2019) – in combination with ‘text-focused’ methodological frameworks, such as frame analysis (Crespy and Schmidt 2014; chapter 6), content analysis (Papadimitriou et al. 2018) or the Narrative Policy Framework (Xiarchogiannopoulou 2010). In any case, operational difficulties remain in applying discursive approach. For instance, it can be difficult to empirically demonstrate when and why discourses, especially if the process of change is evolutionary rather than radical.

In spite of this shortcoming, which is in fact shared by most of the approaches to discourse policy analysis, discursive institutionalism has been of utmost value for the purposes of this thesis because it constitutes an approach developed to study topics located not only at the interface between policy and discourse, but also at the crossroads between these two elements and the economy (Schmidt 2013, 2014, 2017; Schmidt and Gualmini 2013; Schmidt and Thatcher 2013). In addition, converging also with the research objects of the thesis, Schmidt has theorised issues of power and legitimation from a discursive institutionalist perspective, unfolding a productive analytical distinction between “power through ideas” (power by persuasion), “power over ideas” (power by ideational veto) and “power in ideas” (power by demarcating/institutionalising the range of thinkable ideas) (Carstensen and Schmidt 2016; Carstensen and Schmidt 2017; see also Widmaier 2016).

2.5 Poststructuralist Discourse Theory

Poststructuralist Discourse Theory (PDT)²⁵ stems from Ernesto Laclau attempts to use the work of Gramsci, Lacan, Derrida and Foucault to address problems of economic determinism and class reductionism in (orthodox) Marxist theory (Torfing 1999; Laclau and Mouffe 2001). By economic determinism we meant a form of essentialism that understands society as a coherent totality neatly governed by an underlying structuring principal – in the case of Marxism, the laws of development of capitalism as a mode of production²⁶ (cf. Ashley 1983). This governing principle, although located outside the social totality itself, fixes the identity of every element

²⁵ Poststructuralist Discourse Theory is also known as Post-foundational Discourse Analysis (Marttila 2016), Essex School of Discourse Theory (Errejón 2012) or Post-Marxism (Laclau and Mouffe 1987).

²⁶ On economism, see the review of historical materialist analyses of the euro crisis in section 1.4.1.

within society. In other words, each element of the social totality becomes only the expression of its position in relation to the essential organising principle. In consequence, politics becomes the epiphenomenal expression of dynamics situated at the economic level: the ‘superstructure’ of a society – its laws, arts, dominant ideology, education, politics and so on – is understood as overdetermined by the level of development of the relations of production and forces of production (the ‘base’ of a society).

In opposition to this ontology, the ontological kernel of post-Marxism is condensed in the theoretical games born of the coupling between two provocative Laclauian aphorisms: the one stating “the rhetorical foundations of society” (Laclau 2014), whilst the other affirming “the impossibility of society” (Laclau 1990). According to the first statement, the foundations of society are in a crucial sense rhetorical, since discursive elements and social practices are seen as co-constitutive: all objects and subjects are discursively constructed by signifying practices to the extent they only acquire social meaning when they are articulated within relational systems of signifying rules. As put it by Laclau and Mouffe (1987: 82):

“Turning to the term discourse itself, we use it to emphasize the fact that every social configuration is *meaningful*. If I kick a spherical object in the street or if I kick a ball in a football match, the *physical* fact is the same, but *its meaning* is different. The object is a football only to the extent that it establishes a system of relations with other objects, and these relations are not given by the mere referential materiality of the objects, but are, rather, socially constructed. This systematic set of relations is what we call discourse. The reader will no doubt see that, as we showed in our book, the discursive character of an object does not, by any means, imply putting its *existence* into question. The fact that a football is only a football as long as it is integrated within a system of socially constructed rules does not mean that it thereby ceases to be a physical object”

In PDT’s grammar then, the discursive refers to the “theoretical horizon within which the being of the objects is constituted” (Howarth and Stavrakakis 2000: 3). Discourse in turn is a more restricted term: discourses are practices that attempt to structure the field of discursivity according to certain signifying rules. As such, for PDT, there is no possible ontological separation between practice and discourse, between the material and the discursive. In the words of Laclau and Mouffe (1987: 82) again:

“Let us suppose that I am building a wall with another bricklayer. At a certain moment I ask my workmate to pass me a brick and then I add it to the wall. The first act—asking for the brick—is linguistic; the second—adding the brick to the wall—is extralinguistic. Do I exhaust the reality of both acts by drawing the distinction between them in terms of the linguistic/extralinguistic opposition? Evidently not, because, despite their differentiation in those terms, the two actions share something that allows them to be compared, namely the fact that they are both part of a total operation which is the building of the wall. So, then, how could we characterize this totality of which asking for a brick and positioning it are, both, partial moments?”

Obviously, if this totality includes both linguistic and non-linguistic elements, it cannot itself be either linguistic or extralinguistic; it has to be prior to this distinction. This totality which includes within itself the linguistic and the non-linguistic, is what we call discourse”

In this aspect, PDT’s ontology is different from the constructivist ontologies of ideational political economy and discursive institutionalism, according to which the discursive/ideational constitutes one factor (more or less important depending on the conjuncture) among others in the determination of social change (Schmidt and Radaelli 2004: 184; Blyth 2002). PDT, in contrast, departs from a poststructuralist ontology, according to which the discursive is said to contain both dimensions. Of course, a serious objection to such all-encompassing conception of discourse is that fuses certain variables that might be better to keep analytically distinct (Buller 2019: 252). In other words, that in PDT too much goes on in the ‘black box’ of discourse.

Despite this divergence, the discursively constructed character of social reality remains an ontological assumption shared by all approaches born under the influence of the linguistic turn and social constructivism. In this aspect, post-structuralism *differentia specifica* is the view of the social world as not only discursively constructed but also as radically contingent. To understand what does this meant for PDT’s analysts we need to do a brief detour along poststructuralist thought.

Post-structuralism arrives at this second assumption via weakening the relationship between signifier and signified central to Saussurean linguistics. Ferdinand de Saussure, founding figure of structuralism, had theorised, against referential theories of language – which argued that the signs of language have an exact correspondence with the real world –, that language constitutes a closed system of differences without positive terms. That is, a system in which the identity of every element is purely relational: for Saussure, every sign of the language, that is, every combination of signifier and signified, was understood as a product of the overall system of differences and oppositions between signs (Howarth 2013: 27). Then, what *post* in post-structuralism remarked, following Derrida’s work, was the impossibility of a fully constituted linguistic system, as any system is always marked by an excess, by a difference which exceeds its structuration of the differences (ibid.: 39). Any signifier can always transcend its current context, its current attachment to a signified, and produce new meanings. This is because the constitution of any difference also implies the deferring of other possible differences not actualised in the system, so no system can exhaust the infinite recombination of differences (Derrida 1967). The relation between signifier and signified, in consequence, appeared to be not only contingent and conventional, but also precarious and unstable. Thus, post-structuralism questioned not only the positivist vision of objects as ultimate grounds of meaning, but also the capacity of language to provide a direct access to these objects due to the impossibility of any system of language to fully capture them. In sum, the second basic axiomatic premise of PDT centres on the idea that any system of signifying rules is marked by a radical contingency, where radical contingency refers to its inherent incompleteness that uncovers its non-necessary

character. Any discourse always has to face the impossibility to fix *ad eternum* the meaning of all identities within it. From this emerges Laclau's dictum about the 'impossibility of society'.

However, although a total fixation of meaning is impossible, some kind of partial fixation remains necessary, since for any difference to have meaning, the play of differences cannot prevail without limitation. Otherwise, we would not have signifying rules at all, but something that would amount to a state of "social psychosis" (Marchart 2014: 277). In other words, the "the infinite play of relations of differences" (Laclau 1990: 91) must be re-systematised in some way. PDT's ontology hinges therefore on this tension between the logics of contingency and necessity.

In order to tackle such paradoxical cul-de-sac, Laclau and Mouffe introduce the notion of social antagonism. As we have just noted, the necessity of re-totalisation arises from the fact that if the play of differences does not constitute a system, no signification at all is possible. So that the condition of possibility of the system is the possibility of its limits (Laclau 1996: 37). However, the limits of the system cannot be one more mere difference within the play of differences, since in that case they would not constitute limits but another element representable within the system. In contrast the limits are the "interruption or breakdown" (*ibid.*) of the process of differentiation. For this very reason, the existence of the limits demands an act of exclusion from the play of differences: some of the differential elements are excluded from the system in order to give a shared identity, by opposition to what is excluded, to the inner elements of the system. As Mouffe (2000) explains with less jargon, in order to draw an 'us' we always need to draw a 'them'.

Importantly, this exclusion is always antagonistic to the extent that the integration within the system of the excluded difference would involve the impossibility of what is inside it, that is, of the system of differences itself. This is precisely the nature of an antagonistic relation: it is a relation not between constituted objects, but a relation in which the objectivity of any element appears as both dependent and subverted by the identity of the other: "the presence of the 'Other' prevents me from being totally myself". (Laclau and Mouffe 2001: 124-125). What we have therefore is a form of negative constructivism: the systematicity of a discourse, which makes possible the play of differences, is not only not pre-given but is constructed in opposition to what is excluded.

How has this dense ontological grammar been employed by poststructuralist discourse theorists in order to study politics? PDT foregrounds a kind of political analysis focused on the processes of construction and dissolution of discourses which institute and sustain social orders around forms of antagonism (see, e.g., Norval 1996). In this view, politics consists in the competition between rival discourses which seek to articulate "contingent signifying elements available in a discursive field" with the will to fix the meaning of such a field (Howarth and Stavrakakis, 2000: 7). These heterogeneous contingent elements are conceived as "floating signifiers" (*ibid.*), that is, social elements which are not securely fixed in a particular discourse and can therefore be articulated by different political projects, so that they tend to be under constant dispute (say, for

instance, equality, development or economic growth). In turn, the elements which partially fix a whole discursive field in the form of a concrete discourse are called “nodal points”: they consist in privileged points of signification that can potentially organise a set of floating signifiers (Laclau and Mouffe 2001: 112).

What does this imply for the study of public policy? Various poststructuralist discourse theorists have been developing in recent years stylised approaches to policy analysis on the basis of PDT’s ontology. These approaches have been named “poststructuralist policy analysis” (Griggs and Howarth 2012, 2013; Foa Torres 2015; Howarth 2009; see also Eleveld 2016) or “critical nodal analysis” (Glynos and Speed 2012; Glynos et al. 2014; Glynos et al. 2015), Poststructuralist policy analyses usually perform four main tasks:

- 1) They analyse and explain how and why some policy alternatives become hegemonic while others are marginalised. This presupposes the need to explain the historical unfolding of the present conjuncture, seeking in it what policy positions were included and what were excluded.
- 2) They pay special attention to the formation of policy problematisations. The process of discursive construction of specific social questions as social problems, and thereby as public problems demanding policy action, i.e. the process of “policy problematisation” (Taylor Webb 2014), is understood as the key element to understand the evolving relationship between policies, practices and power relations. According to Foucault (1988: 257), a problematisation:

“does not mean the representation of a pre-existent object nor the creation through discourse of an object that did not exist. It is the ensemble of discursive and nondiscursive practices that make something enter into the play of true and false and constitute it as an object of thought (whether in the form of moral reflection, scientific knowledge, political analysis, etc.)”

In this sense, studying policy problematisations implies a backward-looking mode of analysis that approaches the policy-making process from the viewpoint given by the question “what’s the problem represented to be?” (Bacchi 2009). Poststructuralist policy analysis is particularly interested in the complex links between inchoate social grievances and specific policy choices.

- 3) The emphasis on meaning-production entails the assumption that any policy might be interpreted in very different ways by different policy actors, depending on the web of understandings from which actors operate, so that the knowledge we can acquire from these practices will always be contextual. Consequently, poststructuralist policy analysis stresses the relevance of ‘thick descriptions’ of case studies as a strategy for approaching the complexity of social phenomenon.
- 4) Such a stress on the context-dependency of any policy practice implies that the policy process needs to be located in relation to broader societal contexts. It is in such a

sense that poststructuralist policy analysis echoes Poulantzian conceptualisations of the state and understands policies as products “shaped by the overall balance of political forces in society and the changing configurations of hegemony therein” (Griggs and Howarth 2013: 22; see Poulantzas 2013[1978]). Public institutions and policies are understood as crystallisations of historical processes, for which their functioning reflects the demands of victorious political actors in past social conflicts, or alternatively, the institutionalised compromises reached between the different contending agents. The distinctive contribution of poststructuralist policy analysis to state theory, however, resides in thinking institutional orders not only in an historical way, but also as radically contingent (Foa Torres 2015). Policies are seen as signifying systems aimed towards the temporary suspension of the radical contingency that haunts any social formation.

Poststructuralist policy analysis fuels a perspective on policy analysis that always implies political analysis, that is, analysis of the correlations of forces within existing in a society as well as of the dynamic struggles and contradictions underpinning such correlations. This is its main strength, but also the source of its main weakness. The latter is related to the fact that poststructuralist policy analysis tends to nurture a macro-approach to the study of policy discourses that is widely criticised for being exclusively focused on the analysis of grand discursive regimes and neglecting small-scale discursive relations (Carpentier et al. 2019; Fairclough 2013). For Anderson (2016: 83), PDT’s analyses are featured by a lauding of “vagueness and imprecision”. In a related way, many have pointed out as another weakness of PDT its lack of methodological reflexivity. As said by Torfing (1999: 291), PDT is built at such a high level of abstraction that it is “difficult to apply in an unmediated way in concrete empirical studies”. According to this critique, poststructuralist discourse theorists lacked the means to explain how their own discourse (the discourse about the studied discourses) is produced, due to the absence of systematic reflection upon the questions of method within PDT (Marttila 2016; Torfing 2005; Zienkowski 2017).

Finally, a third common critique raised against PDT is its so-called ‘sociological deficit’. According to this critique, PDT abandons any attempt to account for the relationships between structural arrangements and concrete discursive practices: “because their excessive fear of reifying institutional structures, [Laclau and Mouffe] go to other extreme and analyse practice in an institutional vacuum” (Mouzelis 1988: 11). Consequently, PDT seems to lack the conceptual tools for apprehending ‘the materiality and structurality of the social’ (Chouliaraki 2002: 94), ending in an underestimation of the role of structural conditions - especially the economic ones (Žižek 2000). How two prominent PDT scholars, Jason Glynos and David Howarth, responded to these criticisms by developing the so-called logics approach to discourse analysis is reviewed in section 3.2 of chapter 3.

2.6 The interpretive approach to governance

The notion of interpretivism is used in the literature in two different ways: as a way to capture the plurality of post-positivist approaches to different forms of social analysis focused on the role of interpretation (see Rabinow and Sullivan 1979), and as a particular orientation within such a family of approaches that is distinguished by studying governance and public policy problems. Among the main representatives of the latter tendency are Dvora Yanow, Peregrine Schwartz-Shea, Hendrik Wagenaar, Mark Bevir and Rod Rhodes. Here we focus on the framework developed jointly by the two last scholars, the so-called interpretative approach to governance.

Bevir and Rhodes' interpretive approach draws on post-analytical philosophers like Charles Taylor and Donald Davidson, classical hermeneuticists like Martin Heidegger and modern idealists like Robin George Collingwood, being in the last years also influenced by the work of Michael Foucault (on this late influence, see, e.g., Bevir and Philips 2016; see also Bevir and Rhodes 2016). Not unlike social constructivism and post-Marxism, the basic ontological postulate of interpretivism asserts that all human practices are meaningful to the extent that humans can only act on the basis of their interpretations of reality (Bevir and Rhodes 2012: 201). Such interpretations can only be drawn from the most general level of shared meaning constituted by society, within which individuals' existence is established (Rabinow and Sullivan 1979: 5-6). This implies that, as an analytical framework for the study of policies and institutions, which they prefer to label as governance structures (Bevir et al. 2003b: 13-14)²⁷, Bevir and Rhodes's interpretive approach

“focuses, firstly, on recovering the beliefs of policy actors as these appear in their meaningful actions, and secondly, on explaining these beliefs by locating them against the background of traditions and dilemmas. In this way, we decenter governance, highlighting the diversity and contingency of meaningful activity that constitutes patterns of rule, administration, and service delivery” (Bevir and Rhodes 2012: 202)

In this excerpt appear the key concepts of the interpretive approach. These are the concepts of belief, narrative, tradition and dilemma. Beliefs constitute the specific object of study of the interpretive approach. Critical in the way in which Bevir and Rhodes differentiate the concept of belief from familiar concepts like PDT's 'discourse' or constructivist institutionalism's 'idea' is their insistence that “beliefs are not entities of which people have direct observations but rather entities people postulate to explain actions” (2012: 201). Beliefs are understood as intentional meanings that form the basis of individuals' “local reasoning” – “local to a web of beliefs’, not necessarily “local to a geographical area” (Bevir and Rhodes 2010: 75).

²⁷ Governance is defined by Bevir et al. (2003a) as “pattern of rule characterized by networks that connect civil society and the state”. It is different from government inasmuch, as put it by Rhodes (2007: 1046), “governance refers to governing with and through networks”. For an insightful critique of the notion of governance, see Offe (2009).

In order to explore how beliefs change, Bevir and Rhodes relate them to the notions of narratives, traditions and dilemmas. The concept of narrative plays a “dual role” in the interpretive approach: “the term refers, first, to the stories by which the people we studied made sense of their worlds. Second, it refers to the stories by which we made sense of the narratives and actions of the people we studied” (2012: 205). In this sense, narrative refers to both the organising perspectives through which the agents under study link beliefs, dilemma and practices as well as the basic units of explanation through which the political scientist imagine and structure agents’ actions²⁸. In this sense, interpretive analyses produce “narratives of narratives” (Bevir and Rhodes 2010: 20).

Traditions are inherited sets of beliefs that form the ideational background of individuals’ reasoning. So “a governmental tradition is a set of inherited beliefs about the institutions and history of government” (Bevir et al. 2003b: 6). In turn, “the concept of dilemma serves explicitly to explain why and how people constantly transform tradition” (Bevir and Rhodes 2012: 204) (traditions, in this sense, both delimit actors’ beliefs, and, as we will see in the following, are modified by it). The concept of dilemma provides a way to understand the role of individual agency in institutional change and reproduction. As we have said, policy change originates in individuals’ adoption of beliefs. However, “whenever someone adopts a new belief or action, they have to adjust their existing beliefs and practices to make way for the newcomer” (Bevir et al. 2003: 10). To adopt a new belief therefore implies a dilemma that forces to choose between different traditions. Change occurs when agents are required to choose between contradictory dilemmas, so that they must creatively adapt traditions. In sum, the interpretative approach explains institutional change by referring to the emergence of relevant dilemmas: “change occurs when actors become capable of critically reflecting upon their interpretation of policy dilemmas, and consequently actively pursue a different interpretation of policy problems” (ibid).

The most common critique raised against interpretivism is the charge of descriptivism, that is, the accusation that it is unable to causally explain the phenomena under study (Finlayson 2007; Glynos and Howarth 2007; Hay 2004; McAnulla 2006). The interpretive approach reconstructs, understands and re-describes policy problems, but it is unable to explain the causes of their development, this criticism sustains. To this point, Bevir and Rhodes reply that, in their opinion, explanation and interpretation are equivalent, so that there is no need to look for more causal mechanisms beyond the “contextualised self-interpretations” (Glynos and Howarth 2007) of the agents under study: “to understand the relevant beliefs is to explain the action or practice”, Bevir and Rhodes (2010: 20) sustain. In a related way, a second significant criticism of the interpretive approach argues that limiting the analysis to the interpretation of the words of the agents under study carries the problem that these agents might lie or be ignorant about what they are talking. As Dowding (2004: 141) argues, “the starting point of investigation is based on accounts from the actors themselves. But actors can often be significantly wrong about what

²⁸ Perceiving the concepts employed in social science from this duality is typical of hermeneutic methodologies, and it is called “hermeneutic circle” (Finlayson 2007: 548).

they think they are doing, and over what are the effects of their activities". In third place, a further criticism raised against Bevir and Rhodes' interpretive approach claims that it neglects "the broader socio-economic structural context within which politics takes place" (Marsh et al. 2003: 306). For Marsh (2011), it is of utmost importance when analysing governance practices to consider how "the structured inequalities in society are reflected in asymmetries of power", a point which, according to the author, is disregarded by Bevir and Rhodes.

Despite we think that these criticisms are fair in broad terms, we also argue that the interpretive approach to governance offers a useful analytical framework to study policy change from a discursive perspective due to four main strengths:

- 1) In the first place, its conceptualisation of governance as 'decentred' directs the analytical focus to the ideational diversity and contestation that underlies institutional practices. As such, by 'decentring' governance structures Bevir and Rhodes mean the task of decomposing the state into competing governance practices informed by different traditions²⁹.
- 2) In second place, Bevir and Rhodes' grammar offers a toolkit of middle-range categories to fill the gap between analytical framework and empirical reference that is more intuitive and easy-going than the sometimes excessively abstract and complicated infrastructures of other approaches, especially that PDT.
- 3) In third place, the interpretive approach provides an analytical terrain from which the researcher can delineate sound methodological strategies to study empirically the relations between beliefs and governance practices beyond mainstream documentary analysis. Since the starting point of the interpretive approach is the need to recover individuals' beliefs, the use of interviews, the study of memoirs, and the employment of other ethnographic techniques such as direct observation, can thus be grounded upon a solid analytical rationale. In part, this is because, in contrast to the other three analytical frameworks reviewed above, the interpretive approach rests on a "procedural individualism" (Bevir 2000) that justifies methodological strategies based on the study of individuals' beliefs.
- 4) Relatedly, in fourth place, the interpretive approach to governance is particularly concerned with the study of elites' beliefs (Bevir et al. 2003b: 14). By understanding that "power is structured in a few competing elites, which includes the private government of public policy by closed policy networks" (Rhodes 2007: 1250), the interpretive approach offers again a clear methodological stance from which to conduct empirical research. Importantly, this focus on elites' beliefs does not led to a uniform vision on power, but all the opposite, to a focus on the multiple sites of conflict between policy elites.

²⁹ In the pre-crisis UK, they suggested that there were four contesting traditions: Tory; Liberal; Whig; and Socialist (Bevir and Rhodes 2006: 77).

CHAPTER 3. THE METHODOLOGY AND METHODS OF THE THESIS

3.1 Introduction

The operationalisation of discursive approaches to policy analysis has traditionally represented one of the main challenges within the field, usually subject to criticism by other research traditions. In methodological terms, the main difficulty for discourse analysis has been to empirically identify the concrete discourses that inform agents' practices, as well as how to collect data about them. Not surprisingly, our starting point in addressing this aspect is the assumption that the expressions of discourse in the political realm can be best grasped by studying its manifestations in semiotic materials – either linguistic or non-linguistic. This chapter reviews the different methods, research techniques and research strategies used with this objective in the different articles of the thesis. Before it, nonetheless, the methodological perspective from which these set of research techniques has been employed is presented. As exposed in section 2.2, in the context of this thesis, it is understood by methodology the way to put at work the ontological assumptions underpinning analytical frameworks. Methodologies delimit certain conditions under which empirical research can fruitfully be undertaken, the kind of certainties that social sciences can yield about such phenomena, and the development of middle-range categories for studying social reality. In this sense, methodologies provide epistemological rules upon which the use of methods and research techniques is grounded. The latter, in turn, refer to procedures for the collection of data.

3.2 The logics approach as a methodological background

As explained in section 2.2, the different articles of the thesis employ different analytical approaches to discourse and ideational analysis, as well as different methods to operationalise them. (Analytical) heterogeneity is hence not only a feature of the thesis taken as a whole, but it is present within each of the different journal articles. Thus, except in chapter 4, in the other three articles the research strategies developed in them cut across ontological and epistemological divides. However, these various theoretical articulations have been constructed in the shadow of an overarching methodological rationale provided by the so-called logics approach to social analysis (although this fact is only explicitly exposed in Article I).

The logics approach is a methodological framework developed by Jason Glynos and David Howarth in their book *Logics of Critical Explanation in Social and Political Theory* (2007). It is a framework particularly useful for carrying out discursive-analytical research, since it was originally developed in order to equip Essex style Discourse Theory with a systematised

methodological rationale. However, beyond its affinities with PDT, the logics approach can be understood as providing a more broad methodological approach to social scientific research.

The overarching logic of research behind the logics approach consists of three interrelated strategies: problematisation, retroductive explanation and critique. In consonance with a poststructuralist ontology, the logics approach's model of inquiry understands social scientific investigation as – like any other social practice – inscribed in concrete discursive fields, and because of that, as constitutively political. This implies that the first task of any social scientific investigation must be to discern how the practices under investigation have been constructed and are interpreted by both the subjects performing them and the researchers studying them, and *a posteriori*, to problematise these interpretations³⁰. Glynos and Howarth refer to this primary moment of investigation as problematisation, that is, researcher's initial task through which, he or she, self-consciously, constructs his object of study by gathering a range of disparate empirical phenomena and constituting them as a problem, and then, locates such a problem at the appropriate level of abstraction (Glynos and Howarth 2007: 167). In other words, the logics approach assumes that the *explanandum* under investigation is not pre-given, but is constructed by the analyst in a series of disentangling movements of the different problematisations that had constituted the problem as it is confronted in the present. By mapping what is being said about the phenomena under consideration both in the primary terrain and in the academic field, the researcher is able to start figure out the inadequacies in the existing problematisations, to discern her own intuitions about it and to try out interpretive hypotheses that can make the studied phenomena more intelligible.

Within the logics approach, when speaking about hypotheses one does not refer to conceptual tools introduced one and for all in the research process and from which the researcher deduces statements which are then empirically verified, but to tentative accounts which can make more plausible the anomalous phenomenon under consideration. That is, hypotheses serve to present a putative picture of the world in which it make sense to think that the problem under study has occurred. Glynos and Howarth define such a mode of explanation as 'retroduction': whereas inductive reasoning seeks to approximate what is the case, and deductive reasoning tries to prove what is the case, retroductive reasoning 'conjectures' what is the case (2007: 26). This basically implies that the positing of any hypothesis is based on a "backward-looking modal form of inference" (ibid: 24), in which the analyst asks 'what the world would be like for X to happen?'. The 'X' is the anomalous phenomenon that the explanation seeks to render more intelligible, and which is problematised from the perspective of a particular analytical framework, while the answer to the question would be the plausible hypothesis. Put it in Glynos and Howarth (ibid: 26) words, a retroductive form of explanation begins:

“with, a surprising, anomalous, or wondrous phenomenon is observed (P). This phenomenon 'would be explicable as a matter of course' if a hypothesis (H) were

³⁰ See the very similar interpretive notion of narrative in section 2.6.

true, and so there is good reason to think that H is true. In other words, the hypothesis is not inferred until its content is already present in the explanation of P”

As such, following Hay (2017), our understanding of the analyses provided by political science assumes that these analyses should be explanatory, in the sense of offering narratives that are “credibly causal”: “interpretive explanation, where is genuinely explanatory, is causal and makes a causal claim [...] in the sense that the causal sequence described could genuinely have produced the outcome” (ibid: 183). Therefore, interpretive explanation as conceptualised by Hay, retains both the positivist insistence on explanation and the interpretive emphasis on understanding, but it differs from positivism in not understanding explanation in terms of prediction.

On the other hand, the strategy of problematisation performs two key functions in the logics approach with regards the task of critique. First, leaning on Foucault (2008: 3), the moment of problematisation enables the social scientist to de-essentialise taken-for-granted objects in political science (like for example state, sovereignty, labour, or, as in our case, populism in chapter 4 or competitiveness in chapter 6) and put into question their fixed status by tracing the concrete practices that resulted in their emergence as social objects. In turn, a second purpose of problematisations consists in challenging teleological and deterministic narratives of social phenomena by stressing the always political, and because of that, conflictive and contingent character of their historical development (Griggs and Howarth 2013: 42). In sum, Glynos and Howarth’s logics approach understands that the social science’s task of critique must be aimed at uncovering the radically contingency of any social order.

In consonance with these three key moments in any social scientific research endeavour, the logics approach emphasises that political analysis, or in our case, discursive policy analysis, should be “problem-driven” rather than “method-driven” or “theory-driven” (Glynos and Howarth 2007: 167). Method-driven research is primarily concerned by the techniques of data-gathering it uses, rather than by the phenomena under investigation, while theory-driven research seeks to vindicate a particular theory rather than “illuminate a problem that is specified independently of the theory” (Shapiro, in Glynos and Howarth 2007: 167). By contrast, problem-driven research begins with detecting pressing problems in the present and construct them as a problem of analysis. It then develops the best analytical and methodological toolkit for studying them. In consequence, the question is never which method is ‘better’ in general, but which method is better suited to the needs of a particular research question.

Because of this, Torfing (1999: 292; see also Howarth 2005: 317) argues that discourse analysts must remain “methodological bricoleurs”, constructing specific analytical and methodological frameworks for each problem they aim to investigate. Discourse analyses are thus usually “methodological pluralist” (Vromen 2010: 254-255), articulating concepts, frameworks and techniques coming from different approaches to discourse analysis, and indeed, from different disciplinary traditions. What methods have been used in the different articles of this thesis is reviewed in the reminder of the chapter.

3.3 Content analysis

Content analysis is a very vague notion that is sometimes, especially in the US, confused with discourse analysis. However, while the latter involves a very broad research tradition, the former is a research method for analysing textual material. As such, content analysis can be defined as a “flexible research method” oriented towards the study of the “manifest content” of textual materials (White and Marsh 2006: 23).

Approaches to content analysis are usually divided between quantitative versus qualitative. Quantitative content analysis consists of counting textual elements. It usually uses computer programs such as Wordsmith, N-Vivo, Iramuteq or Atlas.ti. These programs contain functions for automatic coding, quantitative analyses of linguistic units and visual representation of the data. The main strength of quantitative content analysis is that it can be used as a technique for proper hypothesis testing (see chapter 6), allowing for replication. In contrast, qualitative content analysis has been defined as “a research method for the subjective interpretation of the content of text data through systematic classification process of coding and identifying themes or patterns” (Hsieh and Shannon 2005: 1278). Qualitative content analysis usually proceeds through the manual coding of the several dimensions of a text in quotations (Crespy 2014: 106).

Beyond the quantitative/qualitative divide, it is also possible to differentiate approaches to content analysis depending on which “form of reasoning” (Glynos and Howarth 2007: 25) underlies their coding process. “Conventional content analysis” (Hsieh and Shannon 2005) employs inductive reasoning: coding categories are derived directly from the text data. Alternatively, a “directed approach to content analysis” (ibid) is deductive, so that the coding of the text is conducted according to a pre-established codebook. However, in chapter 5 and 6, the coding process has been iterative: although starting with a defined codebook on the basis of an initial qualitative reading of the data or secondary literature, the codes have progressively been refined during the coding process.

Finally, the different types of content analysis can also be organised according to strategies of unitising the text. That is, content analysis divides the text into units for sampling, collecting and analysing. Sampling units identify the amount and nature of textual material analysed (in other words, they imply the selection of the corpus). Data collection units are the units for collecting variables. Units of analysis are, as its name indicates, the basis for developing the analysis (ibid). In many cases, the data collection units and the units of analysis are the same.

Building on these set of analytical divides, Table 4 summarises the features of the different approaches to content analyses employed in the different articles of the thesis.

Table 4. Approaches to content analysis used in the thesis

	Chapter	Quantitative vs. qualitative	Form of reasoning	Data collection units
Relational content analysis	5	Quantitative	Directed but iterative	Core sentences
Clause-based semantic text analysis	6	Quantitative	Directed but iterative	Grammatical clauses
Qualitative content analysis	5	Qualitative	Conventional	-

Not surprisingly, the main drawback of content analysis, particularly quantitative content analysis, is that it tends to detach text from its context (Mautner 2007). However, given the above-mentioned advantages, content analysis is usually used in conjunction with other more interpretive approaches to discourse analysis, as it is done in chapters 5 and 6 of this thesis. The ambition of these mixed methodological designs, as argued by Jones and Radaelli (2015), is to retain the main strengths of each perspective.

3.4 Elite interviews and elite surveys

In the context of the research for the article of chapter 7, 23 semi-structured interviews and a small-scale survey (N=54) were carried out. The respondents in both cases were key policy elites within the EU's architecture of governance, namely civil servants working in the DG ECFIN and DG EMPL of the European Commission.

Qualitative interviews constitute a research technique that allow for the in-depth exploration of individuals' ideas, subjectivities and key questions occupying their minds, as well as on what people remember doing during key events. Because of this, they are ideal research techniques for generating primary text for discursive policy analysis.

More specifically, semi-structured (and face-to-face) interviews are appropriate techniques for the reconstruction of policy processes since they offer guidance to the interviewee about their knowledge in each reform episode, while allowing both the interviewee and the interviewer to deviate towards issues that are of relevance for the topic under investigation (Flick 1998: 76-97). Hence, the role of the interviewer in semi-structured interviews is typically to negotiate between the scheme of the interview guide and the interviewee's conversation. This means that the interviewer can decide the sequence of the questions during the interview (Flick 1998: 94). In this sense, the main strength of qualitative interviews is that, unlike documentary analysis or questionnaires, they allow for exchanges.

As said, the semi-structured interviews were conducted to elites. There is now an extensive literature within policy analysis on the practice of elite or expert interviewing, that is, interviews with prominent people in a given policy sphere. According to Dowding (2016: 170-187), research methods for studying elites can be classified in three major groups: (1) techniques that study how institutions shape elites' behaviour, (2) methods for drawing inferences about policy outcomes from study of elites' beliefs, and (3) approaches to study the networks between various elites. In the article journal of chapter 7, semi-structured interviews and a small-scale survey are employed with the will to achieve the second of these aims.

The justifications for having employed a small-scale survey in the research design of chapter 7 are explained in the fourth section of this chapter: they mainly refer to the need to empirically ground our study of European Commission officials' fiscal policy beliefs. Complementing the semi-structured interviews with a small-scale survey allowed for, on the one hand, permitting the collection of a larger amount of data (than that recollected through qualitative interviews) and therefore providing the study with a stronger empirical ground; on the other, capturing officials' beliefs in an standardised manner, thereby enabling the representation of ideational patterns through tables. However, the small size of the sample (54) do not allow for carrying out inferential statistics. Nevertheless, studies based on elite surveys very often only work with descriptive statistics (for instance, on studies about EU policy elites, see Radaelli and O'Connor 2009; Rimkutė and Haverland 2015; Vanheuverzwijn and Crespy 2018).

Overall, survey research on elites offers to ideational analysis all the advantages of quantitative methods (see, about them, Bryman 2012: 175-176), and has therefore the potential to act as a corrective to the excessively abstract works sometimes found in the field, which make empirically unjustified observations about elites' ideas. In turn, its main weakness, as Rodríguez-Teruel and Daloz (2018: 101) explain, is that "political elites are likely to be even more exposed to social desirability than common people", and that "politicians are more predisposed to reinterpret their previous actions in the light of the present political situation, searching for political coherence between past and present". This danger of surveys, in which interviewee conform to well-rehearsed 'official versions', is partly shared with qualitative interviews. In consequence, when using this research technique we are confronted with the challenge of analysing and corroborating what is said in surveys. In addressing this difficulty, in chapter 7, survey data and qualitative interviews were complemented with economic data and documentary analysis, with the aim to produce some kind of 'triangulation'.

3.5 The case study approach: a specific focus on the legitimization of austerity in the EMU's periphery

Two of the four articles of the thesis (chapters 4 and 5) are based on a case study of the development in Spain of the EU's approach to fiscal consolidation. This section justifies the use

of the case study as a research strategy and accounts for the selection of Spain as a concrete case.

The case study represents an ideal vehicle for analysing from a discursive perspective the conditions of possibility of austerity because it allows the investigator to convey 'thick descriptions' of the messy complications involved in this phenomenon. In this sense, as Ragin (1987: ix) argues, because case studies are "sensitive to complexity and historical specificity", they enable the researcher to obtain in-depth understanding of the conditions that result in specific social phenomena.

In focusing on just a single case, qualitative researchers assume that not all possible cases are of equal importance in explanatory terms, but that some of them are "substantively important" (Mahoney and Goertz 2006: 242). In our case, Spain is worth of studying because it constitutes both a "deviant or extreme case" (Flyvbjerg 2001: 79) and a "paradigmatic case" (ibid) of the legitimization of austerity during the management of the euro crisis.

Deviant cases are useful "to obtain information on unusual cases" (ibid), so that they can serve to capture a particular phenomenon in a dramatic manner. In this sense, Spain was an extreme case with regards the complications involved in the formulation of austerity in the EU to the extent that it was a member of the EMU's periphery. As it has been pointed out at the end of section 1.4.3, the question of how was austerity legitimised as a response to the debt crisis is especially intriguing if one takes the standpoint of peripheral euro area member states, given that austerity was a crisis response that imposed all the burdens of the adjustment onto them. In this sense, it was inevitable that in the GIIPS fiscal consolidation would be received less well than in creditor countries, as shown by survey data. For instance, according to Eurobarometer data of 2012, while 23 per cent of EU citizens believed that deficit reduction should had priority as the main policy to emerge from the crisis, as opposed to 25 per cent of them who thought that spending measures were better suited to this aim, these figures were substantially lower and higher, respectively, among the citizens of the GIIPS: 20 per cent and 30.6 per cent (European Parliament 2012; see also European Parliament 2010). In Germany, in contrast, support for deficit reduction as first policy priority was 30 per cent, while only 21 per cent defended "first investing in measures to boost the economy (European Parliament 2012).

In turn, paradigmatic cases are selected because they can represent a wider domain of a phenomenon (Flyvbjerg 2001: 80). As such, Spain was a paradigmatic case of the legitimization of austerity in the GIIPS countries. On the one hand, all the problems involved in the implementation of austerity explained in section 1.1 were present in the Spanish fiscal consolidation experience, as explained in Article II (section 5.1). Although its rescue package was earmarked only for recapitalisation of the financial sector, and not for the whole state as in Ireland, Greece, Portugal and Cyprus, the strict conditionality and the EU's involvement implied in the bailout programme were similar, as well as the levels of austerity required by it. Consequently, as in the rest of the EMU's periphery, the conditions for strident public opposition and de-legitimation of austerity were present. However, as explained in chapter 5, "The fact that

Rajoy was one of the very few prime ministers in the European periphery [...] that electorally survived the imposition of austerity points to a certain success of the legitimisation strategy”.

At this point, it is necessary to clarify that, when we speak about the legitimisation of austerity, we follow Clarke and Newman (2012) and refer to the generation of “acquiescence” rather than consensus: by *acquiescence* it is meant “the reluctant acceptance of something without protest” (Oxford English Dictionary), i.e. no significant objection, while by *consensus* it is understood “a general agreement” (ibid). As shown by Eurobarometer data above, in the periphery of the EMU austerity did not produce active political adherence. However, in the absence of anti-austerity political parties winning national elections (with the exception of Greece in 2015), we can speak at least of a “disaffected consent” towards austerity (Clarke and Newman 2012: 309). In this sense, the aim of the thesis is to explore the practices through which austerity policies become an accepted necessity by wide sections of peripheral societies, despite evidence of their adverse consequences.

CHAPTER 4. ARTICLE I: ‘BEYOND POPULISM AND INSTITUTIONALISM: ANTI-POPULISM AND THE MANAGEMENT OF AUSTERITY IN SPAIN’

DOI: 10.1111/1467-8675.12386

Text published as Miró, J. (2019) “Beyond populism and institutionalism: Anti-populism and the management of austerity in Spain”, *Constellations* 26: 116-131.

Abstract: In the last years a new axis between populist and anti-populist discourses has become a central cleavage in the organisation of political spaces in the EU. In contrast to most of the literature on populism, this article focuses on the study of the second element of this pair, anti-populism. By drawing on Laclau’s theory of populism, the article defines anti-populism as a political discourse that seeks to suspend political debate on decisions of lasting consequence through the radical delegitimation of those political forces that challenge existing political arrangements. Nevertheless, to the extent that Laclau’s theory of populism is based on the contraposition between populism and institutionalism as the two possible ways of structuring the political, the article reflects on the theoretical paradoxes entailed in the concept of anti-populism. It takes as case study the discourses articulated by Spanish political elites to confront the emergence of an anti-austerity populist party, *Podemos*, amid the implementation of a tough fiscal consolidation programme.

Keywords: Spanish politics, Laclau, austerity, populism, anti-populism, *Podemos*.

CHAPTER 5. ARTICLE II: 'ABOLISHING POLITICS IN THE SHADOW OF AUSTERITY? ASSESSING THE (DE)POLITICIZATION OF BUDGETARY POLICY IN CRISIS-RIDDEN SPAIN (2008-2015)'

DOI: 10.1080/01442872.2019.1581162

Text published as Miró, J. (2019) "Abolishing politics in the shadow of austerity? Assessing the (de)politicization of budgetary policy in crisis-ridden Spain (2008-2015)", *Policy Studies*.

Abstract: Depoliticization has emerged as a key concept for explaining the legitimization of austerity during the euro crisis: in the face of growing social unrest over their austerity-based crisis management, EU and national policy elites would attempt to remove the political character of economic policy-making, thus insulating budgetary issues from public deliberation and party competition. Nevertheless, little attention has been paid to the actual success of depoliticizing strategies in effectively achieving these aims. By setting up a dialogue between two research programmes on (de)politicization that have developed so far in isolation, the article articulates a new framework for studying the impacts of depoliticization. Empirically, the analysis focuses on the process of discursive depoliticization of budgetary policy in Spain in the context of the austerity-oriented budgetary reforms implemented between 2010 and 2013. Methodologically, this process of (contested) discursive depoliticization is examined by developing a relational content analysis of the parties' electoral manifestos and newspapers' opinion articles on budgetary policy that were published in the three electoral campaigns held in Spain before, during and after the euro crisis. The analysis shows that the EU-led depoliticization of budgetary policy encountered important political limits in Spain, in fact paradoxically promoting a re-politicizing backlash.

Keywords: depoliticization, euro crisis, content analysis, austerity, Spain, budgetary policy.

CHAPTER 6. ARTICLE III: 'IN THE NAME OF COMPETITIVENESS: A DISCURSIVE INSTITUTIONALIST ANALYSIS OF THE EU'S APPROACH TO LABOUR MARKET STRUCTURAL REFORM, 2007-2016'

DOI: 10.1093/ser/mwz030

Text published as Miró, J. (2019) "In the name of competitiveness: a discursive institutionalist analysis of the EU's approach to labour market structural reform, 2007-2016", *Socio-Economic Review*.

Abstract: This article explores the evolving interplay between different discourses on competitiveness, on the one hand, and different approaches to labour market reform on the other, all in the context of the European Union policymaking during the last decade (2007–2016). It asks how the idea of competitiveness has been used in EU policymaking in order to legitimize reforms in labour markets. Theoretically, the article builds on the discursive turn in institutional research. Methodologically, it applies a clause-based semantic text analysis of the Council's country-specific recommendations on labour market policy issued to a selection of 10 Eurozone Member States. By developing this temporal comparative analysis, the article seeks to trace the potential impact of the euro crisis on the uses of the idea of competitiveness in labour market policy. The resulting analysis sheds light on the institutionally embedded perception of international competitiveness that prioritizes the cost-based (rather than quality-based) elements of the notion.

Key words: competitiveness, discursive institutionalism, labour costs, European Union, labour market policy, euro crisis

CHAPTER 7. ARTICLE IV: ‘AUSTERITY’S FAILURES AND POLICY LEARNING: MAPPING EUROPEAN COMMISSION OFFICIALS’ BELIEFS ON FISCAL GOVERNANCE IN THE POST-CRISIS EU’

CAPÍTOL EMBARGAT PER ESTAR PENDENT DE PUBLICACIÓ

Article under review, under the title of Miró, J. “Austerity’s failures and policy learning: European Commission officials’ beliefs on fiscal governance in the post-crisis EU”, in *Review of International Political Economy*.

Abstract: After an initial phase of firefighting against the euro crisis that began in 2010, one that was characterised by policies that focused on strict austerity, from 2014 onwards the European Commission gradually began to ease its recommendations about fiscal consolidation. Between 2015 and 2016, this policy turn was reflected in series of procedural changes in the European Semester. These gave the Commission a certain degree of discretion in applying the rules and interpreting the benchmarks of the post-crisis EU economic governance arrangements. This article investigates if this double shift in fiscal policy and governance that was initiated in 2014 has been consolidated in 2019, and, if so, what has driven that consolidation. By building on the literatures on EU politicisation and policy learning, it asks whether the character of this intra-paradigm policy shift has been more Bayesian or sociological. Based on interviews and on a small-scale survey conducted with key civil servants working at the European Commission, we find evidence to support the hypothesis that, through a political process of policy learning, European Semester officials have acquired a more politicised and flexible practice of fiscal governance and a more social vision of the European Semester.

Keywords: policy learning, European Commission, austerity, European Semester, policy paradigms.

CHAPTER 8: CONCLUSIONS

8.1 Contributions

In contraposition to orthodox Marxist conceptualisations of political power, which understood it in primarily coercive terms (the State as “a special organisation of force [...] an organisation of violence for the suppression of some class”, in Lenin’s (1917) words), Antonio Gramsci, thinking in the context of the ‘war of positions’ defining the ‘West’ (to use his terminology), argued for an understanding of political power as the sum of coercion plus persuasion. Power is “an iron fist in a velvet glove”, Gramsci (1971: 165) wrote in the *Prison Notebooks*. In order to become hegemonic, a political actor must achieve not only material dominance, but it must also be able to generate consensus around its state projects. The Gramscian formulation of hegemony involves “a leading group securing the (active or passive) consent of other social strata, rather than unilaterally imposing its decrees upon unwilling subjects” (Thomas 2009: 161). As written by Rousseau (1963[1762]: 6), “the strongest is never strong enough to be master, unless he transforms strength into right and obedience into duty”.

Departing from Gramsci’s analytical premise, this thesis has sought to analyse the political strategies and mechanisms developed by policy elites in the EU in order to legitimise the austerity-based response to the euro crisis. By approaching this research topic from this premise, the thesis has not assumed that coercion was not an ingredient of the governing formula developed to impose austerity during the crisis. In this aspect, we just have to think, for instance, about the permanent treats received by Greece’s politicians of an expulsion of the euro area, and a consequent collapse of the country’s economy, as the main lever to impose austerity in Greece (Varoufakis 2017). However, coercion (or the threat of its use) only explains partially why austerity could be imposed upon reluctant euro area member states and societies. Coercion was complemented by persuasion, i.e. by ideological and cultural work aimed at producing a common sense according to which austerity as a response to the crisis, and with it, the reproduction of the ordoliberal mode of monetary integration, was legitimised in front of European peoples.

By taking a discursive perspective on policy analysis, the thesis has focused on the role played by concrete social representations in the creation of the conditions of possibility of the austerity-based management of the crisis. Three main discursive strategies have been identified, analysed and explained. In the first place, the EU-led depoliticising discourse of the economy, and especially, of fiscal and budgetary policy, from 2010 onwards. By locating fiscal discipline outside the realm of the contingent and modifiable, austerity acquired an aura of inevitability that was particularly difficult to challenge by alternative policy options. In second place, the deployment of a competitiveness discourse that deeply resonated with the common sense of

the era of globalisation, in which the struggle between countries in global free markets appears as a taken-for-granted imperative falling upon the shoulders of societies. In third place, the deployment of anti-populist discursive logics through which critical worries regarding austerity's implementation were radically demonised and delegitimised, not (primarily) by using economic policy arguments, but mainly through their association with the totalitarian perils of a populism. Overall, the novel analytical narrative on austerity's legitimation arising from the explanation of this set of discursive strategies constitute the first and main contribution of this thesis. It points out towards an understanding of austerity not only as an empirical phenomenon, but as a *discourse* that cuts across and gives meaning to a whole set of categories (such as democracy, populism, fiscal sustainability, international competitiveness, European economic governance) that organise EU's political economy.

However, inasmuch the tensions and contradictions undermining the hegemonic appeal and economic efficiency of the austerity crisis response became clearer to an increasingly range of social actors, EU policy elites, led by the European Commission, started from 2014 onwards a relaxation of the fiscal consolidation strategies pursued until that moment. Thus, in front of the appearance of strong destabilising – indeed, potentially disintegrative – trends inside the EU, the European Commission started to recognise the need to be more attuned to the political sustainability of austerity policies. This is the story explained in the fourth article, which is also foregrounded by a Gramsci's theoretical perspective on hegemony: a hegemonic project always represents unstable equilibriums or compromises between the interests of different social sectors; in it, the primacy of certain social actors crystallises, but also some of the demands of the subordinated groups (Gramsci 1971: 182). In other words, constructing a consensus – even if its passive or partial – always involves neutralising and disaggregating alternative political options by assuming some of its proposals.

Furthermore, the articles included in the thesis aimed not only at empirical explanation but also at theoretical clarification. In this respect, the second contribution of the thesis is the conceptual and methodological refinement of different analytical approaches to discursive policy analysis, as well as the promotion of a dialogue between them. Thus, in Article II, the so-called “communicative perspective on politicisation” is, for first time to the best of our knowledge, articulated with the “governance perspective on depoliticisation” in order to develop a methodological framework able to empirically assess the effects of depoliticising discourses. In turn, Article III employs discursive institutionalism in conjunction with clause-based semantic text analysis, thus deepening in recent trends in discursive institutionalist scholarship to improve the reliability of its interpretive explanations. Finally, in Article IV, two strands of ideational scholarship in public policy so far developed without interconnections, Bevir and Rhodes' interpretive approach to governance and the so-called ideas literature in political economy, are articulated in a unitary approach for the study of policy elites' beliefs. Overall, at the theoretical level, the thesis has sought to strengthen the methodological bases of discursive policy analysis, seeking to follow Flyvbjerg (2001) in the construction of a rigorous but practical understanding of interpretive social science.

8.2 Limitations and possibilities of future research

Discursive policy analysis was well suited to –and crucial for– the aims, arguments and contributions of the thesis. However, its selection as analytical approach has provoked an abstention during the thesis to advance a more solution-oriented approach to the analysis of the crisis management, meaning by this a form of policy analysis more focused on “creating the conditions for a more effective politics” (Stoker 2013: 174). In this sense, although the research conducted in the context of this thesis has sought to be “problem-driven” (see section 3.2), it has paid less attention to be “problem-solving” (Giest et al. 2015: 122). If we understand by a political science with “problem-solving attitude” one that is capable of “identifying a question thrown up in the world, illuminating its dimensions through systematic study and seeking to ask what could be done to improve the situation” (Peters et al. 2010: 330), this thesis has, in our opinion, achieved, more or less successfully, the first two aims, while has been less diligent in pursuing the third. Indeed, the Lasswellian hope of producing public policy analyses that are of the interest of policymakers has traditionally constituted one of the great challenges of constructivist and interpretivist forms of political science (Parsons 2015).

A second limitation of the thesis is related to its article-based format. As Sandberg and Alvesson (2011) explain, the social norms governing academic journals encourage “gap-spotting”. By gap-spotting they mean a way of formulating research questions that consists in reviewing the “existing literature with the aim of spotting gaps in the literature and, based on that, formulate specific research questions” (ibid: 27-28). For these authors, gap-spotting is problematic because it favours the reproduction of institutionalised lines of reasoning, and thereby it discourages challenging, in a disruptive way, the assumptions underlying existing research. Gap-spotting is particularly encouraged by the format of contemporary academic journals, in which word limits constraint deep discussions of the ideas underlying existing literature, and in which the researcher, at the same time, is bounded to construct his or her explanation in relation to earlier studies published in high quality journals (ibid: 36-37). In this sense, the research, and particularly, the writing process of the articles of this thesis has been highly influenced by the logic of gap-spotting, which was especially accentuated due to the need to comply with the reviewers’ comments on the articles during the review processes. As such, the need to write the articles of the thesis in ways in which the possibilities of publication in the targeted journals were enhanced implied the need to relate positively the articles to previous analytical traditions and research findings. While of course this task was, on the one hand, profitable for the articles (as Sandberg and Alvesson (ibid: 37) say, “it often makes sense to adopt gap-spotting”), on the other, it implied a certain constraint of their disruptive possibilities. Furthermore, it also hindered the whole coherence of the thesis, since not only the analytical frameworks but also the substantive concerns of the articles were reoriented during the review process. A clear example of this lack of coherence is the different explicit or implicit understandings of the notion of legitimacy that can be found in the different articles.

A final limitation of the research has been the single case research design of the first two articles of the thesis. As pointed out in section 3.5, the focus on Spain in chapter 4 and 5 was driven by the desire to comprehend the dynamics of austerity's legitimisation in this member state as a tactic to understand this phenomenon in the rest of the GIIPS. However, the political management of austerity constituted a highly idiosyncratic phenomenon deeply marked by the respective national contexts. In this sense, future studies should build comparative research designs about austerity's legitimisation in order to fully explain the phenomenon. Indeed, the lack of comparative research on austerity's legitimisation is one of the main research gaps in the existing literature on the topic.

Finally, a further area of future research about the topic concerns the long-term implications of the strategies of legitimisation used during the euro crisis. An important conclusion arising from this thesis is that, throughout the crisis period, an accentuation of the intergovernmental, technocratic, non-democratic and neoliberal features of both the European integration project and the national political systems of the EMU took place: the crisis management fail to take into account popular concerns, key political decisions increasingly shifted away from the *demos* upon which representative democracy is founded, and market coordination supplemented socially regulated procedures in a number of social areas. Meanwhile, the member state with the largest economy, Germany, made of its trade surplus a de facto *raison d'État* and displayed a remarkable unwillingness to play a hegemonic/stabilising role within the EU. Illuminating the dynamics of establishing legitimacy amid these developments has been the aim of this thesis. But as Beetham (2013) taught us, different legitimisation strategies imply different forms of authority, different forms of governance and importantly, different degrees of institutional resilience. In this sense, two broad research questions appear of special interest for the next generation of studies about the euro crisis. First, to what extent will the alterations in the modes of governance developed during the crisis period consolidate in the post-crisis years? Secondly, either thinking in terms of the consolidation of these trends or in their reversal, what are the requirements for the sustainability of the EU integration project that will demand its near future?

8.3 Final thought

The euro crisis, at least in its form of sovereign debt crises, was largely fend off in July 2012 by the ECB decision to act as lender of last resort. However, the imbalances that in last instance provoked the crisis remain significant until today. Furthermore, the core-periphery political and economic divisions unleashed during the crisis are becoming a structural cleavage of EU politics, precluding the formation of the broad political coalitions need to introduce institutional reforms to prevent, and specially to deal with, future crises.

Indeed, although the economic crisis ended by 2013, the EU has been since then in a state of permanent crisis due to meltdowns in other policy areas. The refugee crisis stretched again EU's cohesion by endangering the foundational principles institutionalised in the Schengen

Agreement; the Brexit crisis constitutes the first historical instance of a process of dis-integration of the European project; while a more chronic social crisis, featured by structural employment problems related to the weak economic recovery, an ageing society and widening class inequalities, constitutes a long-standing trend of deterioration of the so-called European Social Model.

The final argument of this thesis is that these different crises are, at least to certain extent, related to the basic neoliberal philosophy that has underlined EU integration since the late 1980s: 'join the club, but remember that when you are in problems, you are on your own', summarises the rationality behind this way of understanding the EU. This was seen during the management of the euro crisis, but also afterwards, with the migration crisis. Except for lofty words, neoliberal integration is not based on the solidarity needed to govern a common monetary union (indeed, needed to govern, at least in a democratic manner, any collective enterprise), but on an ex-ante institutionalisation of blaming the victim, which in the long run is difficult to maintain.

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Appendix 1. Appendix of article II (chapter 5)

Data collection

The following keywords were used to identify articles in *El País* and *El Mundo* and core sentences in the party programmes of the parties:

- (budgetary) cuts: *recortes*
- budget: *presupuesto*
- budget policy: *política presupuestaria*
- (public) spending: *gasto (público)*
- budgetary discipline: *disciplina presupuestaria*
- public debt: *deuda (publica)*
- fiscal adjustment: *ajuste fiscal*
- public finances: *cuentas públicas*
- austerity: *austeridad*
- budget stability: *estabilidad presupuestaria*
- (public or budget) deficit: *déficit (público o presupuestario)*
- fiscal consolidation: *consolidación fiscal*
- budgetary surplus: *superávit presupuestario*
- fiscal: *fiscal*
- waste (when related to public spending): *derroche*

The list of keywords was constructed inductively through a first reading of the electoral programmes. Not always that one of these words appeared in the programme the core sentence was selected as part of the database, since in some cases they were used without relation to budgetary policy. This was specially the case with the adjective *fiscal*, which in some cases was linked to budgetary issues (e.g., fiscal rules, 'Independent Fiscal Authority', fiscal stimulus and so on), while in other cases was tied to tax policy issues (to issues of redistribution, which following Kriesi et al. (2008: 58) have not been included in budgetary policy topics).

Results of the relational content analysis

Table 1. Results content analysis CIU's programme

Core sentences by category	2008			2011			2015		
	-	0	+	-	0	+	-	0	+
Rigid budgetary policy	-	1	3	-	3	1	1	3	-
Reduction state deficit	-	-	-	-	5	11	2	2	1
Budgetary cuts	-	-	-	-	-	2	3	2	-
Reduction of taxes	3	-	4	4	-	2	4	1	5
EU's fiscal surveillance	-	1	-		4	1	2	2	-
Depoliticising budgetary reforms national level	2	7	-	11	1	1	34	1	1
Quantity of core sentences by frame	2	8	7	15	13	19	46	11	7
Average position		0,24			0,09			-0,61	
Total (N)		21			47			64	

Table 2. Results content analysis PSOE's programme

Core sentences by category	2008			2011			2015		
	-	0	+	-	0	+	-	0	+
Rigid budgetary policy	-	1	8	2	3	7	11	10	3
Reduction state deficit	1	-	2	-	2	11	11	2	8
Budgetary cuts	-	-	-	-	-	-	27	-	-
Reduction of taxes	-	-	3	10	3	-	4	-	-
EU's fiscal surveillance	-	-	1		4	-	8	5	2
Depoliticising budgetary reforms national level	2	-	2	2	-	-	5	-	3
Quantity of core sentences by frame	3	1	16	14	12	18	66	17	16
Average position		0,68			0,09			-0,51	
Total (N)		19			44			99	

Table 3. Results content analysis PP's programme

Core sentences by category	2008			2011			2015		
	-	0	+	-	0	+	-	0	+
Rigid budgetary policy	-	-	8	-	-	16	-	3	2
Reduction state deficit	-	-	-	-	3	17	-	3	7
Budgetary cuts	-	-	-	-	2	5	1	-	-
Reduction of taxes	-	-	2	-	3	2	-	-	8
EU's fiscal surveillance	-	-	-	-	-	1	-	6	2
Depoliticising budgetary reforms national level	-	1	9	-	4	19	-	1	3
Quantity of core sentences by frame	-	1	19	-	12	60	1	13	22
Average position	0,95			0,83			0,58		
Total (N)	20			72			36		

Table 4. Results content analysis Podemos' programme

Core sentences by category	2015		
	-	0	+
Rigid budgetary policy	13	4	-
Reduction state deficit	6	6	5
Budgetary cuts	15	3	-
Reduction of taxes	29	-	-
EU's fiscal surveillance	5	-	-
Depoliticising budgetary reforms national level	9	-	-
Quantity of core sentences by frame	77	13	5
Average position	-0,76		
Total (N)	95		

Table 5. Results content analysis C's' programme

	2015		
Core sentences by category	-	0	+
Rigid budgetary policy	-	2	2
Reduction state deficit	-	4	1
Budgetary cuts	1	1	-
Reduction of taxes	-	2	7
EU's fiscal surveillance	-	1	1
Depoliticising budgetary reforms national level	-	1	14
Quantity of core sentences by frame	1	11	25
Average position		0,65	
Total (N)		37	

Table 6. Results content analysis of *El País'* opinion section

	2008				2011			2015	
Quantity of opinion pieces	3				40			13	
Quantity of core sentences	7				147			39	
Core sentences by frame	2	1	4	57	59	31	10	13	16
Core sentences by category									
Rigid budgetary policy	2				16			9	
	0	0	2	5	3	8	3	5	1
Reduction state deficit	3				37			8	
	0	0	3	7	20	10	2	2	5
Budgetary cuts	1				64			14	
	-1	0	0	32	25	7	2	3	9
Reduction of taxes	1				3			3	
	1	0	0	3	0	0	1	2	0
EU's fiscal surveillance	0				25			1	
	0	0	0	10	11	4	1	0	0
Spanish budgetary reforms	0				2			4	
	0	0	0	0	0	2	0	1	3

Table 7. Results content analysis of *El Mundo's* opinion section

	2008				2011			2015		
Quantity of opinion pieces	3				37			8		
Quantity of core sentences	8				91			16		
Core sentences by frame	0	3	5	7	33	51	5	8	3	
Core sentences by category										
Rigid budgetary policy	4				12			1		
	0	2	2	1	3	8	0	1	0	
Reduction state deficit	3				30			5		
	0	0	3	0	12	18	1	2	2	
Budgetary cuts	0				42			8		
	0	0	0	5	16	21	4	4	1	
Reduction of taxes	1				5			0		
	0	0	0	1	2	2	0	0	0	
EU's fiscal surveillance	0				1			1		
					0	0	1	0	1	0
Spanish budgetary reforms	0				1			1		
	0	0	0	0	0	1	0	1	0	

Appendix 2. Appendix of article IV (chapter 7)

List of interviews

- Official 1: DG ECFIN, Brussels, 2 April 2019. Head of Sector.
- Official 2: DG ECFIN, Brussels, 4 April 2019. Senior Adviser.
- Official 3: DG ECFIN, Brussels, 5 April 2019. Acting Director.
- Official 4: DG ECFIN, Brussels, 5 April 2019 Head of Unit.
- Official 5: DG ECFIN, Brussels, 5 April 2019. Head of Unit.
- Official 6: DG ECFIN, Brussels, 6 April 2019. Director of Directorate.
- Official 7: DG EMPL, Brussels, 10 April 2019. Head of Unit.
- Official 8: DG ECFIN, Brussels, 10 April 2019. Policy Analyst.
- Official 9: DG EMPL, Brussels, 10 April 2019. Policy officer.
- Official 10: DG ECFIN, Brussels, 12 April 2019. Head of Unit.
- Official 11: DG ECFIN, Brussels, 12 April 2019. Deputy Head of Unit.
- Official 12: DG ECFIN, Brussels, 12 April 2019. Economic data analyst.
- Official 13: DG EMPL, Brussels, 15 April 2019. Head of Unit.
- Official 14: DG ECFIN, Brussels, 15 April 2019. Policy officer.
- Official 15: DG EMPL, Brussels, 17 April 2019. Head of Unit.
- Official 16: DG ECFIN, Brussels, 24 April 2019. Director of Directorate.
- Official 17: DG ECFIN, Brussels, 25 April 2019. Other.
- Official 18: DG ECFIN, Brussels, 25 April 2019. Head of Unit.
- Official 19: DG ECFIN, Brussels, 20 May 2019. Head of Unit.
- Official 20: DG ECFIN, Brussels, 22 May 2019. Economic analyst.
- Official 21: DG EMPL, Brussels, 23 May 2019. Head of Unit.
- Official 22: DG EMPL, Brussels, 24 May 2019. Head of Unit.
- Official 23: Passeig de Gràcia, Barcelona, 28 June 2019. Policy analyst.

Interview scheme officials European Commission

Prior information about the interviewee

1. Nationality:
2. Gender:
3. How long have you worked for the European Commission?
4. Directorate-General:
5. What position do you currently hold in the European Commission?

Semi-structured interviews

1. Thinking about your role as senior civil servant in DG ECFIN, what would you say are the two or three most important responsibilities you are involved?
2. Do you think that there has been a rethinking of the dominant positions on fiscal policy since the euro crisis in the Commission? In case you agree, what elements of the crisis management did provoke this rethinking?
3. Some people argue that partisan politics is quite important in the civil service; others consider the Commission as above partisan politics. Which side is closer to reality in this case? By partisan politics it is understood that civil servants are guided more by broad societal or ideological goals rather than bureaucratic neutrality.
4. Understanding by EU politicisation that issues that are decided at the EU level become more visible and contentious in national public spheres, what do you think are the effects of the politicisation of EU economic governance for the future of the European Integration process?
5. Have you noticed the increased politicisation of European economic governance in your daily functioning? If so, how?
6. What do you understand by Juncker's statement, made in his first State of the Union speech in 2014, that his Commission would be 'a political Commission'? Do you agree?
7. Do you agree with the idea that in the last European Semesters, the Commission has made greater use of the flexibility clauses of the SGP? If so, what do you think are the reasons behind this shift in governance?
8. Although you have come to say that decisions on fiscal policies essentially reflect a mix of circumstantial judgments and political compromises, would it be the case that the 'complete contract' approach is far from an ideal? Or instead, is it a viable setting in the mid-term?

Survey questionnaire

The following questions are closed and have identical answer formats ('strongly agree', 'agree with reservations', 'neither', 'disagree with reservations', or 'strongly disagree):

1. The politicisation of European economic governance has increased since the euro crisis.
2. I have noted the increased politicisation of EU's economic governance in my daily functioning.
3. Changes in national political environments affect the Commission's recommendations on fiscal/social/economic policy.
4. When devising plans of macroeconomic adjustment, considerations about the political sustainability of the devised solutions should be taken into consideration alongside technical considerations.

5. When making recommendations on macroeconomic or social policy, the Commission should act more with a view towards the European public opinion.
6. In most EU countries, there has been a direct link between the adoption of austerity measures and the growth of populist parties.
7. The reasons behind the flexibilisation of deficit targets for Portugal, Spain and Italy in 2016 were related to the turbulent political situations that their governments were experiencing.
8. The social costs of strict fiscal consolidation programmes might outweigh its economic benefits.
9. In most countries of the euro area, the current volumes of public debt jeopardise growth prospects in the short term.
10. In recessionary conditions, all economies with fiscal space (low deficits and public debt) should use discretionary spending to stimulate the economy even at the cost of deficits.
11. There are well-defined tipping points with respect to public debt-to-GDP ratios beyond which growth decelerates markedly.
12. Budgetary cuts played a crucial role to put an end to the European sovereign debt crisis.
13. During the euro crisis, fiscal consolidation, while necessary as a response to the escalation of government bonds' yields, was not needed to the extent prescribed (in terms of the overall size of the adjustments).
14. There was irrational panic in the sovereign bond markets of vulnerable European countries, and this led to the imposition of excessively harsh consolidation.
15. During the euro crisis, the fiscal rules *stricto sensu* could have been applied in a less procyclical fashion.
16. Adjustment programmes implemented in response to the euro crisis in Southern European member states significantly underestimated the increase in unemployment and the decline in domestic demand associated with fiscal consolidation.
17. Is there anything you would like to add to any of the questions of the questionnaire?

Table 8. Sample overview

Length of service	<2000	2000-2010	2010>	Total
	14	21	19	48
DG	EMPL		ECFIN	
	8		46	
Position				

Director	4
Head of unit	13
Head of sector	3
Policy officer	2
Economic analyst	15
Policy analyst	3
Other	14
Total	54