

# Re-Envisioning Crisis: A Comparative Discourse Approach to EU Institutional Change

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## Abstract

That crises are in part defined as moments of disjuncture which, at the same time, create opportunities for meaningful agency, is well established (Hay 1996). This paper considers the content of 'discourse' and 'rhetoric' (Hay and Rosamond 2002) surrounding two significant 'crises' in the history of EU integration – namely the 1970s oil shocks and the more recent global financial crisis – in order to determine the extent to which these events have been contemporarily defined as providing opportunities to act, or simply challenges to the existing order. The paper provides an analysis of the way in which EU actors have mobilised the idea of 'crisis' in order to (a) exert control over endogenous and exogenous destabilising forces, (b) (re)define the EU as an object of both political engagement and academic study, and finally (c) make the case for further expansion and integration (particularly economic integration). In short, crises provide opportunities for the EU to reshape both its internal architecture and its relative position in the global economy, but only to the extent that they are viewed as an opportunity to effect change and not simply as an insurmountable state of flux. The comparative nature of the findings helps to contextualise current discourses around the global financial crisis, in order to evaluate the EU's previous efforts at global repositioning, and the significance of crisis discourse to these efforts.

## **Introduction: narrating crisis**

The European project was born of crisis, and whilst post-war reconstruction may have constituted the most obvious backdrop to reconciliation, the conditions and legacy of a crisis in political economy were no less significant. Originating with the Marshall Plan and the creation of the Organization for European Economic Cooperation, greater collaboration was widely perceived as a necessary component of the economic reconstruction of Europe (Baldwin and Wyplosz 2011). Indeed, early integration initiatives - prior to the creation of the European Coal and Steel Community in 1951 - were largely spurred by the imperatives of accommodating European states to an internationalising global economy. For example, as Gross (2011) intimates, the creation of the European Payments Union (EPU) in 1950 came about to institutionalise the complex system of trading arrangements - mostly bilateral and often involving barter - that were the legacy of post-war national economic fragility. By 1947 the need for European nations to rationalise debts incurred with individual partners on a case-by-case basis was leading to a severe slump in trade volumes (Eichengreen and Braga de Macedo 2001). This suggests that the need to resolve economic crisis through cooperation and integration exists in the very blueprints of the European Union,<sup>1</sup> and is intimately connected with questions of the EU's global role and its internal normative purpose in negotiating the global economy. What is less often investigated is the way in which crises in and of the EU are constructed in order to provide enabling and constraining effects, and how this has changed over time.

Crises are often treated, almost by definition, as conjunctural moments - as points where significant institutional innovation and/or policy change might be expected. This claim can be theorised in a variety of ways, many of which sit within those branches of institutionalism that take the role of ideas seriously. Changes in institutional equilibria and major shifts in policy paradigms are usually associated with ideational ruptures of one kind or another (Hall 1993, Berman 2006, Blyth 2002). At a most basic level, in the context of a crisis, rationally-driven actors may decide that existing ideas no longer serve as either (a) adequate road-maps to steer them towards interest-driven goals or (b) suitable rhetorical tools to

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<sup>1</sup> Eichengreen and Braga de Macedo (2001) further argue that the EPU provided a template for the norms and codes of conduct of the Exchange Rate Mechanism (ERM) of EMU.

legitimise interest-driven policy courses to wider mass publics. In this sense, ideas correspond to what Goldstein and Keohane (1993) called respectively ‘causal’ and ‘principled’ beliefs. Whereas this approach leaves the separation between ideas and interests intact, later ideational scholars working within and from the institutionalist tradition have taken a line on the relationship between ideas and interests that is more authentically constructivist. Put crudely, this second variant treats ideas as constitutive of interests and identifies crises as moments where actors move into a situation of ‘Knightian uncertainty’ where existing problem and solution sets come to be of diminishing utility, not least because actors cease to be able to orient themselves in relation to their erstwhile ‘interests’ (Blyth 2002). That crises are defined as moments of Knightian uncertainty means that ideas acquire very significant leverage at such conjunctures since they supply actors with usable narratives that (a) diagnose current problems, (b) prescribe policy solutions and (c) set out relevant institutional (re-)designs. When new ideas gain leverage in such situations, then we might expect something analogous to what Hall (1993) means when he talks about ‘paradigm shifts’ or ‘third order policy change’.

Of course, even if a crisis appears as a moment of (potential) Knightian uncertainty, it does not follow that third order policy change will follow. A case in point is the present aftermath of the global financial crisis (GFC), which might be best captured through Colin Crouch’s compelling epigram: ‘the strange non-death of neoliberalism’ (Crouch 2011, see also Blyth 2013b). One way to deal with this is to pay attention to how crises themselves are discursively constructed. There is a tendency in both popular-media discourse and academic work to ‘exogenise’ crises. Crises are often treated as if they are independent phenomena to which actors respond in accordance with logics of consequence and/or appropriateness. Equally, a crisis may be a moment of opportunity that generates demands for ideas, and which this facilitates their supply. But if ideas are constitutive of interests, then they are also complicit in defining the problems that they purport to solve. It is this dynamic that most interests us in this paper.

Colin Hay’s (1996) interrogation of the so-called ‘Winter of Discontent’ in the UK is a case in point. The ‘Winter of Discontent’, a phase used to capture a wave of public sector industrial

disputes in the winter of 1978-79, has since become sedimented into British political discourse as a set of truths not simply about the crisis afflicting the UK political economy in the dying years of the Wilson-Callaghan Labour governments, but also about the systemic failure of, *inter alia*, the post-war settlement, the incorporation of organised labour into public policy making and Keynesian modes of economic management.<sup>2</sup> Hay's point is to show that 'Winter of Discontent' is one among many competing narratives, albeit the dominant one, of the crisis of the late 1970s, and that the discursive rendition of the crisis in this way does a lot of work beyond being a simple description of a set of events:

Crisis then is not some objective condition or property of a system defining the contours for subsequent ideological contestation. Rather, it is subjectively perceived and hence brought into existence through narrative and discourse. State power (the ability to impose a new trajectory upon the structures of the state) resides not only in the ability to respond to crises, but to *identify, define and constitute* crisis in the first place. (Hay 1996: 254, emphasis in the original)

Constructivists and poststructuralists alike have, over the past decade and a half, worked hard to show that financial crises have come to be narrated ways that either advance the claims of neoliberal policy frameworks as the technically correct and normatively appropriate way to govern financialised capitalism (Hall 2003, Peck 2010, Blyth 2013a, Mirowski 2013, Watson 2014) or present crises as if they are exceptional or hysterical departures from the normal equilibrium condition that globalised financial markets are presumed to deliver (de Goede 2000, Quiggin 2012). In the context of the present GFC, several contributions have noted the way in which the crisis has been re-narrated into a crisis of public (or sovereign) debt (Blyth 2013a) or of welfare dependency (Watson 2014). Diagnosing and thus constituting the crisis in such ways is important because it not only lays out an understanding of the problem that needs to be solved through collective or

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<sup>2</sup> The term has acquired even wider resonance. At the time of writing (November 2014), the term is being used to describe the prospect of a series of industrial disputes in France (*Daily Telegraph*, 8 November 2014 - <http://www.telegraph.co.uk/news/worldnews/europe/france/11218338/Life-in-France-Now-is-our-winter-of-discontent.html>) as well as the likelihood of strike action by UK university academics in response to proposals to reform the USS pension scheme (*Times Higher Education*, 30 October 2014 - <http://www.timeshighereducation.co.uk/news/warning-of-a-winter-of-discontent-over-university-pensions/2016649.article>).

public action, but also - crucially - sets technical and normative parameters to the range of possible solution sets.

In this paper (and the project which informs it) we are interested in the work done by discourses of crises within the institutional context of the EU. This paper pays attention to two crisis episodes that are typically understood as 'exogenous (economic) shocks' to European political economies: the first oil crisis of the early-mid 1970s and the GFC from 2008 onwards. Both have been highly significant for European and global economies, and both resulted in severe and protracted periods of recession, which as Handley (1981) theorises had, in the case of the 1970s, equally deleterious consequences for European integration. The main concern here is to contextualise the current period of crisis. Much of the contemporary commentary has tended to bracket the GFC as a distinctive and unique phenomenon. Of course to some extent every crisis is by definition an exception, but it is a valuable exercise to compare crises as discrete events in order to illuminate the way in which they are framed *as* exceptional. In so doing, this paper aims to consider the continuities embedded in the current crisis through discursive interaction with the material conditions peculiar to each period.

### **Crises in and of the EU**

The research design was intended to contextualise the framing of crises by comparing them to other periods, both of turmoil and comparative normalcy. Within these periods, particular attention was paid to the time periods already identified within common understanding as exhibiting features of crisis. These concern the periods of 1973 – 1976 (encompassing the 1973 oil shocks and subsequent 1974-1976 recession throughout Europe) and 2008 – present (encompassing the GFC and its aftermath in the form of the Euro-crisis). It could easily be argued, however, that this is a rather narrow conception of crisis. Ideas about what contemporary features of the EU may be in crisis are broader than simply economic governance: including, but not limited to, crises of the 'permissive consensus' between governments and governed (Hooghe and Marks 2009), of credibility (Majone 2000), of representation (Hayward 1995), of legitimacy (Hansen and Williams 1999,

Nicolaidis and Howse 2002), of the environment and climate change (Stripple et al 2010), of demography and low birth rates (Winkelmann-Gleed 2011, Andreason and Miller 2011). Of course, this is by no means an exhaustive rendition of the EU's historic crises. Perhaps the most prominent of these is the so-called 'empty chair crisis' of 1965-1966, where the whole viability of the Community project was called into question by the withdrawal of France from the Council of Ministers. Other previously declared crises that have since receded from prominence, especially since the onset of the GFC and the Euro-crisis, include the turmoil in 1992 associated with both the ratification of the Maastricht Treaty on European Union and the speculative attack that led to the exit of the pound Sterling from the ERM, the 'constitutional crisis' that followed the rejection of the Constitutional Treaty by referendums in France and the Netherlands (Best 2005) and the 'CEE enlargement crisis' of 2004 (Vobruba 2004).

Nonetheless, the two crises identified here share common features, being rooted as they are in global disturbance and relatively tightly delimited by their 'economic' nature. In particular, the exclusion of the 'empty chair crisis' in this context can therefore be defended. Whether seen as a challenge of constitutional form or of leadership (Ludlow 1999), this was a crisis *of* European integration more than a crisis *for* European integration. As Etienne Davignon puts it, the Luxembourg compromise combined 'opposing economic and financial interests with what was, in the end, a fairly childish spat about the trappings of prestige' (2006, p.14). Other crises mentioned above may provoke similar assessments of being essentially crises of internal politicking or power play, generated endogenously. Neither their prosecution nor their resolution is tied to the interface between the EC/EU and global economy.<sup>3</sup> As indicated above, the two cases examined in this paper are commonly understood as 'exogenous shocks', mediated by and through the institutions of European integration to be sure, but they are held to originate beyond the EU. In these cases by looking at the discursive construction of (exogenously-generated) crises, we are able to explore how policy actors conceptualise the external/global context within which they are

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<sup>3</sup> With the exception, of course, of 'Black Wednesday' in 1992.

located, how this relates to the institutions that they inhabit and to the policies they practice and advocate and to the ideational frameworks upon which they draw.

Both crises, we suggest, exhibit outcomes that were essentially conditioned by the attempts of EU actors to situate themselves decisively within a rapidly changing global economy. Therefore, in this context and in line with the literature identified above, we do not purport to offer an objective definition of what makes a crisis: more to demonstrate the purpose to which *ideas about crisis* have been put in the context of European economic governance.

Indeed while we have picked two periods that recurrently attract the nomenclature of 'crisis', our approach is broadly inductive in that we are interested in whether, how and to what extent policy actors invoke crisis narratives in the periods under scrutiny. That being said, there are sound reasons for picking these two particular moments of crises. Both the oil crisis and the GFC are considered as crises with not only global reach, but also with specifically European ramifications. Both are typically treated as the proximate source of major worldwide economic downturns that signalled the end of periods of growth in western economies. The case of the harsh recession that followed the 1973 oil shock is often understood as symptomatic of the end of the long period of economic growth and rising prosperity. The GFC brought to end what many politicians and economists had come to call 'the Great Moderation'. Both crises intersected with and put under severe pressure the existing exchange rate/monetary regimes in the EC/EU (on the 1970s, see Tsoukalis 1997). At the same time, there are, from our viewpoint, intriguing differences. For one thing they intersect with the EC/EU at very different points in its institutional development. Moreover – and perhaps most tellingly – the crisis of the 1970s seems to be bound up with the shift from Keynesian to neoliberal modes of economic management, while the neoliberal paradigm seems to have survived more or less intact, despite the turmoil occasioned by the GFC. Relatively little research has been conducted that compares the present crisis of the EU to previously identified periods of strife. Where it has, it often compares crisis responses, which is to say, the material actions of governance (for example, Pontusson and Raess 2012), rather than considering the way that a crisis is identified and framed in the first place. We thus proceed on the basis of initially identifying discursive commonalities and differences

between the two periods, before reflecting on how this maps onto broader ideas of crisis being constructed as as an enabling or destructive force.

### **Methodology and data**

The methodology for this paper prefigures a much larger study being conducted under the auspices of a five-year project entitled 'Europe and the New Global Challenges' (EuroChallenge) at the University of Copenhagen. The project seeks to make sense of the ways in which the EU is engaging at the interface of a rapidly changing global order. In particular, it interrogates the means by which three overlapping domains – that of the market, politico-legal and socio-cultural spaces of the EU – constitute and shape the EU's place in a globalizing world. As such, the framing and conclusions are necessarily indicative, and raise as many questions as they answer. Nonetheless, the data compiled here does illuminate some interesting trends related to the discursive construction of crisis, and to the specific terminology being used to frame the current economic crisis by placing it more firmly in historic context.

First, we consulted the Archive of European Integration (AEI) located at the University of Pittsburgh. As this archive uses a system of voluntary deposit, there are gaps (and little by way of comprehensive online records as to where these gaps are). However, it is also searchable and large, and contains many Commission records from the 1970s and 1980s. We searched for matches in the full text for the word 'crisis', within the document type 'EU speech' and category 'economic and financial affairs', which yielded 58 results. Second, we used the Europa press releases database (which runs from 1985 to the present day) and limited the search terms in a similar manner – looking for official EU speeches within the category of economic and monetary affairs that contained the word 'crisis', and limiting to English records. This gives 179 results from 2000 to 2014, there not being any earlier results in the database, of which 171 are in English. The two are not precisely comparable, as in the press releases database there are separate categories for 'internal market and services' and 'financial programming and budget', both of which are subsumed within the general



category of economic and financial affairs under the AEI database. Likewise, there are some gaps in the data. First, the AEI database only digitises documents that are not already covered by the EU websites, many of which have not yet digitised documents going back further than the 1970s or 1980s<sup>4</sup>. Relying exclusively on the AEI may therefore miss the small number of documents made available by EU institutions (and particularly those that administer their own data, such as the Economic and Social Affairs Committee or to a lesser extent DG ECfin). Conversely, the post-1985 data that has been obtained direct from the European institutions are themselves patchy. Perhaps unsurprisingly, recent coverage is plentiful, but in a database that extends to 1985 the earliest entries under this search term originate in the year 2000. (Earlier records can be found for non-speech data, although coverage is still far less extensive than is the case for more recent sources). A blind spot between the two databases, therefore, is the 1990s. This is somewhat unfortunate given that Exchange Rate Mechanism (ERM) crisis of 1992 would have formed an ideal case study of an economic crisis constructed at the interface of domestic and international pressure. Of course, there is a large amount of speech data from this period – but digitisation has been highly patchy, given that it falls on the wrong side the 30-year rule embargoing historic documents and yet prior to the simultaneous upload of communication to the internet.

Other sources and databases were initially consulted, including the Web of Science for academic literature in order to repeat the exercise for academic commentary on the crisis. A limiting factor was the very wide definitions of ‘crisis’ in the EU, and a concentration of available academic sources on the contemporary Eurozone troubles. (Using web of science to search *Journal of Common Market Studies (JCMS)* article titles for ‘crisis’, for example, produced 68 records with the earliest dating back to 1966, dealing with a diverse range of issues). Nonetheless, incorporating a similar analysis of academic sources would make for an interesting research design for future work and would enable an exploration of the way that crisis may be co-constituted at the point of intersection between institutional self-reference and academic analysis (see White 2003, Mudge and Vauchez 2012). Within this context,

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<sup>4</sup> Often this is as a result of the later creation of certain institutions. Online records for the European Council extend to 1975; for the Economic and Social Affairs Committee their own digitised records extend to 2002, with 50 items in the AEI repository from 1960. Of course, both institutions possess large physical repositories, and future work on the EuroChallenge project will make use of these archives and, it is hoped, add to the digitised resources available for general access.

therefore, the paper considers the way that actors at the apex of the EU self-constitute their domains, but it must be remembered that they do so in tandem with or opposition to the constructions of external actors.

### **Identifying crisis**

Although we had already identified two crisis periods with respect to the popular literature, the database itself was not specifically time limited to these periods. As a result, we were able to first perform a check to investigate the frequency of reference to 'crisis' in particular documents. The top ten results amongst contemporary documents were all in the years 2008-2011, with 2009 featuring five times. The spread amongst the older documents is somewhat wider, with documents featuring from 1972-1983. Of these by far the highest frequency occurred in three documents from 1974 and 1975, with secondary spikes in 1978 and between 1982-1984. This later period seems primarily associated with post-crisis retrospection, in particular linking the oil crisis to the development of more integrated monetary politics at the EU level (e.g. Vredeling 1978) and with a more thoroughgoing sense of the accumulated travails of the 1970s developing into a crisis of the state itself (Narjes 1983) in the vein of the contemporaneous growth of neoliberalism. This does appear to accord with the suggestion that the recessions associated with the early 1970s and late 2000s were framed as the most significant periods of economic turmoil, although the relative lack of coverage from the 1990s means that the database does not shed light on whether the period associated with the ERM crisis of the early 1990s was associated with similar discursive intensification. This supports the suggestion that crisis is at least in part identified as a process of interlocution, and persists as a specific descriptor due to its usage as a common shorthand.

Nonetheless, the ways in which crisis is framed differ between the two periods. This reflects not only material distinctions between the crises, but also different concerns of policy makers (and, arguably, the ascendancy of different political interests and dominant groups over time). Out of early coding, several key themes that distinguish the two eras were

identified. Furthermore, particular concern was paid to the way in which these related to the overarching question of the relationship between Europe and the global economy, and thus the way that crises are constructed as endogenous or exogenous forces. The primary strands discussed below include the politics of inequality and nationalism, how the role of the state is framed in the context of economic development, the role of EC/EU integration, and how the notion of 'Europe' is therefore situated in the world.

The earlier crisis documents display a clear preoccupation with development as being the most perniciously disrupted economic end during the recession. Partly, this undoubtedly reflects the material conditions in the 1970s, in which victims of the oil shocks were not confined within the developed nations but rather drawn from across the spectrum of the global economy. Thus, 'economic development' is used in the conventional sense in which it usually appears in globalisation literature, as a shorthand for the process of growth in lower income countries. As Ha-Joon Chang (2003) notes, this usage gained traction during the 1980s, when neoliberal reforms began to circumscribe the role of the state in promoting public goods. Economic development therefore is cast as a process of catch-up between developed and less developed nations, not of state intervention in the economy more generally. This is not, however, the context in which it appears throughout most of the early documents. For example, in an address to the European Parliament on the economic situation in the community, Dahrendorf states that 'the oil crisis has changed the framework for economic development in the member countries and also in most countries outside the Community' (1974), thus indicating that development is viewed as a normative concern of both the EU and less developed partners. By the latter stages of the current crisis, the notion of growth as an unequivocal good has become less universally accepted, and has come under attack particularly from those concerned with the economics of sustainability and equality (Martínez-Alier *et al.* 2010, Scholten and Scholten 2014). With it, development has become even more contested a concept, leading Olli Rehn to declare in 2014 that 'sustainable economic development involves difficult and often painful choices. Here the responsibility must in the first place be carried by those who let these imbalances accumulate, with all their social consequences' (Rehn 2014a). Development in this instance is linked to

government action, or more precisely, to the adverse effects of government action. It equally carries strong overtones of economic patriotism (Clift and Woll 2012), if not nationalism.

The tempestuous relationship between member states, the European level, and the global economy clearly arises consistently as a preoccupation over time. Furthermore, given the speaker in the case of every speech is a member of a European body (usually the Commission), a significant dimension of this nexus concerns the assertion of the value of integration. In the current crisis (and indeed, in many of the documents from the inter-crisis period, such as Ortoli (1984), who speaks of ‘integration through the market’, and Padoa-Schioppa (1982) integration was presented as beneficial in a neatly-delineated sense of financial integration. By contrast in the immediate post-oil crisis period, integration has tended to be framed in more expansive terms as a necessary and desirable action, both practically and morally. Colombo (1978) for example declares that ‘In these difficult times...we can see the truth of Jean Monnet's remarks when he pointed out that it was at times of crisis that the most decisive steps were taken towards European integration’ as ‘none of us is in a position to overcome it [crisis] alone.’ (However, pieces from the 1970s also by turns emphasise the ‘sorry state’ of contemporary efforts on this score (Haferkamp 1974).) The idea of integration being more than a technical exercise is less apparent in modern discourse. Despite the fact that the documents in the database were specifically selected for concerning economic topics, it is notable that in contemporary documents ‘integration’ is frequently and unreflexively equated to ‘economic integration’. The grand vision of integration as a valuable exercise in and of itself is less likely to be voiced.

The relationship of the EU at the global level is clearly strongly conditioned in the first crisis era by the relative position of the Community compared to the United States. Cheysson (1975) for example critiques the stance taken by the US over the oil crisis, and in particular its reluctance to participate in global efforts to mitigate the effects on developing economies (‘We shall pay 500 million dollars...to which we were committed...I am sorry that the reaction was not the same everywhere. It is very surprising that the Government of the United States decided not to take part in the exercise’). Likewise, Vredeling (1978) speaks of the failure of Bretton Woods as being one of over-reliance on the dollar, and considers it

‘also of interest to the United States that, at the present time, after so many setbacks, the monetary integration of the Community seems to be speeding up again’. In both cases the somewhat chiding and superior tone perhaps belies the fact that the status of the European Community is one of precarity. The position of Europe in the world in the 1970s was therefore clearly at a turning point relative to the LDCs and the US. In the latter crisis, the conclusions are rather less triumphal. This is not least in more recent stages of the crisis, during which it became clear that early conclusions locating the crisis squarely within the US housing markets were drastically premature. The contagion was, if anything, significantly worse in the European banking sector where it was located in transnational banks that were ‘too big to bail’ (Blyth 2013a) and compounded by the structural and institutional design weaknesses of a common currency. Later speeches, such as Rehn (2013a), therefore acknowledge the comparative disadvantage of the European economies in effecting recovery, and instead turn to the US for political validation (‘there has been praise by our G20 partners, including by President Obama at the plenary session, for the decisions taken by European authorities since the last summit’). At a deeper level, this perhaps reflects an acknowledgement of the greater complexity of the contemporary global economy (whether in reality or in construction) and thus the more limited capacity for governments to decisively influence their own relative status.

At the level of economic policy, it is interesting to compare the construction of imperatives and normative outcomes. Whilst both periods contain truth claims about the state of crisis (for example Cheysson 1975, ‘the fact that there is an economic crisis cannot be disputed’) the locus of concern, diagnosis and accepted solutions differ. In particular, the facet of the Mundell-Fleming ‘impossible trinity’<sup>5</sup> (or, alternatively, Padoa-Schioppa’s ‘inconsistent quartet’ which makes much the same claims in the specific context of European integration) that is emphasized in each time period differs. This model essentially states that it is impossible to simultaneously pursue capital mobility, an independent monetary policy, and fixed exchange rates. The existence of an early form of monetary integration in the ‘snake in the tunnel’ of the 1970s fixed exchange rates (and the existence of free capital movements

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<sup>5</sup> This ‘trilemma’ was theorised more or less simultaneously by Robert Mundell (1963) and Marcus Fleming (1962).

was eventually to destroy it when countries became weary of subordinating domestic objectives to maintaining parity). As such, the principal concern animating this early period was the balance of payments crisis (the perceived severity of which leading Cheysson (1975) to implore, 'I beg you, although you are discussing problems of development of the third world, not to forget that the OECD countries are very badly struck themselves by the present crisis'). By contrast, it is budget deficits and consequently debt that concern the Commission in the current era, with Rehn (2011) in a rather typical statement placing emphasis on how 'in order to avoid the build-up of excessive deficits and debt, we will strengthen the Stability and Growth Pact'. Now, the indication of a substantively or morally weak economy is a budget deficit rather than a failure to export. Whilst this shift in focus undoubtedly owes much to the additional strictures of the Euro when compared to the earlier snake, it is a rather interesting blind spot given the speed of commentators to pick up on the underlying divergences in trade balance as a major cause of the Euro crisis (see, for example, Marsh 2011).

Finally, the way in which these notions of crisis are projected upon the role of the EU, of integration, and of the political construction of the organisation is a theme that emerges in multiple contexts. Internal reform is brought to the fore in different ways across different speeches depending on the topic and audience; but across both eras it is frequently suggested that progress could be made on internal policy reform. In the 1970s, the CAP was a particular focus (given its political and economic gravity within the Community at the time). By contrast, in the current period necessary internal reform is as likely to be directed towards the member states, for example Italy's labour market. This hints at an interesting shift in the role and confidence of the Commission in directing attention not simply at common policies but also at the domestic policies of its members, reflecting the contemporary emphasis on blame attribution within the financial crisis (Davies 2010) rather than portraying the EU as essentially victims of external circumstance.

This is also played out in the way in which inequality and solidarity are portrayed in each era – which in fact shows remarkable continuity. Concerns that the costs of economic crisis, and the benefits of the growth that preceded it, have been shared unequally are rife even in the

early periods. In 1966 for example Robert Marjolin, in an address to the European Parliament, comments that ‘The first question which comes to mind is whether Community countries have benefited to something like the same extent from this remarkable economic expansion’ before going on to single out Italy and Germany as particular beneficiaries. By the late 1970s, inequality remained a concern both in the wake of the oil shocks and as a precursor to a potential monetary union (Tugendhat 1978), which introduced the additional question of how regional inequality might have a bearing on integration. Cheysson (1975) specifically associates inequality with (nationally distributed) unemployment and social costs, stating that these have ‘not been evenly shared by the Community members and one, Germany, has done better than the others’ (Cheysson 1975)<sup>6</sup>. This discourse clearly prefigures the schisms that have developed during the current crisis, in which the subject of inequality has been frequently framed by commentators in terms of national divergence. By 2013, Rehn was commenting that ‘A Commission study last December found that increases in Germany’s domestic demand would not necessarily benefit all the euro area countries to the same extent – the positive impact on growth would mostly be felt in its neighbouring countries.’ (Rehn 2013b). The tendency of even the European Commission to apportion blame to particular member states in times of crisis is interesting given the competing needs for Commissioners to present a united front to the world in order to project European influence (and often simultaneously to call for further integration to facilitate it). This Janus-faced approach on the part of the Commission suggests that any sense of how the EU relates to the global economy must be matched by a sense of how the EU relates to its own constituents.

## **Conclusion: Strategic, enabling and constraining discourse**

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<sup>6</sup> However, our database also captures some of the criticism directed in the inter-crisis period towards Germany’s economic performance (for example Almunia 2006). It is instructive to remember that during the late 1990s and early 2000s, when periphery countries were growing rapidly, Germany was regularly the subject of condemnation for its low growth rates and export-led model. It is also interesting to compare this statement with Pontusson and Raess (2012, p.16)’s data, which shows that Germany experienced a 3% increase in unemployment between 1973 and 1976, compared to 1.8% in France and 1.7% in the UK, suggesting that perhaps Germany bore more of the brunt than Cheysson (1975) intimates.

The two periods show different vocalisations of what a crisis is and how it relates to the context of European integration. A clear difference relates to the exogenous or endogenous construction of the two, with the Commission in the 1970s clearly framing the crisis as born fundamentally of the oil shocks (thus residing outside of the EU's direct capacity). Even after the immediate phase of the crisis, Commission commentators were still identifying the cause as being one of Europe colliding with the global economy, as originating in the fact that 'without constant adjustment to the changing relationships in the world economy, Europe simply cannot maintain its high standard of living' (Haferkamp 1979). In contrast, in the GFC (certainly the latter period) the Commission is less concerned with the genesis of the crisis and more with the capacity of the EU to manage the consequences of previous lapses. As Rehn (2012) comments, 'this has not been an ordinary cyclical downturn. Its origins lie in the large and unsustainable macroeconomic imbalances that were allowed to accumulate over too many years'. In this rendition, cause and effect are essentially conflated (and this narrative, it should be noted, runs in marked contrast to much of the commentary on the crisis emerging from outside the EU (such as Stiglitz 2010) which more clearly identifies the causes of the GFC as originating in global pathologies). The Commission of the present day therefore is seemingly far more comfortable in attributing blame to endogenous factors, both residing within the individual member states and as a consequence of incomplete integration and governance. This may well relate to the greater institutional fixity of the EU in modern times, and the comparative security of neoliberal narratives about the (diminished) role of the state in managing the economy. Nonetheless, it is telling that the GFC seems to be distinguished by an internalisation of crisis.

The variable identification of crisis as originating in internal or external forces has potentially disparate consequences for the way actors within the EU identify the locus of control. By attributing the source of economic turmoil to the global economy, the EC/EU seemingly absolves itself from some of the blame; but conversely, the invocation of globalisation may also set up opportunities for actors to employ the discourse and rhetoric to their own ends to effect internal reform (Hay and Rosamond 2002). As such, it may actually be an enabling strategy as much as a dissembling manoeuvre. By contrast, determining the source of the problem as one of EU governance situates the locus of control



firmly within the EU, but also suggests that it was precisely this situation that caused the crisis in the first place. As a result, by insinuating that the crisis is one of European integration and not simply for European integration, the Commission ironically denudes the rhetorical tools that actors seeking reform might use in order to mobilise support for post-crisis reconstruction. Thus, in identifying a condition of Knightian uncertainty residing within their own sphere of influence, Commission actors may paradoxically be limiting the possibilities for third order change.

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