

SAVING THE EURO:

Rhetorical analysis of speeches from Mario Draghi during the euro
crisis 2011-2013

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”SAVING THE EURO: Rhetorical analysis of speeches from Mario Draghi during the euro crisis 2011-2013”

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Tutkimukseni tarkoituksena on selvittää, miten EKP:n entinen pääjohtaja Mario Draghi pyrki vakuuttamaan maailman siitä, että euro tulee selviämään eurokriisistä. Euro on ollut merkittävä askel Euroopan integraatioprosessissa ja sen kaatumisella olisi ollut merkittäviä vaikutuksia EU:n toimintaan kokonaisuudessaan. Draghilla oli merkittävä rooli keskeisen instituution johtajana siinä, että markkinat saatiin uskomaan euron selviytymiseen.

Tutkimukseni aineiston muodostavat Draghin puheet vuosilta 2011-2013. Tämä ajankohta valikoitui siitä syystä, että kyseinen ajanjakso oli hyvin kriittinen kriisin ratkaisussa. Draghista tuli EKP:n pääjohtaja vuoden 2011 lopussa ja vuonna 2013 Euroopassa alkoi näkyä elpymisen merkkejä.

Käyttämäni analyysimenetelmä on retoriikka-analyysi. Retoriikka-analyysi tarjoaa välineet Draghin argumentaation tarkasteluun, sekä niihin tekniikoihin, joilla hän pyrki vakuuttamaan yleisönsä. Tämän lisäksi pyrin tutkielmassa selvittämään millainen poliittinen ilmapiiri Euroopassa vallitsi kriisin aikana, sillä se luonnollisesti vaikutti myös Draghin retoriikkaan.

Tutkielmani tuloksista voidaan päätellä, että kriisissä keskeiseksi narratiiviksi nousi pohjoisten ja eteläisten jäsenvaltioiden väliset erimielisyydet. Pohjoiset valtiot kannattivat talouskuria ja rakenteellisia uudistuksia, kun taas eteläiset valtiot vaativat solidaarisuutta. Draghi ja EKP olivat hankalassa välikädessä. Kriisin keskiöön nousi integraatio ja sen kasvattaminen. Draghin näkemys oli, että jotta EU selviäisi, tulisi sen integroitua yhä tiiviimmin.

Avainsanat: Euroopan keskuspankki, Mario Draghi, Euroopan integraatio, retoriikka

ABSTRACT

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The purpose of my research is to find out how Mario Draghi, the former ECB president, sought to convince the world that the euro will survive the euro crisis. The euro has been a major step in the European integration process and if it had collapsed it would have had serious consequences for the EU as a whole. Draghi played a major role as head of a key institution in making markets believe in the survival of the euro.

The material in my research is made up of Draghi's speeches from 2011 to 2013. This time period was selected because the period in question was very critical in the resolution of the crisis. Draghi became ECB president at the end of 2011 and in 2013 Europe began to show signs of recovery.

The method of analysis used in the thesis is rhetoric analysis. Rhetoric analysis provides the tools for examining Draghi's argumentation, as well as the techniques with which he sought to persuade his audience. In addition to this, I will examine the political climate in Europe during the crisis, because naturally it also influenced Draghi's rhetoric.

From the results of my thesis, it is possible to conclude that differences between the northern and southern member states emerged as the central narrative in the crisis. Northern states advocated economic discipline and structural reforms while southern states called for solidarity. Draghi and the ECB were in a difficult middle-hand position. Increasing integration came to the center of the crisis. Draghi's view was that for the EU to survive, it would have to become more and more closely integrated.

Keywords: European Central Bank, Mario Draghi, European integration, rhetoric

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1 INTRODUCTION

European Union (EU) offers many interesting themes for scholars in the field of political science. In this thesis, the spotlight is on the euro crisis which was the first true challenge for the rather new Union. The global financial crisis, which began in the United States in 2007, evolved into a European debt crisis at the end of 2009. The crisis created disputes within the EU and many were speculating whether the euro would survive this hardship. Some were even speculating about the future of the EU as a whole. If the EU hadn't survived the crisis and gave up on the common currency it would have been a major setback for the EU. The common currency has been one of the greatest accomplishments for the EU and it has created the foundations for the joint economy and integration. If the EU gave up on euro it would have inevitably led to growing polarisation and eventually to a new kind of problems within the EU. However, the euro did survive the crisis and Mario Draghi as the president of the European Central Bank (ECB) played a pivotal role in the process. In this thesis, my goal is to examine what kind of rhetoric Draghi used and how he attempted to assure the world that the euro will survive. I also aim to examine the circumstances where Draghi acted, what was the political climate in Europe during the crisis? ECB is undoubtedly a political actor. It is one of the EU's organs and it is responsible for the monetary policies in the Eurozone. So naturally, the president of the ECB is also a significant political actor. The economical questions that the ECB deals with are crucial for society and often the economical issues act as a spark for other issues as well.

The following two chapters are crucial to introduce the reader to the circumstances surrounding the euro crisis. These chapters will be pivotal to understand the rhetorical choices that Draghi made during his presidency. The second chapter focuses on the European Central Bank as an institution and what kind of political tendencies have been connected to it in the academic literature. European Central Bank was a major step in the European integration process as this kind of supranational institution was unimaginable not that long ago. Several sovereign states in Europe voluntarily agreed to yield their power in monetary policies over to the European Central Bank. The third chapter continues this

theme as it explains further the political climate in Europe during the euro crisis. European integration is a theme that has been under heavy debate for years. Euro is a crucial part of this integration as currency is typically seen as a core part of a sovereign state similar to a national flag or armed forces for example. Now many European countries share a common currency that binds them and their economies strongly together. During the euro crisis, the member states started to point fingers and the narrative of "north versus south" began to formulate. The northern states did not suffer so severely from the crisis and with the leadership of Germany they demanded that the debt countries would have to fix their problems themselves and thus undergo harsh structural reforms and austerity policies. The southern "debt" countries felt that they were being treated unfairly and called for solidarity. European Central Bank was in a difficult middlehand in all of this. Draghi saw that the crisis was caused by inadequate institutions and to survive the crisis, Europe would have to come together and integrate more deeply. It is essential to examine these themes beforehand, to truly understand Draghi's rhetoric and the position he was in.

In the fourth chapter, I will examine how rhetorical analysis is used in this thesis and also how the theories of presidential rhetoric can be used analyse Draghi's rhetoric. Draghi is not the president of a sovereign state *per se*, but instead the president of the European Central Bank, many of the characteristics of presidential rhetoric also apply to him and his rhetoric. The fifth chapter is the analysis chapter and it is divided into three subchapters. This division was done based on the themes of the speeches. The first chapter focuses on the speeches Draghi held at the beginning of his presidency and in those speeches he discusses the reasons for the crisis. The second chapter focuses on the concrete actions that must be done in the Union to survive the crisis. In the third chapter, the focus is on the future and what Draghi sees as the possible route forward for the European Union. The sixth and the final chapter will present the answers and conclusions discovered during this thesis.

In the following thesis, I aim to find an answer to the question of how Draghi assured the public that the euro and European Union would survive the crisis and also to shed light on the difficult position and circumstances that affected the chosen policies in the background. The euro crisis marks an important period in European history. It was the first true

challenge for the European Union. It also accelerated the integration in Europe but it also increased the criticism towards the EU. The crisis also brought European integration studies back into the spotlight of scholars. EU is still trying to find its place on the global scale but also in Europe and thus the EU will surely continue to be a fruitful object of study for scholars.

1.1 Research Material and Methodology

The material used in this research are the speeches of Mario Draghi, the former president of European Central Bank. The speeches used are from the end of 2011 to the end of 2013. This timeframe was very important during the euro crisis. Draghi became the president of ECB in November 2011, so the analysed speeches also start from the beginning of his presidency. The reason I chose this timeframe was because as I mentioned, these were crucial moments in the crisis for EU and ECB. Towards the end of 2013, the future started to look brighter and Europe was on the road to recovery. This timeframe seemed optimal to examine how ECB, with Draghi's leadership, convinced the public that the euro and European Monetary System are here to stay. All of the speeches are available on the European Central Bank website, and they are easy to find and read as they are divided by speaker and placed in chronological order.

Overall the analysis consists of 24 speeches. Draghi of course had more speeches than that during this timeframe, but not all of those speeches were relevant for the analysis or those speeches were just repeating the same message already present in another speech. Reading and analysing all the speeches during this timeframe made it possible to form a coherent perception of the policies and rhetorical actions that Draghi used during this time. It also made it possible to analyse the possible differences in the rhetorical choices and tones that might appear. The speeches varied with each other when it comes to the length of the speeches and also the audience. Places, where Draghi held his speeches, were the parliaments of the member states and universities for example. It is however noteworthy to mention that in his position Draghi was a global political actor whose audience can't be outlined to merely the audience who was present during the speech as his speeches are always targeted towards a wider audience. However, some meetings were held regularly such as meetings with the European Parliament and hearings at the Committee on

Economic and Monetary Affairs of the European Parliament. The themes of the speeches varied but naturally, most of them were aimed towards the ongoing crisis.

The methodology used in this thesis is rhetorical analysis. I am going to lean mainly on two authors in this instance, them being Chaïm Perelman, and James Martin. I aim to define the different arguments that can be seen in Draghi's speeches and how he overall structures his speeches. What themes are present in his speeches and how he approaches his audience. Perelman represents the so-called "new rhetoric" in the field of rhetoric. Whereas Martin represents more modern theories in this case.

2 POLITICIZATION OF EUROPEAN CENTRAL BANK

The creation of the European Monetary Union (EMU) and the European Central Bank represents a historic event in European history. It was a major step in the unification and integration process of the European Union member states. But it was also a historic event in the history of central banking, a new "stateless" central bank was forged. European Central Bank was established to manage a single currency, the euro, for its member states whom voluntarily delegated their sovereignty over monetary policy to the ECB. (Dyson & Marcussen 2009). In February 1991 the Spanish Finance and Economic Ministry said during the preparations for the Maastricht Treaty, that everyone must sacrifice something in order to gain something, as he was referring to sovereignty in monetary policy and the benefits of monetary union (James, Draghi & Caruana 2012).

The European monetary union was finalised with the creation of the ECB on June 1, 1998, which was followed by the introduction of the euro on January 1, 1999. It's unquestionable that political decision-makers were key players in forging this union. There was a major political will to create a stable monetary anchor for the Common Market and set Europe on course towards an ever-closer integration. (James et al. 2012). It is also noteworthy that the Committee of Central Bank Governors played a significant role in the creation of the ECB as examined later on. However, it has been claimed that the process of creating the monetary union was driven by a feeling of Europeanness, as anything rarely happens without ideals, in this case, there was a certain idea of Europe (ibid. 212). Some scholars even claim that the support for EMU amongst the political elite was not primarily driven by the "cold" political calculation focusing on the materially defined economic or foreign policy benefits, instead, it was driven by "hot" visions of European identity (Engelmann, Knopf, Roscher & Risse 1997, 105-132).

The European monetary integration has been often presented as a "peace project", but that is not the whole truth. First of all, a common currency or the shared market doesn't necessarily prevent conflicts or wars. Few examples are the American Civil War and the Yugoslav Wars. Common currency as a tool for peace was undeniably one of the reasons

for the integration, but not the only one as examined later on. In the nineteenth century, the prevalent doctrine was that the creation of money and taxing are the center domain of the state (James et al. 2012, 5). Something like European Central Bank was unimaginable at the time, a non-state institution whose primary purpose was to issue money (ibid. 6). Marcussen (2009) presents four different phases in the history of central banks. In the first phase, governments created special banks to raise loan for themselves, typically to cover war expenditures. In the second phase, central banks were defined as the sort of entities we now recognise as central banks, "banks to other banks". In the third phase, the banks were nationalised and entirely subordinated to their government and merely implemented the general macro-economic policy. In the fourth and last phase, central banks were granted formal autonomy to pursue a single objective, most typically price stability. (Marcussen 2009, 374-375). In the next chapter, I will examine the history of ECB itself and what originally led to its creation.

2.1 Making the European Central Bank

As mentioned a "stateless" central bank that would dictate the monetary policies in Europe was something unimaginable. Currency was seen as one of the essential features of a sovereign nation. ECB's story began in 1964 when the Committee of Governors (CoG) was established. Its purpose was to promote cooperation between the central banks of member states. James et al. (2012, 23) describe the evolution of CoG as a caterpillar that turned into the chrysalis of the European Monetary Institute (EMI) and eventually evolved into a fragile butterfly: the European Central Bank. CoG had a major role in laying out the groundwork for the monetary union and eventually the ECB. The political scientist David Andrews describes the CoG as a "primary incubator of EMU" and he also argues that the EMU adopted its basic organisational elements from the CoG (ibid. 24). This is an important notion as the central bankers who constituted the Committee probably weren't thinking that they would make any large-scale political decision regarding the structure of the European Community or issues regarding the monetary union for that matter (James et al. 2009, 24). This also sheds light on the matter of why the economic dimensions of EMU

were being neglected until the euro crisis (James et al. 2009, 24), but I will go into more detail about this matter later on in the thesis.

The political landscape in Europe also changed during this time period to benefit the Europeanization. German Great Coalition (a coalition of Social Democrats and Christian Democrats) came to an end and more or less simultaneously occurred the end of de Gaulle's presidency in France. These changes at both ends of the Franco-German axis paved way for a more radical approach to the currency situation. German chancellor, Willy Brandt contributed a new, and quite personal high-level initiative for the European monetary integration. Chancellor Brandt was inspired by the memorandum of Jean Monnet, who was one of the architects of the original European Project. This new wave opened up a new opportunity for the Europeanization of German politics. (James et al. 2009, 70).

Eventually, the CoG was replaced by the European Monetary Institute in January 1994 as a part of the Treaty on European Union, or better known as the Maastricht Treaty. EMI was an intermediate step on the road towards the ECB and was eventually replaced by the ECB on 1 June 1998. (European Central Bank). Even though CoG was the major actor in laying out the groundwork, it was however the "Delors Committee" which was eventually the decisive group that prepared the blueprint for Europe's transition to monetary union (James et al. 2009, 210). However, it doesn't disvalue the significance of CoG as James et al. (2009, 390) note that Delors Committee could not have done its work if it had not been for the groundwork of the CoG. Delors Committee or "The Committee for the Study of Economic and Monetary Union" was set up in June 1988 and was chaired by Jacques Delors, the President of the European Commission at the time, and consisted of Governors of the European Economic Community Member States central banks and some other members (European Central Bank). The Delors Committee delivered a report "Economic and Monetary Union in the European Community" in April 1989 which suggested three stages for achieving Economic and Monetary Union and eventually was the plan in which the unification was carried out (European Central Bank). Interestingly the common currency was not established on the initial stage but instead, the Committee suggested that

eventually the monetary union should be complemented with a shared currency in order to: *”demonstrate the irreversibility of the move to monetary union, considerably facilitate the monetary management of the Community and avoid the transactions costs of converting currencies.”* (James et al. 2009, 260). Irreversibility is a theme that will also be apparent in the analysis chapters.

As mentioned earlier, the European monetary integration wasn't solely driven by the idea of lasting peace in the region. James et al. (2009, 61) state that European monetary integration didn't begin as a result of failure in the global financial mechanisms neither, but instead it was sparked by the political worries of a Washington-based institution. Europeans were worried about the United States hegemony and more precisely the hegemony of the dollar. Europeans wanted to create their own monetary system as they felt that their hands were tied in times of crisis. Eventually, the rapid decline of the dollar in 1977-1978 sparked the response to a search for a new international mechanism to replace the dollar standard and eventually the creation of the European Monetary System 1979 (ibid. 9-10). During its early stages, EMU received a lot of criticism and doubts from the United States. Experts in the U.S. saw that such monetary union could never work out. Such criticism was however brushed off as the critique came from sources that could be regarded as competitors for EMU and could simply be seen as defense of the former U.S. hegemony (ibid. 16).

2.2 The Bundesbank as a Blueprint

Before the creation of the euro, Bundesbank was the most-admired central bank in Europe and the Deutsche Mark was the leading currency. It is thus no wonder that Bundesbank became to be the blueprint for the ECB. The creation of the EMU was also an attempt to lessen the hegemony that Germany had in Europe. The debates on the matter were aroused immediately whenever the issues about institutional reforms were represented (James et al. 2009, 208-209). The narrative of hegemonies provoked other European countries to call for more stringent rules and international supervision to keep the hegemonies under control, whether it meant Washington or Frankfurt (ibid. 208-209). James et al. (2009, 179) state

that especially for France this was a clear political will. As the plan for the European Monetary System was initially revealed it caused heavy criticism across the board in France, from both the left and the nationalist and Gaullist right. *Le Monde* called the plan a German triumph which forecasted the "Empire of the Mark", and an obstacle for European development. France also saw that the former "American masters" would now just merely be replaced with other masters. (James et al. 2009, 179).

When CoG discussed the draft statute for the ECB in 1990, Bundesbank representatives suggested in all the controversial issues that the European level should adopt the German solutions (James et al. 2009, 289). It is understandable that the ECB would be forged on the basis of the most influential central bank in Europe prior to that, the Bundesbank. This however shed some concerns on the attempt to decrease the German hegemony in Europe. The German model of Bundesbank was however functioning well and the plan for ECB began to look like a merely internationalised version of the Bundesbank (ibid. 270). Dyson (2009, 2) states that ECB was "borrowing credibility" from the Bundesbank as it was created from its blueprint. Central banks, as other banks as well, heavily depend on their credibility. As ECB adopted many of the institutional models from the most-admired bank in Europe it naturally got off to a good start (ibid. 2). Dyson (2009, 13) also states that during the negotiations for EMU the Bundesbank was able to embed many of its core ideologies into the design of the ECB and the euro area, such as the "stability culture" and ordoliberalism. Ordoliberalism doesn't have a single and unified historical tradition, however, its origins can be traced to the Freiburg School of National Economics and its founding fathers were Walter Eucken, Adolf Lampe, and Friedrich Lutz (Helsinki University). Ordoliberalists believe in a free market economy that can only function within a competitive environment and with a strong and effective legal framework (ibid.). Stability culture on the other hand is described by Howarth & Rommerskirchen (2013) as a political resource that creates great opportunities for the economy and growth through stability in the society. Dyson (2009, 13) states that these events meant that Europeanization served as "Germanization" of European central banking.

2.3 The Power of European Central Bank

ECB's legitimacy rests heavily on its output legitimacy, as does EU's legitimacy as a whole, which will be examined further in the next chapter of the thesis. According to Dyson (2009, 24) the output legitimacy of the Bundesbank was copied into the design of the ECB. However, the legitimacy gained through the results is very much contingent, as it is dependant on the delivered results (ibid. 24). More accurately Dyson (2009, 7) divides central bank's power to "power over" and "power to". As the most frequently used concept, central banks use their power *over* other actors, as asymmetric power. This means the power to make others to go along with their preferences. In this respect, the age of the euro shifted power from the Bundesbank to other central banks in issues regarding the monetary policy. This perspective can be further divided into power as a structural or relational resource. Central bank's power as relational views the power dependant on the persuasiveness of individual actors or a favourable group of actors and circumstances, which help them to win arguments. As for the structural power, it's the power to define how other actors and institutions define their own economic interests, and also importantly: the power to set agendas. (Dyson 2009, 7). Especially in the case of the euro crisis the ECB's power in the agenda-setting has been evident. According to Dyson (2009, 17) prime example was the "structural reforms" mantra when ECB used its power to frame the issue and create consensus within the economic community.

Dyson (2009, 27) also notes that central banks have significant symbolic power. In the historical context, central banks were in charge of the financial and monetary dimensions of sovereignty. Similarly, as the state had its own symbolic armed forces and police power to protect its subjects the state also had its own money. Central bank's task were to safeguard the value of the currency. (Dyson 2009, 27). European Central Bank is a supranational institution and thus isn't mandated to represent any particular state but instead, it represents the European Union and in a broader sense Europe. ECB is the institution that stands behind the euro and is mandated to protect it. Howarth (2009, 73) says that ECB could be seen as the "captain" of the euro area central banks. ECB has a

distinguished ethos and thus is able to use its symbolic power to frame issues and dictate the narratives and actions related to monetary policy. ECB has unrivaled goal-setting and operational independence as it seeks to maintain its main goal: price stability (Howarth 2009, 74).

One of the clear examples of agenda-setting can be seen further in the thesis as ECB with the leadership of Mario Draghi call for structural reforms. As will come immanent later on, ECB and Draghi saw that the union was very much incomplete and thus couldn't handle the crisis. I will go into more detail about the flaws of the union in the next subchapter. Howarth (2009, 73) says that ECB was the most consistent voice calling for the structural reforms in the union but there was little it could do in the short-term. ECB stated that in order to survive the crisis and more importantly to manage the crises in the future, the union would have to fix its fundamental flaws and go through several structural reforms. ECB however does not have the power to pressure the member states to do such things it can only offer advice. ECB's power is thus limited in several important respects due to the resistance of member states (Howarth 2009, 88).

2.4 Euro and Europeanization

Dyson & Featherstone (1999, 801) claim that EMU is a sign of technocratic elitism winning over political democracy. Since the very beginning EMU, euro, EU, the whole European project has been criticised for its lack of democratic legitimacy. Even in the present day, the debate about the legitimacy of the European Union is still very relevant. Europeanization as a concept refers to the domestic effects of European integration on policies, polities, and politics within the member countries (Dyson 2009, 14). European integration has had many major effects on the member countries and has been a hot topic of discussion amongst politicians, scholars, and citizens. European integration is a theme that I will go into more detail in the next chapter of the thesis.

The major issue in the euro area has been the discrepancies amongst the member countries. Some countries want to be more involved and want to deepen the integration, while other

countries want to preserve as much of their sovereignty as they can, and see the euro system only as complementary to their sovereignty. The euro area seems to exist in two different dimensions, on the one hand, it is located "beyond the state" but on the other hand, it is also constrained by the reluctance of the member states to "own" the euro in their domestic policies and coordinate monetary policies, economic reforms, and supervision on the European level (Dyson 2009, 4). The euro was a major structural break in the international order and it represented a new kind of unification in Europe. It was a symbol of European identity and unity which enabled deeper European integration and cooperation in economic and monetary policies. It also shifted the unipolar focus of economic perspective away from the hegemony of the dollar and created a worthy rival for it. (ibid. 3). However, EMU didn't come without flaws and it was very crippled to deal with the euro crisis in its state at that time.

Initially, ECB had a "good birth" as the decade it was created was favoured by low inflation, low short-term real interest rates, and high growth. The governor of the Bank of England called it a "NICE" decade as "non-accelerating inflation and continuous expansion". (Dyson 2009, 38). In this favourable climate, the ECB was able to pursue its monetary policies without any major troubles or hiccups, the age of the euro begun with a historical accident of a good birth (ibid. 38). This smooth sailing didn't last for long though and eventually the flaws within the structures began to show. James et al. (2009, 16) note that monetary union was supposed to be complemented with a political union in the Maastricht Treaty, this however, wasn't the case. The lack of political framework around the union created two fundamental flaws: the means to force fiscal discipline within the union were lackluster and there was no banking supervision or regulation on the European level (James et al. 2009, 16). These flaws came to haunt the EU during the euro crisis.

It was widely agreed that monetary unions would not succeed without some measure of fiscal union (James et al. 2009, 400). In my analysis it will come quite clear that Mario Draghi and European Central Bank believe it was precisely the lack of proper and adequate fiscal, economic and political unions that enabled the crisis to cause such havoc within the eurozone. The European Monetary Union was established with fundamental flaws, it was

clearly incomplete and unable to function properly in the crisis. The major focus was on the monetary side of the monetary union and the fiscal aspect, which was supposed to underpin its stability, remained inadequate (James et al. 2009, 382). The lack of banking supervision and the fact that the decision-making on fiscal policies was left completely on the diverse national authorities meant that ECB was unable to carry out its mandate in full force (ibid. 382). The governor of the Banca d'Italia Guido Carli noted that the monetary unification should only be seen as instrumental; monetary union can not exist unless it is followed by an economic union in a fairly short space of time (ibid. 74).

2.5 Fifth Phase of Central Banking: Scientization

As mentioned earlier, the history of central banking can be divided into four phases (Marcussen 2009, 374-375). Marcussen (2009) raises also an interesting question; could central banking be moving to a fifth phase? He refers to the theories of Max Weber. Marcussen states that central banking is becoming *apoliticized* in the 2000s (ibid. 375). He continues by saying that this process fits within Weber's conception of "rationalization". By this Weber meant that: "*abstract, intellectually, calculable rules and procedures are increasingly substituted for sentiments, tradition, and rules of thumb*" (Wrong 1970, 26). Ideologies are being replaced by science, calculable, cold, hard facts which appear to lie outside the sphere of political action. Scientization implies that power in society is focusing on those who master the discourse of science and scientific language (Marcussen 2009, 376). Central banking is becoming a matter of intellectuals who discuss monetary policy in terms of science where there is no room for human affairs or emotions. Central bankers are lining with Weber's portrayal of ideal-typical civil servant, passionless machines and specialists without spirit, they operate totally on the basis of facts and outside the sphere of personal ideologies which shields them from criticism. (ibid. 375-376).

Marcussen (2009, 387) states that as part of the scientization the relationship of civil servant-politician is moving from depolitization to apolitization. In scientization the civil servant is merely working on facts and monetary policy is being objectified. Politicians can

no longer criticise or challenge the civil servants as they possess the ethos from the scientific authority. It would be unwise to challenge someone who is operating solely on the basis of scientific results. Quite the opposite it would be reasonable for the politician to side with the civil servants and flatter them to boost their own credibility. (Marcussen 2009, 387). This is then likely to boost even further the dominance of civil servant in the marketplace of ideas. This is problematic on several levels. Above all economics rarely present undeniable facts, instead they are often open to interpretation. Secondly, civil servants in the age of scientization are only responsible to their scientific colleagues within the knowledge community, whereas politicians are responsible to the voters and they can be voted out of the office if they don't enjoy the support of the public (ibid. 389). Even if the decision or recommendation that the civil servant suggests turn out to be wrong they are rarely held accountable for it, like elected politician would be. In the age of scientization the civil servant can merely claim that the facts have changed as new scientific results have changed the prevailing paradigm.

Another phenomenon in scientization is that national territories are being replaced by knowledge communities. As stated before, civil servants are forming knowledge communities that hold each other accountable. In the past, central bankers could be defined by their nationality and the territory that they represent (Marcussen 2009, 385). Marcussen (2009, 385) states that if scientization is truly taking hold of central banking it would mean that territorial borders are being blurred and central bankers are forming transnational communities and non-territorial principles and governance will increasingly define the field. These knowledge communities have a strong ethos through their expertise which is then reinforced by the support of other specialists within the community. The community shields them from criticism outside the community as they are merely stating the scientific information. Members of the community can only be challenged by another member and by his scientific input on the matter. Marcussen (2009, 388) also notes that as part of scientization, the members of these communities, these civil servants with scientific authority, will also engage in policy issues outside of their domains and responsibilities. For example, the members of ECB would not hesitate to engage in a discourse about the fiscal policies of a certain state or the efficiencies of the public sector (ibid. 388). This is

also relevant in my thesis as there are examples in my analysis where Mario Draghi will engage in a discourse that doesn't necessarily fall under his mandate.

In this chapter, I examined the development of the European Monetary System and also the political nuances attached to it. The history of central banking can be divided into four phases as Marcussen (2009, 374-375) stated. European Central Bank was preceded by the Council of Governors which laid out the crucial groundwork for its establishment. But it wouldn't have been possible without the necessary work of the Delors Committee that in the end delivered the statute for the monetary union (James et al. 2009, 210). ECB was created very much from the blueprint of Germany's Bundesbank. Bundesbank was a strong and admired bank in Europe which was without a doubt the "bank of banks" prior to ECB in Europe (James et al. 2012, 81). ECB was able to transfer much of the ethos Bundesbank enjoyed to its own authority and was also helped out by the favourable decade it was created at (Dyson 2009, 24-38).

European Central Bank is a remarkable institution in the history of Europe and also in the history of central banking. It is the first "stateless" central bank, managing the currency and monetary policies of other sovereign states (Dyson & Marcussen 2009). Currency has important symbolic power as its seen to be a crucial part of the state and its nation building, similarly to armed forces and national flag for example (Dyson 2009, 27). This is why the euro is a major step in the process of European integration. Shared currency and monetary union is a sign of unification but it shouldn't be mistaken for merely a peace project (Dyson & Marcussen 2009). There was also a major political will to create an alternative currency for the dollar and dismantle the hegemony of American currency (James et al. 115-145). ECB's power and legitimacy have been based on its positive results and the benefits it has produces for Europeans. EU's legitimacy overall has been very dependant on the output legitimacy as examined in the next chapter.

European Central Bank is a remarkable step in European integration, even though its powers are restricted by the member states to some degree, it nevertheless has a growing importance in the time of scientization. One of the greatest powers ECB posses is its

capability of agenda-setting (Dyson 2009, 49). During the euro crisis, ECB has been the loudest voice to call for structural reforms. Creating a more robust union seems to be crucial for the future of the euro according to academic research, but simultaneously it will undeniably increase the power of ECB and EU as a whole. However, it would seem that Europe can not achieve one without the other.

3 POLITICAL CLIMATE DURING EURO CRISIS

3.1 European integration

European integration is a topic that has been discussed a lot. It is widely seen that the catalyst for integration happened when the second world war ended. There was a strong consensus that such events should never happen again. Tortola (2015) states that there was a "*domestic turn*" in the European Union studies after Maastricht Treaty and integration theories were left with minor attention. However, according to Tortola the euro crisis brought the integration theories back to the spotlight of scholars. He approaches the European integration through the theories of neofunctionalism. It has been a popular theory amongst scholars to describe European integration during recent years. For example Schimmelfennig (2014) has studied the limitations of postfunctionalism and believes that neofunctionalism is better suited to describe European integration. Neofunctionalism shares similarities with postfunctionalism, but the crucial difference is that whilst both acknowledge that integration is triggered by imbalances of efficiency, the views regarding the outcomes differ. Neofunctionalism sees that the deepening integration reflects the functional pressures, whereas postfunctionalism does not make such presumptions, instead it puts political conflict in the centerfold. (Hooghe & Marks 2008).

Neofunctionalism portrays supranational integration as a gradual process that starts from the "low politic" sectors and gradually spreads towards new sectors through a so-called "*spillover*" mechanism. Shared rules and the increased interaction amongst these sectors create new problems for the adjacent sectors which are then solved by increasing integration. Eventually, as the supranational institutions drive this process forward, the spillover will reach "high politic" sectors that are more sensitive, and the integration is no longer seen as a "win-win-situation". Once it reaches the "high politic" sectors the national governments are more reluctant to accept it and thus the integration is not so linear anymore. Tortola also brings up the concept of "*spillback*", which is a backlash for the integration and spillover. Spillback means that quite the opposite the answer for issues should be decreasing the integration not increasing it. (Tortola 2015).

European integration can be seen as a process that progresses slowly but surely. However, Schimmelfennig (2014) claims that the euro crisis brought new kinds of challenges for the integration. Up until that point, EU was able to expand quite easily without strong opposition and people were enjoying the positive effects that the union offered. But once the euro crisis happened, people were awoken to the reality that the EU no longer offered only positive development. This combined with the increased criticism towards integration and the spillback effect caused trouble for the EU. As the integration progresses towards areas that are seen as central for the national sovereigns, like national economy or welfare, the public opinion has shifted more and more eurosceptic. Euroscepticism has been mobilised by eurosceptic parties and increased referendums. As a result of the increasing euroscepticism, EU-positive decision-makers face ever-increasing amount of *constraining dissensus*. (Schimmelfennig 2014).

It is undeniable that the euro crisis affected the support for the EU. Braun & Tausenpfund (2014) have examined the effects of the crisis for EU's support on two levels: contextual level and individual level, where the focus was on the conceptions that the individuals had on the crisis. They used data from Eurobarometer inquiries which measured the satisfaction towards EU. According to the research, it is clear that the euro crisis affected the support for the EU negatively. It is noteworthy that the global financial crisis which preceded the euro crisis did not affect the EU's support whereas the euro crisis did. Another noteworthy mention is that individuals' support for the EU was highly dependant on the fact of how the crisis affected the individual at question. This was especially clear in the strong euro countries such as Germany and France. (Braun & Tausenpfund 2014). Braun & Tausenpfund (2014) also note how the economic benefits have been the basis for EU's support and as these benefits deteriorated so did the support for the EU, which also hinders the integration process. The largest decrease in support was seen in the southern countries which is understandable due to the severe effects the crisis had in these countries. According to Pew Research Center EU's support dropped from 60% to 45% between 2012 and 2013. This is a significant drop in such a short time-period which also rose questions about the legitimacy of EU. However, what is interesting is that the deterioration of

support did not affect the support of the euro as a common currency (Schimmelfennig 2014; van Scherpenberg 2014). This is especially important because the euro is seen as the major factor in the European integration. Chancellor of Germany Angela Merkel has even stated: *"Europe fails if the euro fails"* (Tagesschau 2012).

Politicisation also increased in Europe as a result of the euro crisis. Lichtenstein & Eilders (2019) describe this phenomenon by stating that the polarisation in opinions and values has increased and also the extent in which these are brought towards establishing policies in the EU. This is related to the concept of constraining dissensus which was mentioned earlier (Schimmelfennig 2014). However, it is noteworthy that the debate about the integration itself has remained on the sidelines to a large extent. Schimmelfennig (2014) states that this has been the case because even though the eurosceptic parties have gained electoral victories in Europe they have not entered the governments because other parties have not wanted them or they themselves have preferred to stay in opposition. Also, the agreements and connections in the EU have been created in a way that the risks for those to be overturned by a referendum are minimal (Schimmelfennig 2014). In addition to this, the EU has strengthened the mandates of the supranational institutions. In this context it is essential to mention Pierson's integration model to which Schimmelfennig also refers to. In this integration theory, the member states lose control of the integration process and the institutions they have created due to the partial autonomy that these institutions possess. In the next phase, the member states are no longer able to regain the control due to the resistance of the supranational actors and institutional barriers for reforms (e.g. right of veto and high voting thresholds) and high leaving costs. Schimmelfennig (2014) states that the euro crisis could have been a major obstacle for European integration but the national governments were able to turn it into a possibility. However, criticism towards the EU increased substantially and this has increased the importance of shared values (Lichtenstein & Eilders 2019). As the nationalist and authoritarian powers grow globally, Europe must cherish its shared values such as peace, democracy, and solidarity. According to Lichtenstein and Eiler's these can form the basis for integration in the future.

Another popular theme in the European integration discussion is federalisation. Borriello & Crespy (2015) have examined how the leaders in the EU have legitimised the deepening federalisation in a context where support for European federalisation is at its lowest. They state that even though there was not a major step towards federalisation in the euro crisis, the reforms that the EU has established have *de facto* driven the EU forward in the process of federalisation and ever deeper union. When European integration is discussed federalisation always rises up in a negative light and this process is seen as a threat to the sovereignty of the member states. Tortola (2015) says that the debate often drifts to the narrative about the "United States of Europe". He continues that because of this, it leaves the positive possibilities to the sidelines that could be achieved through this process. Tortola also brings up the viewpoint of Ernst Haas (1970) who states that there has always been a connection between neofunctionalism and federalism. However, in Europe this connection is reversed as federalism has not been the starting point for integration vice versa it has or might be the consequence.

The Ventotene manifesto, also known as "For a Free and United Europe" is also a topic that is brought up often when discussing European integration. In this manifesto Europe's future is described in a way that the ties to the old system must be broken and Europe should unite to one federal entity. (Borriello & Crespy 2015). The rationality behind this is as mentioned earlier, the hope that this would create a lasting peace in Europe. Borriello & Crespy (2015) have also stated that literature regarding European integration state that the EU should already be seen as polity which is *federal* but it is going through continuous and gradual federalisation process. They also mention a concept called *cooperative federalism*. According to Borriello and Crespy this appears in EU through the shared decision-making. Another concept that they bring up is *coercive federalism*, which appeared in the euro crisis as the debt countries were forced to strict austerity policies and thus forced to increase integration and strengthen the ties in Europe. Borriello & Crespy (2015) also analysed the rhetoric of French presidents Nicolas Sarkozy, François Hollande, and the German chancellor Angela Merkel regarding federalisation. As a result, they found out that federalisation was seen as *taboo* and the leaders avoided talking about the matter, and especially they avoided the term federal. Even though EU's integration is deepening and

there is a clear political will for it, it seems that a true political federal state is a mirage somewhere in the distance, and speaking of it is prohibited.

Another focal point in the European integration discussion is the legitimacy of the EU. The legitimacy was increasingly challenged during the euro crisis. As mentioned earlier, the euro crisis affected the support for the EU and really brought forward the questions of legitimacy. Carstensen & Schmidt (2018) state that where the crisis accelerated the integration it also brought up several questions about the legitimacy of the EU and the state of its democracy. Carstensen and Schmidt have done research on the topics of legitimacy and power in the euro crisis. They refer to Max Weber's definition of legitimacy where the citizen accepts to be governed as it is morally righteous: "*to turn power into authority demanded a belief in the legitimacy of those wielding power*" (Weber 1978). Carstensen and Schmidt (2018) have examined how the policy-makers have argued for the three dimensions of legitimacy: *input*, *output*, and *throughput*. Output legitimacy means that the legitimacy is born from the results that the policies deliver. As people feel that they benefit from the policies it legitimises those policies. Input legitimacy on the other hand describes how well representativeness materialises and how accurately it reflects will of the people. Throughput legitimacy becomes from the fact that people are participating in the political processes. Generally, it has been seen that the EU's legitimacy rests precisely on the output legitimacy and the positive benefits it has brought for the member states. Carstensen & Schmidt (2018) note that the EU is lacking input legitimacy as it does not have directly elected government nor *demos* where people could share their identities and common purpose. Thus the legitimacy has heavily relied on the output dimension. Carstensen and Schimdt see that the dimension can often substitute for each other. For example, if a certain policy leads to good results it can substitute lacking participation from the people and also vice versa certain policy can lead to poor results but if it had the support of the people it will be accepted.

In the euro crisis, EU institutions were in a tough spot as they did not have a strong input legitimacy - direct support from the people - to defend their actions during the crisis. As mentioned above, the output legitimacy has substituted this earlier, and the EU has enjoyed

the support of people but during the euro crisis, the lacking input legitimacy became a highly discussed theme. In politics, the legitimacy of institutions is often not questioned so long as they produce positive results for the governed people. However, during euro crisis these results shifted from positive to negative for many member states. Risse (2014) has also discussed how during the euro crisis EU could no longer secure wealth for its people and thus it weakened the EU's output legitimacy. However, Carstensen and Schmidt (2018) claim that the EU has had a clear policy during the euro crisis. They state that in order to achieve the output legitimacy the established policies must be clear and there can not be room for other options. This can be seen clearly in the analysis as the EU is strongly driving forward with the policies it has stated and has left little room for other possibilities or interpretations.

3.2 North versus South Narrative

Another theme that was present in Draghi's rhetoric and affected his argumentation was the northern states versus the southern state's narrative. This narrative divided the member states into "northern saints" and "southern sinners" (Schimmelfennig 2014; Matthjis & McNamara 2015; Mahnkopf 2012). At the center of this narrative was Germany's hegemony in Europe and the pivotal role of Germany in saving the euro (Mahnkopf 2012; van Scherpenberg 2012). Van Scherpenberg (2012) states that Germany faced a crucial decision during the euro crisis: whether to let the euro collapse and "minimise damages" or to save the euro. But why was this narrative victorious during the crisis? Matthjis & McNamara (2015) believe that the narrative was heavily enforced by German actors whose interests were heavily involved in the European project. This question is also interesting because the conditions of the debt countries varied but the narrative presented all the countries in a similar situation. Incomplete institutions in the euro area were the main reason for the crisis but the narrative that was being created framed the crisis to be caused by poor monetary policies (Matthjis & McNamara 2015; Mahnkopf 2012). In the center of this narrative were also the austerity policies and structural reforms that the northern states were driving forward with Germany's leadership. Matthjis & McNamara (2015) state that

this is a prime example of how chosen policies might seem inevitable but in fact are created through social processes.

It is fruitful to look at this narrative from a different perspective. Matthjis & McNamara (2015) examine this narrative through an alternative narrative, the eurobonds. Eurobonds were discussed especially during the beginning of the crisis. Eurobonds were an alternative option for the heavy reforms and strict austerity policies. However, they did not gain much support, especially from the northern states. The northern "debt-free" states did not want to guarantee a loan for the southern states as they felt that the debt countries had practiced unsustainable monetary policies and thus broken the joint agreement (Matthjis & McNamara 2015). Especially in Germany, the debate around the eurobonds was colourful and many saw that the eurobonds would eventually mean that Germany has to pay for the poor policies of other countries. Clear message to the debate came from the Chancellor Angela Merkel as she stated that: *"As long as I live there will be no eurobonds"* (Der Spiegel 2012).

Carstensen & Schmidt (2018) have also done research on how the narrative formed around the euro crisis. They state that Germany used its leadership to dictate the narrative and defined the causes for the crisis in poor monetary policies and the cure for this would be structural reforms and austerity policies. Germany presented itself as a model country from which the debt countries should draw example from, and the only way towards prosperity would be through painful reforms and strict austerity policies (Matthjis & McNamara 2015). Naturally, these statements and calls for austerity caused friction between Germany and the other member states. Pew Research Centres examined the relationships in Europe during the euro crisis and they state that the prolonged crisis divided Europe and created a wedge between Germany and France. The German government was reluctant to create gratuitous "solidarity" solutions for the crisis. Mahnkopf (2012) states that the "balanced budget" rule was precisely a German innovation and it was nearly a nail to the coffin regarding the European integration. According to Mahnkopf the Greece crisis brought Europe back to reality and proved that the hierarchy - which European Monetary Union (EMU) was supposed to replace - was still very much alive. The hierarchy in which

Germany is the economic locomotive, previously through Deutschmark and now in EU. Mahnkopf described Germany as *embedded hegemony*. He states that Germany has been able to grow its influence on the global scale through the EU. Through EU Germany has also been able to grow its influence without increasing its own military power, which might have opened old wounds in Europe. Lichtenstein & Eilders (2019) also share similar thoughts as they examine how European identities are seen through national identities. For example in German media EU has been described as a vessel to increase Germanys economic and political power (Lichtenstein & Eilders 2019).

The euro crisis posed a grave challenge for European identity and solidarity. The member states were forced to contemplate whether EU possessed enough solidarity amongst "strangers". Are Europeans ready to accept redistribution policies on European stage similarly as they have nationally? (Risse 2014). In this aspect, the opinions in north and south did not differ too greatly. Both northern and southern states were rather supportive towards other European countries. However, Eastern European states were less supportive of the idea of solidarity. Albeit between the north and south, it was not unconditional solidarity either. For example, Germany demanded strict fiscal discipline in exchange for aid. (Risse 2014). Germany was also rather transparent in its goal to use the crisis as opportunity to fix the flaw in EMU, lack of fiscal union (van Scherpenberg 2012).

Schimmelfennig (2014) compared the situation with the north and south to a game of chicken. In this game, both are driving towards each other in a car and neither one wants to crash but both of them hope that the other one yields first. In the context of the euro crisis this meant that the northern states demanded that the southern states must stabilize their economy whereas the southern states demanded aid from the northern states. Eventually, both of them yielded. The debt countries got the aid packages but they also had to agree to structural reforms and strict austerity policies. Schimmelfennig states that the same game of chicken repeated itself over and over again as Germany first declined to give aid but as the other side gave in a little bit then at the last moment Germany also yielded.

Van Scherpenberg (2014) has done research regarding the effects of the euro crisis for world politics. According to him the euro crisis also shaped the EU's influence in world politics. Van Scherpenberg states that "*Währungsfragen sind Machtfragen*", currency questions are also questions of power. Since the creation of the EMU the European integration has been fuelled by the political will to shift political power towards Europe and especially weaken the hegemony of the United States. The portion of the euro in the world's monetary funds has increased from 18 percent to 27 percent between 2001 and 2011. Van Scherpenberg emphasises the importance of currency as a political power. Weakened position of the dollar has inevitably led to an economical and political loss for the United States and it has also given space for other actors to increase their influence globally (van Scherpenberg 2014). This viewpoint of currency as political power is also interesting in the context of this thesis. It sheds light on the question of why euro is so important for the EU and why the decision-makers are willing to do whatever it takes so that the euro does not fail.

In this previous chapter, I referred to Carstensen and Schmidt (2018) who claimed that the EU does not have demos where the citizens could share their identities and common purpose. Risse (2014) has also done research regarding this topic. However, he does not completely share this point of view, instead, he sees that there is a growing demos in Europe, which has increased even more during the euro crisis. According to him, Europeans have developed a dual identity. They have their national identities but also a European identity. Risse also states that the observations of solidarity and togetherness don't support the argument that the EU doesn't have demos. Solidarity in the euro crisis could be seen as concrete actions and Europeans were willing to aid each other financially.

4 RHETORIC IN POLITICS

4.1 Rhetorical analysis

Rhetoric is an attempt to convince and persuade your audience and thus make them believe in your cause. As Perelman (1982, 9) puts it: "to elicit or increase, the adherence of an audience". In the case of Draghi and ECB, he is trying to persuade the world to have faith in the euro and reassure that European Union will beat the hardships it has faced. Martin (2014) describes persuasion splendidly when he says that persuasion is an integral part of politics because politics involves making judgements in contexts of uncertainty about what to do. And to persuade in such contingent state requires transforming a variety of different possibilities into a one unified judgement by the means of argument. In times of crisis, the importance of rhetoric comes even more visible and imminent as language fails to constitute its object. When the established vocabularies cannot comprehend or describe what is happening or how to move forward, rhetoric helps to reassemble the words and meanings in an attempt to make the world make sense again (ibid. 10.).

Burke (1969, 25–26) claims that rhetoric can be often seen as *hidden*. It means that the audience is not often aware that the orator is attempting to affect them. In subtle ways of choosing the right words and the right tone that the orator tries to win over the audience and make them accept his arguments. This is also accurate in Draghi's case. It is easy to miss the rhetorical aspect in his speeches at the first glance. An ordinary listener might just say that Draghi is merely stating the policies that ECB is recommending for example. However, there is much more to it as we will see during the analysis. The power of words is essential in politics. ECB and Draghi play a major role when it comes to defining the policies and agendas in the European Union. The subtly and calmness in Draghi's rhetoric are purposeful choices that aim to reinforce his *ethos* and also reflect his rationality and expertise. Draghi has a strong European identity and his conviction shines clear in his speeches.

Perelman (1982, 9) notes that the aim of argumentation is not to "*deduce consequences from given premises*", but instead to "*elicit or increase the adherence of an audience to theses that are presented for their consent*". The goal of argumentation is to modify the convictions or dispositions of the audience through discourse and create a meeting of minds. (ibid. 9-10). According to Perelman (1982, 11) this is done precisely through subtle discourse, not by imposing the arguments through constraint or conditioning. The way to create the meeting of minds is always related to the audience the orator is speaking to. Perelman (1982) states that the only general advice that the argumentation theory can offer is that the orator must adapt themselves to their audience. This is evident in Draghi's rhetoric as he adapts himself to different audiences in different situations. Draghi starts his speeches in a way that the audience feels a familiarity with him. He often describes his connections or relationship with certain city for example or he might tell a story from the history of certain city. The importance is that the audience must feel that Draghi is genuine and he is "one of them". However, this connection is not necessarily always between Draghi and his audience *per se*, but it can also be a connection between the EU and the audience. For example, if a certain country has faced similar hardships as the EU it allows Draghi to advocate towards mutual understanding from this basis. Or in the United States, it is possible that he can draw similarities between the developments of the two and create a meeting of minds through these events.

Political speeches are often carefully structured. Perelman (1996, 41) states that it is essential to structure the speech in a way that the premises established in the speech are shared among the orator and the audience. Choosing certain premises as the basis for the speech places them at the forefront and creates a *presence* for those which means they are impossible to ignore. It is also important to emphasise these mutually agreed facts in order to make the audience increasingly aware of them. (Perelman 1996, 41-46). This can be seen in Draghi's speeches as he talks about the benefits that the member states gain from being part of the European Monetary Union. The union has granted many benefits for its member states such as economic growth, stability, and freedom of movement in goods and labour, not to mention the longest period of peace in Europe.

Perelman (1982, 18; 1996, 28–34) also emphasises the importance of choosing premises that the audience will agree with. Such universal values are goodness, beauty, truth, and justice of example. In his speeches Draghi heavily relies on these values as he argues for different causes. Two of the most evident values that Draghi uses are goodness and justice. Especially during 2013 as Draghi's rhetoric shifted from the cold economical benefits towards emphasising more softer values. Draghi calls for solidarity, social justice, and cooperation in Europe. Draghi talks about ethical questions and states that morally right actions are not always the most economically efficient ones. In order to manage the crisis European countries must have solidarity for each other and work together.

4.2 Presidential rhetoric

Draghi is not a president in the traditional sense, meaning he is not a president of a sovereign state. However, it is possible to find meaningful connections between Draghi's speeches and the theories of presidential rhetoric. Presidential rhetoric has been researched a lot in the United States and especially in the University of Texas. One of the key scholars in this field is Martin J. Medhurst who has been the General Editor of Presidential Rhetoric Series published by the University of Texas. I will refer to scholars who have done remarkable research in the field, such as: Leroy G. Dorsey, Richard Neustadt, Robert Denton, Jr., Dan Hahn, and Colleen Shogan.

As mentioned, Draghi is not a president in the traditional sense but he shares many similarities to the presidential institution. Draghi is the president of the largest central bank in Europe - bank of the banks - European Central Bank. Under his command, the ECB is in charge of the monetary policies in Europe. As the president of ECB Draghi naturally has a lot of political capital. His speeches are heard around the world and his words have significant effects on the policies and actions of individuals and institutions globally. Dorsey (2002, 5-6) refers to James Ceaser, Glen Thurow, Jeffrey Tulis, and Joseph Bessette who argue in "The Rise of the Rhetorical Presidency" that a rhetorical presidency is a: "*a chief executive who engages in a "form of presidential speech that soars above the realm of calm and deliberate discussion of reasons of state or appeals to enlightened self-interest.*

Rather, the picture of leadership that emerge is one that constantly exhorts in the name of a common purpose and a spirit of idealism” ”. This viewpoint is in line with the interpretation used in this thesis. Draghi’s rhetoric is fundamentally attempting to exhort a common purpose and rally the public behind these ideals. His speeches carry political weight and those soar above the general discourse. When Draghi gives his input on a matter, it has fundamentally more significance due to this position. In essence, presidential power is the power to persuade (Neustadt 1980).

Denton, Jr. & Hahn (1986, 63) argue that the presidency is primarily a rhetorical institution and also equally a persuasive one as well. *Everything* a president says or does can be interpreted as persuasive action and thus it will carry meaning or significance to some people or groups of people (ibid. 63). There are also several dimensions to be distinguished in the presidential rhetoric. Linguistically, the words of a president shape ideas and stimulate action. Intellectually, the speeches provide reasons for actions and justification for decisions. In the psychological dimension, presidential speeches can inspire, motivate and comfort the audience. Socially, the speeches unite people into a social entity and also connect the president to the people. Lastly, the ethical dimension means that the speeches can do good or evil, encourage justice or injustice, selfishness or selflessness. (ibid. 4). Overall, presidential speeches can evoke various feelings in the audience and create different reactions and effects in the minds of people.

The presidential speeches differ from the ordinary speeches of citizens or even celebrities due to certain aspects of communication. Above all, the major difference is that presidents hold speeches regularly and frequently. Another aspect that is typical for presidential speeches is that the presidents audience is never limited to the audience which is physically present. Presidents’ speeches are always presented to a universal audience and thus it is vital that presidents’ keep in mind the effects that their remarks might have on various groups and institutions. Presidents are also expected to be able to speak on a wide range of topics and have the capability to discuss them in a great detail. Presidential speeches are also timeless as the speeches are recorded and thus ”live forever”. (Denton, Jr. & Hahn 1986, 8).

All of these aspects are clearly visible in Draghi's rhetoric as well. Draghi had speeches regularly and frequently, often several speeches in a month. These speeches vary in terms of length and audience. However, the substance of the speeches was often rather homogeneous and the large questions or themes did not change quite so rapidly. Also, the audience of the speeches was never limited to the audience physically present, when Draghi spoke his words are always targeted towards the public in general. European Central Bank also transcribes all the speeches and stores them on their website where they are always accessible for everyone. In terms of topics, Draghi's speeches did not vary greatly as he is in charge of monetary policies and the economic state of the European Union. But there are definitely varying nuances and viewpoints in the speeches. Also, Draghi is expected to - even more so than "ordinary" president - to have expertise in his speeches. Draghi must have the knowledge to explain the monetary policies that ECB encourages and also justify why these are the rightful actions.

Denton, Jr. & Hahn (1986, 9) state that presidents mention themselves and their actions frequently, especially compared to other political actors, corporate leaders, or religious leaders for example. This is also apparent in Draghi's speeches as he often states how he and the ECB have driven different policies forward. Another notion made by Denton Jr. & Hahn (1986, 9) is that presidential speeches are often *optimistic*, *practical*, and *less complex* compared to other leaders. Once again, these notions are also accurate in describing Draghi's rhetoric. It comes quickly evident in the analysis that Draghi has a very optimistic view of the crisis and as the European Monetary Union as a whole. Draghi has a strong conviction that the euro will survive the hardships and he is very optimistic about the future. Draghi's speeches are also very practical and rather simplified. This is evident especially when considered that Draghi is talking about such complex themes as monetary policies, financial policies, and economical questions. Even when talking about such complex themes his speeches still appear understandable for the average listener. Draghi rarely goes into detail about the specific instruments or functions that ECB is implementing. Instead, he broadly discusses the policies and what are the intended effects.

This is both important and necessary. In order to convince the public it is essential that the actions and policy changes are understandable and transparent.

Colleen J. Shogan (2006) has done research about the moral rhetoric themes on presidential rhetoric. His work has also been published in the Presidential Rhetoric Series. It is beneficial for the president to use moral rhetoric in his speeches and thus take advantage of certain situations precisely through arguments that rely on the morality of the audience. Naturally, it depends heavily on the president whether he uses moral rhetoric or the extent he uses it. (ibid. 83, 170-176). In this case, the usage of moral rhetoric is relevant because Shogan (2006, 32) states that moral rhetoric is often used in economical crises. During an economic depression, the president can use moral rhetoric to rally the people and build confidence within them (ibid. 32). In the analysis, it comes apparent that Draghi uses the techniques of moral rhetoric especially during 2013. He talks about the importance of solidarity and social justice within Europe and clearly appeals to the morality of the public.

5 ANALYSIS OF THE SPEECHES OF MARIO DRAGHI

The analysis consists of speeches from former European Central Bank president Mario Draghi from the end of 2011 to the end of 2013. All of the speeches were not related to the crisis and many of them were repeating the same points, so I will focus on the main points that rose from several speeches. I aim to analyse the rhetoric which he used in an attempt to convince the world that the euro will survive the crisis it has faced. At the beginning of 2010 euro was in the middle of a crisis. What would happen if the common currency fails? The consequences would have been significant. If European Union hadn't survived the eurozone crisis and gave up on the common currency it would have been a major setback for the EU. The common currency has been one of the greatest accomplishments which have created the foundations for the joint economy and integration. If the EU gave up on euro it would have inevitably led to growing polarisation and eventually to new problems within the EU. Many saw the survival of the EU as a whole to be in danger as well. However, euro did survive and ECB with the leadership of president Draghi had a major role in this.

Just to be clear my goal is not to examine the concrete economic policies which the ECB used to reflate the euro and how those worked in-action, but to examine the rhetoric which Draghi used to inspire belief into the survival of euro. It can be said that in an economy words are as powerful as actions. Often the markets react to events even before concrete actions, so in this light, it would be interesting to examine what kind of rhetoric Draghi used. Rhetoric is precisely the attempt to convince. ECB is undoubtedly a political actor. It is one of the EU's organs and it is responsible for the monetary policies in the eurozone. So naturally, the president of ECB is also a significant political actor. Eurozone crisis offers a lot for political science. The economical questions are crucial for society and often the economic issues act as a spark for other issues as well. Not to mention the symbolic significance of shared currency. Currency is often seen to be in the domain of a state. Similarly, as a flag or military forces represent the state, currency represents a symbolic power. Euro is the manifestation of European integration.

I have divided the analysis into three chapters. The first chapter is centered around the past and what reasons Draghi believes have led to the crisis. After that, I will examine how Draghi sees the current situation and what must be done to steer clear from the crisis. Lastly, I will analyse how Draghi saw the post-crisis situation at the end of 2013 and how he sees the future for Europe. The reason for dividing them this way is to have a clear structure that is easier for the reader to comprehend. Also, the reason why I chose these specific themes is that those three were clearly present in the speeches. Reasons that led to the crisis, how to move forward and what does the future look post-crisis. Those are the three main chapters of the analysis but in the subchapters I go into more detail about the themes that are present in Draghi's speeches and how those affect his rhetorical choices. Two themes were present throughout Draghi's speeches: the irreversibility of the euro and the importance of working together. For Draghi, there was only one way out of the crisis: by working together and increasing cooperation through integration. Draghi is also emphasising the importance of confidence throughout his speeches. The member states and institutions must have confidence in their actions to carry out the reforms but Draghi also calls for confidence from the public to trust in the euro and the resilience of the European Union.

Also, the division between the northern states and southern states is undeniably apparent in Draghi's rhetoric. The northern member states saw that the crisis was caused by the poor monetary policies of the southern states and was reluctant to offer their help because of this - at least without reforms and strict austerity policies. This is also very much the narrative that began to form around the crisis. For ECB and Draghi the main focus however was to fix the inadequate institutions and structures of the EMU. Draghi had to act in a difficult political climate as the southern member states were criticising ECB for not doing enough and contrary to that the northern countries saw that ECB was doing too much. This juxtaposition also brings up the important role of Germany and the hegemony it has established in Europe. All these themes eventually interweave into the controversial topic of European integration as the way forward from the crisis seemed to require deeper cooperation and solidarity amongst Europeans.

5.1 What caused the crisis?

And the first thing that came to mind was something that people said many years ago and then stopped saying it: The euro is like a bumblebee. This is a mystery of nature because it shouldn't fly but instead it does. So the euro was a bumblebee that flew very well for several years. And now – and I think people ask “how come?” – probably there was something in the atmosphere, in the air, that made the bumblebee fly. Now something must have changed in the air, and we know what after the financial crisis. The bumblebee would have to graduate to a real bee. And that's what it's doing. (Draghi 26.7.2012).

As I mentioned, many were pessimistic about the survival of the euro during the crisis. There have been sceptics since the creation of The Economic and Monetary Union in 1992 by the Treaty of Maastricht. However, the euro has somehow managed to fly as the bumblebee which Draghi mentions. Even though it should not have been possible. Now the situation was very different however, the crisis Europe faced was very severe and first of its kind. It was a true test for the euro and its survival. Political integration has always followed the economic integration in Europe and precisely the shared market has been the glue holding it together. What would have happened if the common currency and joint market had fallen apart? The economic benefits have been a major argument for the European Union itself. Unnecessary to speculate, but the consequences would have been very serious that is clear. In the quotation above, Draghi says that “bumblebee would have to graduate to a real bee”. By this, he means obviously that economic and monetary union must evolve and become something bigger and better in order to survive. But I will get to this later on in the analysis. Now we shall see how Draghi talked about the situation at the beginning of his presidency.

5.1.1 Euro as irreversible

The central message of that vision is this: the euro is here to stay – and the euro area will take the necessary steps to ensure that. (Draghi 9.7.2012)

At the beginning, it is important to make one notion, which can be seen from the quote above. For Draghi there was no other option: euro is here to stay, he never saw going

backwards as an option. He speaks of the euro as irreversible in several speeches. This is important to remember when observing his rhetoric. Draghi has no doubt in his mind that the euro will survive, and European Central Bank is willing to do whatever it takes - there is no other option.

And so we view this, and I do not think we are unbiased observers, we think the euro is irreversible. And it's not an empty word now, because I preceded saying exactly what actions have been made, are being made to make it irreversible. (Draghi 26.7.2012)

There has been a strong support behind the European Monetary Union since the beginning, who have not given the slightest chance for it to fail. Draghi shares this vision deeply and in that same speech, he said the famous line which then became the catchphrase for the battle against the crisis: "*Within our mandate, the ECB is ready to do whatever it takes to preserve the euro. And believe me, it will be enough*" (Draghi 26.7.2012). Martin (2014) calls these with the term "soundbites". He describes them as a formulaic phrase or saying that concisely sums up an outlook or idea. It is widely used, especially in politics since it makes it easier to share a wider message with a short collection of words. Often what we remember from speeches of the past is precisely a repeatable phrase or sentence which can be used as a *motif* for the whole message (ibid. 73-74). Draghi also relies on his *ethos* to reinforce the argument. He asks the audience to believe in him, he claims that he and the ECB have the knowledge and competence to beat this crisis. To further add into the irreversible idea Draghi quotes a late economist Tommaso Padoa-Schioppa who was one of the forefathers of the euro:

Speaking in 2004 about the "EMU", an abbreviation for Economic and Monetary Union, he (Tommaso) remarked that it was also the name of an Australian bird rather like an ostrich. And he added: "Neither of them can go backwards". (Draghi 15.11.2012).

Previously Draghi appealed to his own *ethos* and competence but here he uses Padoa-Schioppas *ethos* to reinforce his idea of EMU as an irreversible institution. Padoa-Schioppa was an esteemed economist and his authority can certainly be used to reinforce the argument. Comparing a bird and an institution is a questionable analogy, but it

represents the idea that Draghi has: EMU simply cannot go backwards - even though in reality it could whereas the bird physically cannot. Perelman (1996) has theorised the usage of analogy. In analogy, there is no *equality* between the two objects but rather it affirms a *similitude* between them. The aim of analogy, according to Perelman, is to clarify the theme through the *phoros*, a familiar basis. Overall Draghi doesn't really support this claim that the only way forward is more cooperation with any arguments. He merely states that in order to beat the crisis Europe must work together and not resort to unilateral policies. Also the term "going backwards" is left to interpretation here. Perhaps Draghi is referring to the integration process and the impossibility of reversing these actions. This argument does make sense in the light of the neofunctionalist theory mentioned earlier in the thesis. As the integration process expands through different sectors it becomes difficult, if not impossible, to revert these policies without causing problems for the adjacent sectors.

5.1.2 Insufficient institutions

So, it was clear that Draghi had no intentions to give up on the euro and would do whatever it takes to preserve it. But what in Draghi's eyes were the reasons that led to the crisis in the first place? The main reason that rose from his speeches was that the institutions behind the euro were insufficient. According to Draghi, the pre-crisis institutional setup had shortcomings and proved unable to support the single market in a time of crisis. Also adding to that idea, Draghi says that the euro area has not yet fully succeeded as a polity:

The debate is taking place because the euro area has not yet fully succeeded as a polity. Currencies ultimately depend on the institutions that stand behind them. When the euro was first proposed, there were those who said it would have to be preceded by a long process of political integration. This was because sharing a currency would imply a high degree of joint decision-making. Member countries would be a "*Schicksalsgemeinschaft*" and would need strong common democratic underpinnings." — "In 1990s in the Maastricht treaty it was decided not to give euro such features but as we have seen this left euro area insufficiently equipped to effectively manage crises. (Draghi 29.8.2012)

Draghi is giving harsh critique towards the past policies. He believes that the euro did not have the necessary features to manage crises to begin with. The Maastricht treaty left the euro vulnerable to these kind of events. Draghi emphasises the importance of cohesion when sharing a common currency, he uses the word *Schicksalsgemeinschaft* which can be translated to "community of destiny".

Other occasion, where he mentioned that the unhealthy policies of the past were one of the major reasons for the crisis:

It is only against the background of the past that the adjustment programmes currently underway in several euro area countries can be understood. It was past economic developments and policies that led to excessive imbalances in a number of countries. And it was those imbalances – fiscal, macroeconomic and external – that were neither healthy nor sustainable. (Draghi 9.7.2012).

Here Draghi also mentions the excessive imbalances between some of the European countries. Imbalances within the euro area remained a problem during 2012 and according to Draghi, those imbalances resulted from unfounded fears that euro would crumble. How did Draghi know these fears were unfounded though? Certainly the investors and public had reasons to fear that euro might not survive, and some countries would have serious consequences because of that. However, Draghi presented these fears as "unfounded". Renowned philosopher and thinker Cicero divided speech act into a different parts in his theories. The second part of the speech, in Cicero's theory, is called "narration" where the orator sets out the facts of the matter, but interpreting them selectively. (Cicero 1949, 40-161). Martin elaborates on the concept of narration in politics by claiming that since politics often involves response to global events such as natural disasters, military conflicts financial crises and so on, there will always be a place for narration (Martin 2014, 67). But especially in politics narration is never simply the matter of setting out the facts since facts are always open to interpretation and thus facts can be selectively narrated (ibid., 67). In Draghi's speeches, he is claiming as a fact that these fears about the possible decay of the euro are unfounded. He doesn't however back this up with any arguments and leaves it rather open why exactly he believes these fears are unfounded. Draghi is relying on his

ethos and expertise to convince the audience that he knows better. It is understandable that the public has fears about the future, especially since euro is such a young institution which has never faced hardships of this kind. But it is also understandable that Draghi cannot give in to these claims and say that there is a reason for these fears. As mentioned earlier, he must show conviction and faith in the system and that way show the world a positive image.

How has the picture changed so clearly in only four months? There are two parts to the answer. First, the doomsday predictions were always exaggerated. Not because the situation last November was not very serious. But because the willingness of euro area authorities to take the measures necessary to restore stability was greater than many commentators realised. Second, euro area authorities have proved their commitment to safeguarding financial stability through a number of important policy measures. The Eurosystem, the EU institutions and national authorities have all played a role in constructing a comprehensive and coherent response to the economic, financial and fiscal challenges that we face. (Draghi 26.3.2012).

In the quote above, Draghi continues the theme of evading negative predictions. He says that the doomsday predictions were always exaggerated and in reality, things are looking much better. However, he didn't just resort to brushing off the concerns and simply claiming that everything will be fine and there is no need to worry. He quite early on began to use rhetoric where he underscored how much has been already achieved and how things were beginning to look better than they were just a few months ago. This is important because it gives the public a clear concrete example of how things are and where are they headed. It is far more convincing than merely stating that the fears are unfounded and things will get better.

5.1.3 Cooperation in Europe

Another thing that was also a recurring theme in the speeches, was that Draghi began to build cohesion in the eurozone and underlining the importance of teamwork. Draghi was clearly using these rhetorical choices to build a sense of community within Europe. He saw that the crisis was a shared issue and it had to be battled with cooperation. This also leads into one of the reforms that Draghi thought was necessary for the future, but I will get to

that in the next chapter. As I mentioned earlier Draghi said that: "*In spite of the current challenges faced by the global economy, we must resist temptation to resort to unilateral policies, and we must work together*" (Draghi 18.11.2011). The only way forward for Draghi was together. Another example that emphasises the importance of cooperation for Draghi:

Citizens also expect from Europe common answers to the common challenges which all euro area countries are facing. In a context of global competition and ongoing fiscal consolidation, euro area countries should join their forces. Given that they share a single currency, they have even stronger reasons than other countries to work together. This can be in the field of research and development, education or infrastructure, they should strive for cooperation as much as possible. (Draghi 25.4.2012).

Another recurring theme how Draghi set out to build a sense of cohesion and show positive signs was that he regularly gave out positive feedback to the authorities and member nations as seen in the quote below for example. But as he gave out credit for the positive changes and told how much has already been achieved, he also emphasised how important it is to keep on pushing forward and fighting the battle:

The turnaround we have witnessed since November is the result of every institution of the euro area fulfilling its responsibilities. No single institution can carry the burden of addressing a set of challenges that are simultaneously economic, financial and fiscal. Everyone has played their part. But let me emphasise that the current stabilisation should not make us pause in our responses to these challenges. Indeed, this is a time for continued action. (Draghi 26.3.2012).

Draghi is giving credit for the institutions fulfilling their responsibilities and working together. However, he continues that now is not the time to pause the responses, quite contrary now is the time for continued action. These coming measures will lay the foundations for future sustainable and balanced growth in the euro area.

Aristotle has divided speech genres into three categories: epideictic, forensic, and deliberative (Aristotle 1991, 80-82). Forensic being oriented towards the past and aims to answer questions "what happened?" and "who did what?" (ibid., 80-82). Martin (2014)

further evaluates these genres and notes that debating the past is often used in politics even though the deliberative genre - which is seen as future oriented - is usually the one to control the political occasions. But in modern times as we can retain so much information in text and digital records it is becoming more frequent to argue about past events and especially in politics praise or blame certain agents, affirm feelings, and rally people behind an ongoing cause (Martin 2014, 54). However, this can also be seen as part of the ceremonial or epideictic discourse where the rhetoric can be described as praise or blame. It is hard to draw clear lines here and often the genres overlap each other. But as Martin mentions these three classifications are not mutually exclusive and can often exist all in a single effort to persuade (ibid., 53).

Draghi's speeches at the beginning of his presidency can be described to present a classical forensic genre. What went wrong in the past that affects the present. As Martin (2014) stated, we retain so much information from the past that it has become frequent in modern politics to reinforce your argument with the events of the past. As Draghi discusses the policies of the past and what were the issues within Europe, he is building the basis for the reforms that have to take place. These are the premises of the argument, the flaws that the European system had. Draghi presents these premises to the world and leads them to a conclusion where through the reforms Europe will prevail even stronger than before.

In the next chapter, where the focus is on the rhetoric of concrete actions, Draghi's rhetoric is more in the area of deliberative and epideictic genres as they are very future and present oriented and aim to answer the question "how to act?" or set out the facts and evaluate the current situation. His only focus is on the future and how to build a brighter future. And this is important in order to convince the world that it will happen. Draghi needed to show strong leadership, he could not show signs of uncertainty if he aims to convince the whole world that the euro will survive this grim situation, where many sceptics are painting a very different picture. Once the reasons for the current situation have been found there is no reason to dwell in the past. In order to convince the world that the euro will survive you need to look forward and reassure them that everything will be fine and that was exactly what Draghi was focusing on in his rhetoric. Now I will move forward to the next chapter

and examine more closely what Draghi precisely means by the continued action and how he sees Europe should continue forward.

5.2 Moving Forward as Europe

5.2.1 Confidence

If you had to sum up the reform phase into one word, it would most likely be *"confidence"*. It is a recurring term that Draghi uses in several of his speeches. However, Draghi has a couple of meanings for the word. On the other hand, he says that it's crucial for the European institutions and governments to have confidence and believe in the reforms and also believe in the future. But he also says that it's just as important for the public to believe in the euro and have confidence in it.

The recent signs of stabilisation allow us all to face the medium-term challenges for the euro area with a degree of confidence. All policy-makers should take advantage of this position to continue their reforms with confidence. (Draghi 13.3.2012)

For Draghi, it is essential to move forward with confidence. As mentioned in the previous chapter, Draghi can't show signs of doubt or despair, he must show strong leadership and confidence in order to reassure the public. As Draghi put it in his second speech as president: *"whatever the approach companies, markets and the citizens of Europe expect policy-makers to act decisively to resolve the crisis"* (Draghi 2012). Here Draghi is demonstrating the great effect of pathos. As Martin puts it, often those who prioritise logos diminish the significance of pathos (Martin 2014, 64-65). But as Draghi is attempting to convince the public, he can't solely rely on logical facts, he must convince the audience and thus he says *"whatever the approach - we must act decisively"*. The presidential rhetoric proves that it is often not that important what the president says, but how he says it. If the orator is in a place of power the public tend to believe the orator and side with him or her, if they believe the person is genuine (Denton Jr. & Hahn 1986).

As we saw in the previous chapter Draghi saw the main reasons for the crisis being the insufficient policies and weak institutions behind them, so obviously these were the main focus of Draghi during the reforms. Quite early on he began to talk about a new fiscal compact and it comes up in several speeches.

What I believe our economic and monetary union needs is a new fiscal compact – a fundamental restatement of the fiscal rules together with the mutual fiscal commitments that euro area governments have made. (Draghi 1.11.2011.)

Obviously, the aim of the new fiscal compact was to fix the structural issues that led to the crisis. However, the compact wasn't just a literal pact, it had also a symbolic meaning. When you are trying to build confidence and rally people behind a cause it is often beneficial to make a contract or a pact where people come together and agree upon something, a path to move forward on. This is quite clearly what Draghi was striving for with the fiscal compact. Especially as he began to talk about it so early on and didn't go into detail about the compact or what would it consist of. As mentioned earlier in the thesis, it is not important for the president to go into the details of a certain policy, but instead, draw the general lines that the administration will be enforcing (Denton Jr. & Hahn 1986).

5.2.2 Four Pillars for Europe

Actions by the ECB can build confidence in the euro area in the near term. But only actions by governments can secure confidence in the euro area over the longer-term. In particular, governments need to work together to establish a stronger institutional structure for the euro area. This process began in June this year with what has been called the “Four Presidents’ Report”. That report – of which I am a co-author – identified four key pillars on which a stable and prosperous monetary union should be built. These pillars are financial union, fiscal union, economic union and political union. (Draghi 7.11.2012)

Here Draghi also continues to talk about the importance of confidence and teamwork in Europe. Especially how the ECB can build confidence in the short-term but only actions by

the national governments can cement the confidence over the longer-term. But let's turn our focus now to the "Four President's Report" and the four pillars Draghi mentions. The four pillars had a key role in the reforms and with them, Europe would begin to build a new, more stronger union. The pillars themselves represent a rhetorical choice of words. Pillar is something strong and firm that hold the structure together. As mentioned earlier the European institutions were inadequate to deal with the crisis and the goal of these reforms was to strengthen the union and avoid such hardships in the future. These pillars were financial union, fiscal union, economic union and political union. The financial union consisted creation of greater supervision and the establishment of a new supervisor organ that would prevent future crises. Fiscal union means that the union would have more ways to prevent and correct unsustainable budgets within Europe. As for the economic union that consisted idea of increasing competitiveness within the Europe but also globally. And lastly, the political union meant that the citizens of Europe would be more engaged with each other and eventually make the other pillars legitimate. I will now go more into detail of these pillars. I aim to examine what kind of rhetoric Draghi used when he talked about the pillars and what was he aiming for with them.

I shall begin with the financial union. Draghi presents the idea of creating a supervisor organ that oversees the whole Europe and attempts to prevent future crises. In practice, the supervisor would oversee the banks in Europe and make sure they are working on healthy terms and control their risk-taking. And if the need arises they could receive direct help from the ECB in order to keep the system working. Also, ultimately this would mean that banks can fail without dragging down their sovereigns.

But also the cohesion and resolve of the European leaders was crucial in this period. In June this year, European leaders decided to accelerate the move towards a "financial union", by creating a single bank supervisor centred around the ECB and by linking to it the possibility that European banks, in due time and under certain conditions, could receive direct capital support from the European Stability Mechanism (ESM). (Draghi 23.11.2012)

Eventually, it was decided that European Central Bank would take the role of the supervisor. The new organ didn't however pass without debate and many were concerned

about its role. Below is a quotation where Draghi is answering a question regarding the debate. Concerns were mainly directed to the fact that it would grant ECB much more power.

But the political discussion has really just started. I look at this in perspective and I am very confident that we will reach an agreement. There is a general will to reach an agreement. The benefits of having one single supervisor for the euro area are not disputed. Its main aim is to break the link between the sovereigns and the banks. It's to make banks basically reliable and trustworthy, regardless of where they have their headquarters and where they exercise their business. (Draghi 6.12.2012)

As Draghi talks about the supervisor organ, he says that there is full intention to move forward with it and presents a concrete action to show that these are not just empty words:

Then in the banking union or financial markets union, we will have one supervisor for the whole euro area. And to show that there is full determination to move ahead and these are not just empty words, the European Commission will present a proposal for the supervisor in early September. (Draghi 26.7.2012).

As mentioned earlier concrete examples establish confidence far better than just words. And as Draghi puts it "empty words". Empty words being a metaphor since words are never truly "empty", they always contain some kind of meaning. Perelman calls this a dissociation between real and apparent: the other's words can appear to be meaningful but are in fact empty, whereas Draghi's words are by contrast, not empty (Perelman & Olbrechts-Tytecan, 1969, 415-449). What Draghi in this case means is that the words are followed up with concrete action, they won't remain "only" words. We may recall the parts of speech presented by Cicero which I mentioned earlier (Cicero 1949, 40-161). He talks about the rejecting of alternative arguments as refutation (*refutio*) and presenting the orators own arguments as proof (*confirmatio*) (ibid. 40-161). Martin continues the idea and says that it is not always possible to draw a clear distinction between the refutation of alternative arguments and the confirmation of one's own and neither the structure (where the refutation precedes the proof) is always so clear (Martin 2014, 68). Also relevant to this case is that sometimes the refutation can also be rejection of anonymous claims such as "it

has been said..” (ibid., 68). Such is the case here and this is something that Draghi uses quite frequently in his rhetoric. He sets out the conflicting argument that some might present and answers it himself before the conflicting argument has been even said. In the quotation above some critiques might say that ”those are just merely empty words” but Draghi already answers that argument by stating the concrete actions and thus they are not merely empty words.

Now moving on to the second pillar - economic union. Competitiveness was a term that Draghi used often in relation to the economic union. He believed that the economic union would guarantee the highest standards for competitiveness. And competitiveness for Draghi was a key factor to create jobs and increase growth:

A growing body of cross-country evidence confirms that policies to promote competition in Europe’s markets for goods and services clearly raise the potential for growth and job creation at little or no cost to the public purse. Continued efforts to promote stronger competition and further market integration within Europe are important tools for enhancing the global competitiveness of European firms. (Draghi 13.3.2012).

Here Draghi talks about the competitiveness within Europe. He is also making an important notion that the policies to promote competition are creating positive growth with little or no cost to the public purse. Creating jobs and positive growth without using the public funds for it is always good rhetoric to use. But Draghi didn’t only talk about competing within Europe. He also emphasised the importance of competing globally as a unified union:

Let me go a little deeper into the challenges of competitiveness for Europe’s economy. For the euro area, we have to distinguish between two distinct concepts: the external competitiveness of the euro area as a whole in the global economy; and the internal competitiveness of the various countries within the euro area. (Draghi 13.3.2012).

Draghi brings up the importance of being able to compete globally as well. Euro is the second largest currency in the world and one of the most important market areas. It is

crucial that in the future Europe is able to reinforce itself and through teamwork succeed even better in the global competition.

The third pillar was the fiscal union. Creating a fiscal union would allow the EU to prevent and correct unsustainable budgets of the member countries. The risks to leave the fiscal policies to be self-policed by the member countries is far too great according to Draghi. For him, it was clear that in order to create a stable Monetary Union it would eventually require true budgetary oversight at the European level. All these reforms relating to the economical, fiscal, and financial unions are telling the same message: the way forward is more Europe - not less. This brings us to the last pillar, political union:

The last summit was a real success because for the first time in many years, all the leaders of the 27 countries of Europe, including UK etc., said that the only way out of this present crisis is to have more Europe, not less Europe. (Draghi 26.7.2012)

Once again Draghi brings up the concept of cohesion and teamwork. This also adds to the idea of no other option but forward as a union. It is quite interesting how the answer to the crisis turned out to be more Europe and more integration, especially as we have now seen the opposing movements these recent years where people want less integration and nationalism is growing stronger. Many were worried about the direction EU was headed but Draghi stated that there is no need for extremes:

Across Europe, a fundamental debate is taking place about the future of the euro. Many citizens are concerned about where Europe is heading. Yet the solutions presented appear to them unsatisfactory. This is because these solutions offer binary choices: either we must go back to the past, or we must move to a United States of Europe. My answer to the question is: to have a stable euro we do not need to choose between extremes. (Draghi 29.8.2012).

Once again Draghi answers the silent, anonymous argument that Europe is heading either towards federalising Europe or back to the past. He refutes those arguments and presents his own argument, the reasonable middle ground, that there is no need for extremes. We can have a stable euro without having to choose between those two options. But what

Draghi does want and is important for the political union and integration is more European culture and identity, a European public space:

But more has to be done to make the voice of Europe's citizens heard. We need what in Germany is called demokratische Teilhabe. And this is where you are needed. I would like to ask all of you – journalists and publishers but also policy makers and academics – to help to develop a genuine European public space, eine europäische Öffentlichkeit. (Draghi 6.9.2012).

It is interesting to see that Draghi is using few German concepts in this quotation. He rarely uses other languages in his speeches but on a few occasions, he uses German words precisely. We saw that previously in the case of "*Schicksalsgemeinschaft*". Draghi himself is from Italy so it can't be explained by his origin either. One of the key principles of rhetoric is always to mind your audience so it might be that Draghi is attempting to impress the audience with his vocabulary and identify himself with them since the speech was held in Potsdam, a city in Germany. This choice also makes sense as we know the importance of Germany for the EU and how vital Germany's role was in solving the crisis.

Draghi continues the idea of European public space by recommending that the national media's could write about events that are happening in other European countries and call them "imported pages":

Most of us in Europe are exposed mainly to our national media in our national languages. These media naturally define our perspective: our sense of the "public" tends to stop at national borders. But this no longer describes reality. What is happening in other Member States matters to all of us. Problems that cross borders require citizens to find consensus around common solutions. Again, the crisis is itself having an effect. For example, newspapers in some countries now take a keen interest in the welfare systems of other countries. Citizens closely follow the elections of ministers they would previously have never heard of. Certainly, there is an unwelcome side to this related to the potential for reviving outdated national stereotypes. But there is also a positive side insofar as it leads citizens in the euro area to develop a sense of belonging together and to care about decisions in other regions. One way to strengthen this trend would be to exchange more media between countries. (Draghi 6.9.2012).

Again, Draghi is painting the European picture where the countries have strong integration and relations where the public sphere doesn't stop at the national borders, it consists whole Europe. It is quite clear that Draghi has a strong European identity and he wants Europe to be more united. As mentioned earlier, the political pillar where the citizens of Europe are more engaged with each other, is crucial for making all the other pillars legitimate. Draghi continues this theme and says he is optimistic about the future and believes Europe will grow stronger and more united:

There are many reasons to be optimistic that Europe will find this path. The pattern over recent decades has always been to move forward towards a stronger and more united Europe. When we have faced challenges, we have invariably found solutions. Those who have predicted the worst have turned out to be mistaken. (Draghi 6.9.2012).

In the first speech of 2013 Draghi turns his gaze to the past year in a ceremonial (*epideictic*) speech he held in Frankfurt. He once again answers to the anonymous arguments about the future of the euro and points out that the sceptics were wrong. Europe displayed its resilience and thanks to the confident and compelling actions of European governments and institutions the past year turned out positive. Draghi is confident in the coming year and the future of Europe:

We began the year in an environment of exceptional uncertainty. The euro area was faced with deep, even existential challenges. This led some experts to make bleak predictions about the future. They doubted the resilience of our economies. They worried about the stability of our single currency. They even questioned its future existence. — Due to resolute actions by euro area governments and European institutions, the year 2012 turned out quite differently than predicted. The darkest clouds over the euro area subsided. Countries renewed their commitment to reforms. The euro area took strides forward in its common governance. (Draghi 22.1.2013).

Draghi continues the speech by stating that Europe has now more confidence heading into the future and this is built on the progress achieved. Much of the same themes presented earlier: confidence and progress made. Draghi also continues by stating that it is still important to maintain the reforms in order to keep up the good progress that has been achieved:

We begin 2013 with more confidence than we had in January one year ago. This confidence is to a large extent built on the progress that all of us – governments, parliaments, the EU and the ECB – have been able to make during 2012. But it is also crucially built on the expectation that progress will persist. (Draghi 22.1.2013).

In conclusion, it can be said that Draghi and ECB seemed to have succeeded in their campaign so far. The economy was seemingly recovering and the euro would be here to stay, at least for now. Also, the reforms within Europe would only help the euro to grow stronger in the future. As mentioned, the keyword for Draghi and ECB was confidence. Draghi asked the people to have confidence in the euro and also face the challenges with confidence. The reforms that he requested may not be easy but they are necessary and will eventually lead towards a more prosperous future for all. To the public, it seemed that Draghi and ECB were willing to do whatever it takes to preserve the euro and this surely had a positive impact to the economy. The rhetoric showed that there was never an option to go backwards, the euro is the way forward. This was, as mentioned in the beginning, a clear political will from the start. Next, I will move on to the last analysis chapter and examine how Draghi saw the future for the euro and the EU.

5.3 The future of euro

Going in to 2013 Draghi's rhetoric remained very much the same. Confidence was still the keyword in the speeches and also the necessity of the reforms. The pivot below is from a speech held in meeting with Members of Parliament in Spain, Madrid:

ECB policies have played a pivotal role in this improvement, as has resolute action by governments, parliaments and the private sector. All should persevere in these efforts with confidence. (Draghi 12.2.2013).

When talking about the necessary reforms Draghi also brings up that he is aware of the painful decisions that the policy-makers have to do, but they must still remain confident and continue onwards. In the same speech he also notes, that even though the results are yet to be seen in the everyday life of citizen, it doesn't mean that the reforms are not

working. Draghi's rhetoric is clearly different in this speech as he is talking to the Members of Parliament in Spain compared to how he speaks in front of the Bundestag for example. Draghi is clearly empathising with the Spanish people and their situation. He understands that the situation is difficult and the citizens are angry. However, he is trying to convince them that the reforms, which may seem unfair and harsh at the moment, will come to fruition in the future. In the speech Draghi notes that: "*Spain's exports have increased notably – by about 20% in volume between 2009 and last year*" (ibid.).

Draghi also continues to give positive feedback to the authorities:

Here in Spain, the authorities have been proactive, even in strained conditions, embarking on an ambitious financial adjustment programme with the assistance of their European partners. (Draghi 12.2.2013).

Draghi is obviously aware of the dissatisfaction towards European Union in the southern countries and that can be seen from his rhetoric. He is trying to prove that the EU and European Central Bank are doing all they can to help them and they just have to remain patient. In Madrid Draghi also talked about the longer-term vision for Europe which is also the focus of this chapter:

Let me turn briefly to the longer-term vision for Europe. As you know, it is widely understood that our monetary union needs to be complemented by a financial union, a fiscal union, a genuine economic union and eventually a deeper political union. (Draghi 12.2.2013).

As mentioned earlier, the insufficient institutions behind the euro were the main cause of the crisis in Europe according to Draghi and ECB. The medicine for this was the reforms, more precisely the "Four President's Report" as examined in the previous chapter. In order to avoid similar crises in the future, the monetary union would require a deeper integration.

5.3.1 Identifying with the audience

Draghi, like any great orator, is always very aware of his audience and how to approach them the best way. As we saw in the previous chapter how he identified himself with the

German audience and also the way he empathised with the Spanish people. Another great example of this can be seen in a speech Draghi held in Paris:

It was exactly 300 years ago, in 1713, that the Abbé de Saint-Pierre presented his Project for Perpetual Peace, one of the first visions for a union between European nations. That this vision emerged into reality is thanks in large part to generations of French thinkers and pioneers, like Jean-Jacques Rousseau, Victor Hugo, and Aristide Briand. It is also thanks to the makers of the modern European Union like Robert Schuman, Jean Monnet, and Jacques Delors. (Draghi 26.6.2013)

Draghi illustrates his knowledge of French history and argues that the first visions for a union in Europe were presented by the Frenchmen. It is noteworthy that Draghi always begins his speeches by asserting common ground with his audience. It is important to do this in the beginning of the speech because by doing this the audience feel more familiar towards Draghi and are more receptive to his message. Aristotle (1997) argues that the introduction part of the speech serves a functional role: the orator strives to win over the audience by creating or fostering among them an atmosphere of interest and good will. Perelman continues this idea and argues that the beginning of the speech is a vital moment to establish shared premises in order to gain adherence to the conclusion (Perelman 1996). Argumentation always requires a certain meeting and mutual understanding, which can be facilitated or prevented by social and political institutions (ibid. 18). Draghi continues the similar theme by emphasising the importance of France and their role in building a peaceful and united Europe:

In other words, this country has played a key role in building the peaceful, open and united Europe we see today. — I am confident that France will again play key role in that process. (Draghi 26.6.2013)

Another example of this can be seen in a speech which Draghi held at a Catholic Academy in Bayern, Germany:

As befits this setting, I would like to begin my remarks by noting the momentous nature of the current period for the Catholic Church, on the eve of the last day of the pontificate of Benedict XVI. Pope Benedict, a great son of Bavaria, used his eight years at the helm of the Church to address a variety of pressing concerns of the modern world. Among them was an emphasis on ethical concerns in the

economic relationships of our globalised world. Those concerns have become more relevant than ever during the economic and financial crisis that now extends into its fifth year. (Draghi 27.2.2013).

Draghi begins his speech by praising the job Pope Benedict XVI had done. He also mentions the emphasis on the ethical concerns in the economic relationships in the world and thus connects his audience to the speech he is about to present. Draghi talks about solidarity and social justice in Europe and how those have become important questions in the euro crisis. These were new themes in Draghi's rhetoric, but I will return to those later on in the analysis. Let's continue to analyse how Draghi's audience affects his rhetorical choices:

Here I find myself in the company of Marx. Not Karl, but Reinhard. Cardinal Reinhard Marx has rightly insisted that "the economy is not an end in itself, but is in the service of all mankind. (Draghi 27.2.2013).

The remark Draghi makes here about Marx, meaning not Karl Marx but Reinhard Marx is noteworthy. He quotes Reinhard Marx, who is a German cardinal of the Catholic Church, and thus serves as authority towards the audience of Catholic Academy. When Draghi quotes someone else or uses his ethos to his advantage he is always aware of what kind of authority would best suit the situation. In the same speech Draghi quotes Pope Pius XI:

As Pope Pius XI wrote in 1931, "It is a fundamental principle that one should not withdraw from individuals and commit to the community what they can accomplish by their own enterprise and industry." Individuals have to do what they can to help themselves before they seek help from the community. The same is true for the countries in the euro area. (Draghi 27.2.2013).

Another example of identifying with his audience can be seen in a speech Draghi held at Euro Conference in Latvia:

I expect that many of you are familiar with the film Dream Team 1935. One of the most popular films in Latvia last year, it tells the story of the Latvian team that won the first European basketball championship in 1935. The film shows how the players overcame a series of obstacles to win the competition – and the vital contribution of their resolute team spirit. This story reflects on Latvia and the euro in two ways. (Draghi 12.9.2013).

It is quite clear that Draghi often begins his speeches by creating an atmosphere where the audience get a sense of familiarity. Afterwards, Draghi finds a way to connect this anecdote or story to the concrete speech and facts he is about to present. Naturally, it is best suited for the introduction part of the speech since the audience is yet somewhat unfamiliar with the speaker (Aristotles 1997). Especially nowadays audience usually know something about the speaker beforehand, but that doesn't decrease the significance of this technique. By illustrating knowledge or at least interest towards the audiences culture or traditions the speaker will get a good start for his speech. Also if the audience is sceptical towards the speaker it is a good way to disperse these attitudes straightaway and then move on to the actual speech. This technique is also relevant for the creation of shared premises as mentioned earlier (Perelman 1916, 18).

5.3.2 Northern Saints and Southern Sinners

In order to understand the possibilities for the EU's future it is vital to understand the *status quo* in Europe. When comparing the speeches Draghi held in France and Germany to the one he held in Madrid for example, you can clearly see the difference in the rhetoric. In France Draghi is much more soothing and conciliatory. He talks about the important role of France and how he expects them to play a significant role in the future. Whereas in Spain Draghi does not talk about the important role of Spain or how much they have contributed to the EU. In Spain Draghi's focus was on empathising and convincing the Spanish citizens that the future will be brighter. The northern Europe versus southern Europe narrative is clearly present in Draghi's speeches. Both countries (France and Spain) are unhappy with the current situation in Europe, but for quite different reasons. France, being part of the northern countries, is displeased with the loose monetary policies of the south and feel that the crisis was very much the result of this (Matthjis & McNamara 2015). Whereas Spain and the southern countries feel that the northern countries, mainly Germany and France, are forcing their strict policies upon them and also gaining the benefits (ibid.). This is understandable from the citizens point of view as they face severe institutional reforms and austerity measures but don't seem to gain anything from it. This could be seen in Draghi's

speech in Madrid where he tried to assure the Spanish people that the reforms would come to fruition in the future: "Notwithstanding these signs of improvement, the adjustment has not yet had a visible impact on people's daily lives. Frustration in some parts of the population is thus understandable." (Draghi 12.2.2013).

Draghi himself is naturally aware of this narrative and juxtaposition. The pivot below is from a speech held in Bayern, Germany:

Incidentally, while some in this country are wondering whether the ECB does "too much", elsewhere in the euro area I am asked why the ECB does not "do more". I just returned from the Spanish Parliament in Madrid – and the concerns expressed there are very different from what I hear in Germany. People worry that a stagnating economy will lead to the emergence of a "lost generation", where young people have no jobs, and even worse, no hope. (Draghi 27.2.2013).

This is an interesting theme that was discussed earlier in the thesis and is also clearly present in Draghi's rhetoric. The northern countries were reluctant to help the southern, "debt" countries - at least without proper pledges and economical reforms in the countries. Thus the northern countries feel ECB perhaps oversteps its mandate and the responsibility lies within the southern countries. Whereas the southern countries feel like ECB is quite the contrary not doing enough and is merely acting in the interest of the northern countries. Draghi was in a difficult position where he had to manage between the two sides. On the other hand, he had to act in order to save the common currency and EMU, but on the other hand, the actions had to be chosen carefully to avoid conflicts:

Staying independent from the voices calling for us to "do more" or to "do less"; staying fully focused on our mandate to secure price stability for the citizens of the euro area. (Draghi 13.6.2013).

Draghi regularly mentions that ECB is merely following its mandate in preserving the price stability and they continue to stay independent in all situations. They are not on either side, and are merely working in the interest of the EU as a whole. However, the means to this task are not so clear and thus the phrase "preserving price stability" itself doesn't give a clear idea of the actions. It is true that ECB's mandate is to preserve price stability and

thus offer the best possible platform for economic growth, but it is up to ECB how they want to tackle this challenge. Carstensen & Schmidt (2017, 772) note in their article that ECB went from a very strict interpretation of its mandate to an increasingly loose under the leadership of Draghi. They claim that the reinterpretation of its ECB's Charter was hidden "in plain sight", particularly when Draghi famously promised to do "whatever it takes" in July 2012 and thus the ECB attempted to legitimise everything it did by claiming that it falls under its mandate (Carstensen & Schmidt 2017, 772).

It is also intriguing to think about the meaning of independency in this case. ECB is an independent institution within the EU and the ECB nor any member of their decision-making bodies, are not allowed to seek or take instructions from EU institutions or bodies, from any government of an EU Member State or from any other body (European Central Bank). Carstensen & Schmidt (2013, 762) wrote in their article how the so-called "*Brussels-Frankfurt consensus*" was established. They refer to an article written by Howarth & Rommerskirchen (2013) where they examine the "German Stability Culture" as strategic political resource. The German Stability Culture is frequently pointed as panacea for all times and it was also the design for the EMU. According to Howarth & Rommerskirchen (2013) the term was used as an instrument to justify the creation of EMU. Stability in Europe would create great opportunities for the economy. The term surfaced again in the context of the euro crisis with it being presented as a salvation for the eurozone (ibid. 765). So the ordoliberal idea of stability culture as a basis for economical growth was very much embedded into the creation of EMU by the German policy-makers. Carstensen & Schmidt (2017, 771) claim that Draghi went along with the Brussels-Frankfurt mantra claiming that: "*continuity, credibility and consistency are of the essence in the way we carry out our jobs*" in his first press conference in 2011.

Carstensen & Schmidt (2017, 762) refer to the Brussels-Frankfurt consensus in their article where they claim that it is the most obvious example of ideational domination in the context of the euro crisis. Power *over* ideas is the capacity of actors to control and dictate the meaning of ideas on a certain issue by imposing their own ideas on others and neglecting or shaming alternative interpretations or ideas (Carstensen & Schmidt 2017,

762). As we have seen during the analysis, ECB has left very little room for alternative ideas or interpretations and has been very dominant on its policies. Stability was one of the cornerstones of EMU when it was created and in the time of crisis it became the cure. Brussels-Frankfurt consensus also played a major role in framing the narrative that the southern countries have not obeyed the stability culture and thus their loose monetary policies were a significant reason for the crisis.

As mentioned earlier, Germany has been a major actor in the EMU and EU since the beginning. Without question Germany is the most influential player within the EU and EMU due to its size and economical power. Germany is also seen as the protagonist among the northern countries. Crawford (2007) argues that Germany is an embedded hegemony in Europe. It has been Europe's "patron" and shaped the institutions in Europe with its power. Mahnkopf (2012) argues that the eurozone has allowed Germany to increase its influence and become a major global actor without majorly revitalising military forces, which could have created concerns in Europe. Importance of Germany is also clearly visible in Draghi's rhetoric as noted earlier. It surely isn't a coincidence that only in Germany Draghi has spoken the national language. Also when speaking in Germany, Draghi doesn't seem to be speaking from a place of power like he is in Spain for example.

— Only a handful of euro area countries rank highly on these indicators. Germany is among them, thanks to the resolute structural reforms implemented in this country ten years ago. These reforms are an inspiration for other countries. (Draghi 25.6.2013).

When talking in Germany, Draghi's tone is rather praising. In this pivot above we can also see how Germany is seen in Europe. Even before the euro, Germany was the center of Europe. For decades the Deutschmark was a leader currency for other countries (Mahnkopf 2012). Germany has been viewed as the exemplary state and ordoliberalism as the ideal virtue for economy. Mahnkopf (2012) argues in her article, that EMU was an attempt to fix this hierarchy in Europe. This attempt might have failed even before it began, as we saw how the German Stability Culture was embedded into the EMU in its creation. It also wouldn't suit Germany's interest to give up its leadership in Europe without making sure it has a major role in the new system. At the latest the failure to dismantle the old hierarchy

became clear in the euro crisis as it was up to Germany to decide whether to save euro or save itself.

Germany was under heavy pressure, and the attitudes towards the "eurobonds" and shared debt were very negative (Matthjis & McNamara 2015). As Chancellor Angela Merkel put it: *"As long as I live there will be no eurobonds"* (Der Spiegel 2012). Schimmelfennig (2014) refers to the euro crisis as a "game of chicken", where the northern countries and the southern countries are driving towards each other in a car and neither of them want to crash but would prefer the other one to dodge. The same situation occurred time and time again as Germany refused the aid, but once the opposing side gave in a little bit then Germany agreed to help at the final moment (ibid.). So eventually Germany agreed to help the debt countries - however not without certain conditions such as austerity measures. It is likely that Germany agreed to the aid packages once it came to the conclusion that the EU serves very much its own interests. As mentioned, with EU Germany has been able to grow its influence in world politics far greatly than it could have alone. It's also important to note that the EU serves a larger purpose than a merely economic union. While EMU was built on the basis of economic cooperation it was also built on the premise of avoiding conflicts within Europe.

The narrative that was being created around the crisis was that it was caused by irresponsible monetary policies and unwillingness to follow the rules, and the cure for this would be austerity and structural reforms (Matthjis & McNamara 2015). In their article Matthjis & McNamara (2015) claim that leaders doubled down to this Northern Saints and Southern Sinners narrative rather than would have corrected the institutional flaws in EMU by building the necessary fiscal, financial, and political unions (ibid. 230). However as we have seen from Draghi's speeches, these were precisely the actions that he has suggested to be implemented in the Four President's Report. So it is safe to say that Draghi himself didn't hide behind this narrative as he believes that the structural reforms were necessary on the European level.

By examining this discourse it is clear that Draghi was in a difficult position. The narrative where the southern countries were the reason for the crisis was suitable for the northern countries, even though the facts didn't support this claim. According to Matthijs & McNamara (2015) only Greece fit the narrative of "fiscal sin" but in the case of Ireland, Portugal, or Spain, let alone Italy the facts were different. Draghi had to act in a difficult climate where the division in Europe was a growing threat and the resolution for the crisis would quite the contrary require deeper cooperation and integration. The "balanced budget" rule had the potential to become a "nail in the coffin" of the entire project of European integration (Mahnkopf 2012). Eventually, it was all up to Germany. It is clear that Germany is the most influential actor in Europe and obviously had a large role to play in solving the crisis. Germany was participating in framing the narrative that the crisis was caused by the poor monetary policies in the south. The public opinion in Germany was very much against any shared debt and instead demanded austerity from the debt countries. As mentioned, eventually Germany had to choose between saving itself or saving the euro. For Germany EU is essential platform to grow its influence in the global stage. The future for EU would require Europe to integrate more deeply.

5.3.3 Integration in Europe

In 2013 new themes were clearly present in Draghi's speeches. While the previous themes about confidence, cooperation, and deeper integration were still clearly present as noted earlier, new ones rose to complement those. These were solidarity, social justice and the EU as a peacekeeper. These new ethical questions were present as Draghi spoke at the Catholic Academy in Bayern, Germany:

In recent decades, this question ("social question") seemed to be approached from a purely economic perspective. The invisible hand of the market, if only left unconstrained, would eventually generate better outcomes for all. The rational actions of '*homo oeconomicus*' were seen as divorced from ethical concerns about compassion, charity and decency. It seemed forgotten that Adam Smith, the philosophical father of market economics, saw his "Wealth of Nations" as inextricably linked to his "Theory of Moral Sentiments". (Draghi 27.2.2013).

In the speech, Draghi argues that Adam Smith never intended his famous "Wealth of Nations" to be interpreted on its own. Rather it should be read side by side with his "Theory of Moral Sentiments". Draghi refers to this idea and claims that people shouldn't only focus on the economic perspective and make decisions solely based on that. While economic perspective is without a doubt a significant one it is not the only one. The most economically efficient decisions are not always the most ethical ones. If you think about charity for example, which Draghi mentions, it's not economically sensible to donate money to charity but still, people do it. Draghi argues that this is also the case with the EU. While the European project began with the focus on economic cooperation it has always aimed for peace and stability in Europe. According to Draghi people shouldn't view the EU as solely an economic union and judge it based on economic achievements, but rather look at the bigger picture and understand the importance of the EU in unifying Europe.

Draghi continues by remarking that Europe has already achieved so much but it's often taken for granted. According to Draghi people tend to focus on perceived difficulties from a individual or national perspective when, as noted above, people should look at the bigger picture and appreciate these achievements:

What Europe has achieved so far is indisputable – and it is often taken for granted. People sometimes focus on perceived difficulties caused by the single market from an individual or national perspective. But it is important to acknowledge the huge benefits of European integration for our daily lives and day-to-day business (Draghi 19.3.2013).

Draghi also brings up mutual support several times during 2013 and calls for solidarity. In his speech at the Catholic Academy, Draghi calls for Catholic Social Doctrine as he argues that countries should help those in need:

Should this not also apply within the euro area? Should countries support those in difficulty? The answer is yes. Catholic Social Doctrine makes absolutely clear that subsidiarity has to be paired with support. But what binds these together is trust. Trust that each will put its own house in order – even if it is politically difficult. Trust that each will play by the rules – even if this imposes unpopular choices. Trust that each will constrain its sovereignty – even if this means making a break with the past. (Draghi 27.2.2013).

What is also interesting in the pivot above is the emphasis on trust. Draghi says that trust binds the member states together. We have to trust that everyone will make the "right" decisions, even if they are unpleasant ones. We also have to trust each other to play by the rules, even if this means deterioration of support. And last, the most interesting one: we have to trust that each will constrain their sovereignty, even if it means making a break with the past. Draghi argues that all members must be willing to constrain their sovereignty for the greater good. This is an interesting point that I will be returning shortly. I'll continue to examine the themes of mutual support a little further. In the next quote Draghi talked about the importance of solidarity between countries but also within countries and among citizens. It's an interesting example how Draghi is guiding the policies of member countries. He notes that solidarity across countries is important but it would be meaningless without solidarity within the countries. It is an interesting comment and Draghi is clearly trying to advise the national governments in the speech:

Reforms are an expression of solidarity between citizens. Solidarity across countries is also important, but it would be meaningless without solidarity within countries. (Draghi 26.6.2013).

All these rhetorical acts seem to be pointing towards a more unified Europe. Draghi's message is clear: first of all, we can't solely look upon the economy and judge the EU based on those merits and secondly we must also have solidarity within the EU and thus help those in need. Draghi however adds to this message that one should only seek help after they have done whatever they can themselves:

As Pope Pius XI wrote in 1931, "It is a fundamental principle that one should not withdraw from individuals and commit to the community what they can accomplish by their own enterprise and industry." Individuals have to do what they can to help themselves before they seek help from the community. The same is true for the countries in the euro area. (Draghi 27.2.2013).

Draghi continues to underline the achievements that the EU has had regarding peace in Europe and also how children are now born to a so-called "euro generation" who know nothing but one currency:

We all know that Europe is experiencing some challenging times. Governments and citizens are making extraordinary efforts to put their economies on a sounder footing and to build a more stable future for the European Union. In times like these, it's important to remember what the Union and the euro have achieved and what they mean in the longer term, especially for young people. The children who are here today are growing up in a continent of peace. They belong to the "euro generation" – they have only known one currency. (Draghi 2.5.2013).

There is clearly a shift in Draghi's rhetoric in 2013 as he began to talk more about the other important benefits that the EU offers for its member states, other than the economic benefits. This is especially interesting since the economic benefits have been the basis for the EU's support and as the economic benefits are weakening so is the support towards the EU (Braun & Tausenpfund 2014). The euro crisis had a clear effect on the support of the EU in the member states. Support for the EU declined in all the 27 member states from April 2007 to November 2012 and the sharpest decline occurred during the euro crisis (ibid. 242).

It is possible that the change in Draghi's rhetoric is linked to these findings. As noted earlier in the thesis, the EU has been relying on the *output* legitimacy of its actions (Carstensen & Schmidt 2018). Since the EU is lacking *input* legitimacy as it doesn't have elected government nor *demos* where citizens could share identities and common purpose (Weiler 1995) it has relied on the benefits that it has offered to the member states. In the euro crisis the economical benefits no longer legitimised the actions, as quite contrary many saw that the crisis was very much caused by the cooperation. Because of this EU, including Draghi, was forced to find new ways to legitimise the EU as the economical arguments were no longer sufficient. In the pivot below is a concrete example how this new theme can be seen in Draghi's rhetoric:

The euro is a means to foster peace between nations; and a means to further our collective prosperity. In many ways, we have already achieved this. War among the countries of Europe is unthinkable. We have integrated our nations and our markets. The ECB has overseen the longest period of price stability in post-war history. (Draghi 27.2.2013).

It is noteworthy that Draghi mentions first that euro is above all a way to foster peace between nations, and also a way to further the collective prosperity. War in Europe is unthinkable because of the integration. This leads into the vision that Draghi has for the future of Europe:

In other words, we should aim to build a strong and deep economic and political union in Europe, which would be to the benefit of all members of the single currency. (Draghi 27.2.2013).

It has come clear during the analysis, that for Draghi EU must deepen its integration and become a stronger union in the future. This is what the Four President's Report was also aiming towards. These integration ambitions also raised concerns within Europe. Many were afraid that the political power was being shifted away from the national decision-makers towards the EU. Interestingly Draghi refers to the President of the European Council Herman van Rompuy and quotes him that: "*national parliaments have become European institutions. It is important that we all recognise these mutual interests.*" (Draghi 12.2.2013). This represents how differently EU is seen by some of these eurocrats compared to the eurosceptics. Where many, especially the eurosceptics, see the EU and its institutions as a separate entity that is only there to complement the national institutes, the picture for Draghi and other eurocrats is very different. For Draghi and Van Rompuy for example, all the member states are inseparable part of the Union and the national governments are also an essential part of this unity, not something that can be separated from it.

The best way to understand Draghi's future vision is to look at the speeches he held during his trip to the United States. In the speeches Draghi held there, it becomes quite clear that he sees many similarities between the federal state and the European level:

But there is also an important stream of reforms taking place at the European level – the counterpart of what you call the federal level here in the US. New rules and institutions are being created that will change the relationship between the Union and the Member States. (Draghi 9.10.2013).

Many would argue that claiming the European level to be a counterpart of the federal level in the US is a stretch and not a pleasant comparison for many. There has been lots of discussion about the United States of Europe which has always been dismissed as extremist by Draghi, so when he calls the federal level as a counterpart for the European level it might ring alarm bells for many. Draghi continues with the same theme as he states that many Europeans feel that they are not ready for such integration:

The preamble of the European Treaty makes 'ever closer union' a goal of the EU. For some people, this creates anxiety. It seems to promise an inexorable movement towards a future super-state. Many Europeans, with different national histories and cultures, feel that they are not ready for that. (Draghi 9.10.2013).

Draghi argues that many Europeans are afraid of this development because of the different national histories and cultures. Draghi however states that he dislikes the term "ever closer union" and would rather call it "more perfect union", borrowed from the Constitution of the United States:

So it is important to understand that the agenda facing Europe today is not adequately captured by the phrase 'ever closer union'. In my view, it is better encapsulated by wording borrowed from the Constitution of the United States: the establishment of a 'more perfect union'. (Draghi 9.10.2013).

Draghi argues that this phrase means that we are "perfecting" something that has already begun. What precisely is the difference between the two seems rather vague, but what is certain is that Draghi seems to be hopeful that the EU might follow the footsteps of the United States. This comes even more transparent when we look at the speech Draghi held in French Assemblée Nationale:

I was impressed to learn that, back in 1871, Victor Hugo called in this Assembly for a United States of Europe. France today can be equally ambitious in taking the euro area forward. (Draghi 26.6.2013).

Draghi refers to French author Victor Hugo as he called for a United States of Europe and hopes that France are equally ambitious in the European project. What Draghi meant by equally ambitious actions remains vague but certainly he hopes that France are in support

of deeper integration. Again, it's not impossible to see how some might interpret this in a way that Draghi is striving towards federalisation.

Draghi believes that the only way to maintain sovereignty in this rapidly changing world is by integrating more deeply:

We live in a rapidly changing world, where the traditional role of the nation-state is being questioned. In my view, the key to maintaining sovereignty in this world is to share more sovereignty by integrating more deeply. (Draghi 12.9.2013).

What Draghi means by the phrase "*traditional role of the nation-state is being questioned*" remains unanswered, who is questioning the traditional role of nation-states? Perhaps Draghi is referring to globalisation overall. However, Draghi sees that the only way to protect sovereignty is quite unconventionally to integrate more deeply. The critique towards EU and European integration has been that national states are precisely losing their sovereignty when more and more political power is being shifted towards the EU. To understand this, we must examine how Draghi sees the concept of sovereignty:

One way to look at sovereignty is normative, and was historically favoured by absolutists such as Jean Bodin in the sixteenth century. Sovereignty here is defined in relation to rights: the right to declare war and treat the conditions of the peace, to raise taxes, to mint money and to judge in last resort. Another way to look at it is positive. Sovereignty relates to the ability to deliver in practice the essential services that people expect from government. A sovereign that is not capable of effectively discharging its mandate would be sovereign only in name. (Draghi 9.10.2013).

Draghi argues that there are two ways to look at sovereignty: normative and positive way. The normative meaning that sovereignty is defined in relation to rights, the sovereigns right to declare war and raise taxes for example. The other way to look at sovereignty is a positive way, which means that sovereignty relates ability to deliver the essential services that people expect from government. If the government is not able to deliver these services, it is only sovereign by the name. Draghi claims that the positive way is more consistent with the writings of political philosophers, specifically naming John Locke who's impact on the development of modern democracies is unquestionable:

This second approach is more consistent with the writings of the political philosophers who most influenced our modern democracies. John Locke, in his second treatise of government, affirms that the sovereign exists only as a fiduciary power to act for certain ends. It is the ability to achieve those ends that defines, and legitimises, sovereignty. (Draghi 9.10.2013).

According to Draghi the ability to deliver the essential services legitimises the sovereignty and thus we should look at the effectiveness when deciding which powers should be at national or European level:

I see this positive view as essentially the right way to think about sovereignty. And I think it needs to be the guiding principle when deciding which powers should be at national or European levels. We need to look at effectiveness, not at abstract principles that may be empty in today's world. (Draghi 9.10.2013).

Draghi claims that the positive view at sovereignty should be the guiding principle when we discuss integration in Europe. According to Draghi we should look at the effectiveness instead of "abstract principles" that may be empty in today's world. Draghi is referring to the normative way to look at sovereignty, where the sovereignty is defined by the sovereign's rights and claims that these abstract principles are not relevant in the modern day. Draghi continues that sovereignty should not be seen as a zero-sum game where someone must lose sovereignty in order for something to gain it, instead, it should place the interest of citizens in the center:

Such an approach moves us away from a zero-sum view of sovereignty as power, where one body loses sovereignty and another gains it. Instead, by placing the needs of citizens at the centre, it allows us to view sovereignty in terms of outcomes – and this can be positive-sum. (Draghi 9.10.2013).

Draghi also notes that this way of thinking is already embedded in the EU Treaty under the principle of subsidiarity. Draghi continues by saying that: "*In my view, it is this pragmatic focus on policy efficacy that should be the motor of further integration.*" (Draghi 9.10.2013). So the main principle for Draghi seems to be the efficiency of policies and placing the citizens in the center. Everything that can be done more efficiently on the European level, should be placed there and vice-versa everything that can be done more

efficiently at the national level should be done there. As Draghi mentioned, this is already the *modus operandi* in the EU. However, not everything is chosen based on the most efficient way on the European level and this Draghi argues should be the case even if it means losing national sovereignty. Draghi however doesn't see this as a loss of sovereignty, but quite the contrary it is precisely fulfilling the object of sovereign.

For Draghi, the vision for Europe's future seems to be clear. Europe must continue the integration process, even if it means that member states are losing sovereignty in the normative perspective, all policies should be done at the most efficient level. Draghi refers to the United States and notes that integration is a dynamic process that proceeds step by step:

That said, it would seem misplaced to exclude that over time the euro area may move to a new equilibrium. Integration is a dynamic process and we need a certain degree of humility about where it will lead. If we look at the US, we see that it strengthened its union in different stages, with each stage eventually begetting the next. (Draghi 9.10.2013).

This dynamic step-by-step integration process can also be understood through Pierson's (1996) historical-institutionalist model of integration dynamics which was mentioned earlier in the thesis. Pierson (1996) argues that in the first step of the integration the member states are likely to lose control of the integration process and institutions that they have created due to the partial autonomy of these supranational institutions and the restricted time horizons of policy makers. In the next step, the member states are unable to take back the control because of the resistance from the institutions and institutional barriers to reform (such as veto powers or high voting thresholds) and prohibitive exit costs (Pierson 1996).

As mentioned earlier in the thesis, scholars have been describing the European integration process through the concept of neofunctionalism (Schimmelfennig 2014; Tortola 2015). According to Haas (1970) there has always been a connection between neofunctionalism and federalism. Albeit in Europe this connection has been reversed as the federalisation has not been the catalyst for the integration but quite contrary the consequence - at least

potentially (Haas 1970). According to Borriello & Crespy (2015) the literature on European federalism has established that the EU should be seen as a polity that is already federal but undergoing a continuous and incremental process of federalisation. Even though the EU has weak competence in sectors that are seen as the core tasks for federal state (such as military, fiscal policies and public administration) it is *de facto* developing a federal governmental system where the federal level is steadily strengthening (Kelemen 2003; Genschel & Jachtenfuchs 2014). Borriello & Crespy (2015) also note in their article that the French presidents Nicolas Sarkozy, François Hollande and the Chancellor Angela Merkel avoided saying the word "federalism" in their speeches regarding the European integration. It is safe to say that the EU already possesses some federal characteristics and there seems to be a clear political will to continue this integration process in the future. However, it is also clear that the term federalisation is very much seen as a taboo in the discourse and the policy-makers avoid using it, as it doesn't sit well with the citizens.

For Draghi, the way forward from the crisis was more integration and cooperation in Europe. Possibly even leading to a legitimate federal union, if that guarantees the best possible efficiency and maintains the sovereignty in the positive perspective. For Draghi, the main question is the efficiency. If policies can be done better on the European level those should be done there, even if it means shifting the political power from member states to the EU. Neofunctionalist theories and the Pierson model also seem to be accurate in describing the integration process. Integration is gradually spreading and little by little the European institutions gain more power through the spillover mechanic. During the euro crisis many countries, including Germany, refused the idea of euro bonds and shared debt in order to manage the crisis (Matthjis & McNamara 2015). As mentioned earlier, Chancellor Merkel even said that "*As long as I live there will be no eurobonds*" (Der Spiegel 2012). However, during the COVID-19 pandemic EU established the recovery fund, which *de facto* contains a shared debt function. Shared debt is also seen as one of the attributes for federal state. Next, I will move on to the conclusion chapter and summarise Draghi's rhetoric in the euro crisis and also examine what results did the analysis produce for the thesis.

6 CONCLUSIONS

In this thesis, I have examined the speeches of former European Central Bank president Mario Draghi. My goal has been to examine the arguments and rhetoric that he used in an attempt to assure the public that the euro will survive the crisis it faced. What circumstances affected his rhetoric and the choices he made? The most severe phase of the crisis was between 2011 and 2013 and that is the reason why I chose to examine the speeches of that period. During the crisis, Draghi had to act in a difficult political climate. First of all the reasons that led to the crisis were not unanimously agreed upon. The division between the northern member states and southern member states was evident. This also affected Draghi's rhetoric and the way he had to approach the issue. Northern member states saw that the debt countries were solely responsible for their economic hardships and felt that ECB should not overstep its boundaries by helping these states. On the other hand, the southern member states felt that ECB was not doing enough and they were calling for solidarity and aid from other euro countries. Eventually, the states found solidarity and European Union survived its first true hardship through cooperation. This accomplishment did not come easily as the eurosceptic powers gained support through these difficult times. Draghi had to convince Europeans to increase integration in times when it faced the most resistance.

Words and speeches have a crucial role in politics and naturally in fiscal policies as well. They are signals for the market and often have major effects in the stock market for example. It is not unusual that the market forces react to policies even before they are implemented, quite the contrary that happens very often. If a government is planning to reduce the tax on new cars, for example, it would be wise to postpone the purchase of a new car until the new policy has been implemented. Thus politicians must always be very aware of what they say and when. In this light, the speeches of the European Central Bank president have a major political significance in the European economy and thus the rhetoric used in these speeches is highly important.

There was a major shift in Draghi's rhetoric during the euro crisis. The rhetoric moved from hard values towards softer values. At the beginning of his presidency, Draghi heavily relied on highlighting the economical benefits, the cold and hard facts, that the euro and the European market have brought for the member states. As the crisis went on, the rhetoric shifted towards softer values such as solidarity and cooperation. This is an interesting shift for several reasons. First of all the European Union has always very much relied on its output legitimacy (Carstensen & Schmidt 2018). This means that the EU has been perceived as legitimate because it has brought wealth for its members. However, in the euro crisis this *status quo* changed as the euro did not have a positive impact on its members. This meant that ECB could no longer rely on its output effects and had to change its approach. The argument about the economical benefits still remained in Draghi's rhetoric, but it was not at the forefront. Draghi's rhetoric shifted towards themes such as solidarity and fairness. The economical benefits would return, but in order to survive this hardship, Europe would have to work together and have solidarity for each other.

A typical technique for Draghi was that he began his speeches by establishing a common ground with his audience. This often meant that he told a story or shared a memory which purpose was to create familiarity between Draghi and his audience. The introduction part of the speeches serves an important role as it allows the orator to create an atmosphere of interest and goodwill (Aristotle 1997). As Draghi began his speeches this way, the audience already viewed him in a more positive light, and also establishing shared premises at the beginning of a speech is crucial in order to gain adherence to the conclusion (Perelman 1996). This notion is also linked to another technique that Draghi uses frequently. Draghi often aims to identify with his audience and make the audience view him as a like-minded individual. Draghi is very aware of the audience he is addressing and chooses the technique according to that. For example, when talking in front of a German audience he might use German vocabulary and concepts. Or he might refer to the history of the nation and draw an example to his speech from there. All these acts are just techniques to identify with the audience and make them more open to the message he is about to deliver. Another classical technique that Draghi uses is repetition. He regularly repeats the same themes and even words such as confidence and solidarity. Also, he

regularly reminds about the accomplishments and results that the European Union has delivered. Constantly reminding the public about the positive results is a classical act in political rhetoric. Especially during a crisis, it is important to remind the public about these accomplishments and build legitimacy on that basis.

Draghi had to act in a difficult political climate which naturally affected his rhetoric. The northern states and especially Germany demanded political reforms and strict austerity policies whereas the debt countries felt that they were being treated unfairly. As we saw in the analysis, the narrative around the crisis was very much created by the states that did not suffer so severely from the crisis. It was easy to blame the poor fiscal policies and irresponsibility of those countries in trouble. However, only Greece could be blamed for "fiscal sins", the other countries in trouble had different reasons for their hardships (Matthijs & McNamara 2015). Draghi did not subscribe to this narrative, instead, he was a firm believer that the institutions behind European Union were inadequate to handle the crisis. The agreements that were supposed to complement the Maastricht Treaty never materialised and left the EU crippled. According to Draghi, these were the primary causes for the crisis and he made propositions on how the EU should tackle these challenges. Early on the ECB presented the Four President's Report which aimed to solve precisely the issues that were left incomplete in the Maastricht Treaty.

As mentioned, Germany played a crucial role in the creation of the mentioned narrative but also in solving the crisis. For the resolution in crisis, it was essential that Draghi got Germany on board. It is clear that Germany has a lot of power within Europe and ECB was created very much from the blueprint of the Bundesbank. EU has allowed Germany to increase its influence in world politics without causing too much anxiety in Europe (Mahnkopf 2012). Crawford (2007) calls Germany an "embedded" hegemony in Europe. It has been able to progress many important policies through the EU and has affected many of the important choices made. Eventually, Germany played a key role in the crisis as well as it decided to offer help to the debt countries. If Germany had decided to not offer help the crisis could have had a very different ending. The help did not come free however as Germany demanded that the debt countries must agree to austerity policies for exchange.

Naturally, the importance of Germany is visible in Draghi's rhetoric as well. As came evident in the analysis, Draghi's rhetoric is very much different as he is addressing the German public compared to the Spanish public for example. In Germany Draghi is trying to impress the audience and he is emphasising why it beneficial for Germany to cooperate. Draghi is not talking from a place of power in a similar setting as he is in the debt countries. Germany is perceived as the "model" country and the economic powerhouse of Europe. When Draghi is in Spain for example his rhetoric is much more appeasing and sympathetic. The circumstances are very different depending on his audience and it is clearly reflected in the rhetorical choices as well.

European integration is a theme that has been debated a lot and there is plenty of research on the subject. It is also a major theme in this thesis. It is clear that Draghi and ECB had a strong ambition to increase European integration. Resolution of the crisis would require deeper integration. Draghi's speeches imply that he has a strong European identity and firmly believes that Europeans share something called *Schicksalsgemeinschaft*, which translates to "community of destiny". In other words, Draghi believes that the way forward lies in deeper integration. Europeans must come together and reinforce supranational institutions. The institutions established were inadequate and thus they must be reinforced and this happens through increased integration. In academic research European integration has been often been described through a neofunctionalist theory. In this theory, the integration process begins from the "low politics" sectors and gradually expands through spillover mechanism towards the "high politics" sectors. This means that as the integration expands and problems arise in adjacent sectors they are solved by increasing the integration. Increased integration has aroused criticism towards the EU and this has also led to claims about federalisation. Many eurosceptics believe that the EU is headed towards a federal state - "United States of Europe". Draghi himself refuted these claims and stated that there is no need for extremes of this kind. What seems to be a more accurate description is something else. It would seem more likely that the leaders of the EU wish to work in a space between a federal state and national states. A complete federalisation in Europe seems unlikely but a return to a bilateral time of sovereign states seems unlikely as well. Following Draghi's words, the future is likely somewhere in between these two.

For future research, it would be interesting to examine how the integration process has evolved post-crisis. How are the European leaders arguing for the legitimacy of the EU and how are they handling the increasing criticism towards the integration process? The reform policies were still very much unfinished and the economy was not fully healed when Europe and the whole world were struck by the COVID-19 pandemic. This new crisis brought new challenges for the EU and the decisions that have been made are interesting when compared to the ones during the euro crisis. COVID-19 created major issues for the European economy and as mentioned the reforms were yet to be fully implemented and once again Europe was not fully prepared for another crisis. However, this time shared debt as a solution did not face such a strong backlash as it did during the euro crisis. Eurosceptics have criticised the decision but during the euro crisis many pro-EU politicians were against the eurobonds as well. In the analysis, we saw that Chancellor Merkel said that there would not be eurobonds as long as she lives. Eurobonds were *de facto* similar instrument as the recovery fund presented during COVID-19. It would be truly interesting to examine further the differences and similarities during these two crises.

Euro crisis was the first major hardship for the EU and many believed it could be fateful for the Union. Eventually, EU survived the crisis and Draghi as the president of ECB played a pivotal role in the process. The euro crisis changed many things in Europe as the EU had to make many difficult choices during the crisis and those did not come without criticism. EU has continued the integration process and this has worried some Europeans about the future of sovereign states. It seems that the integration process continues, but at the same time, the resistance and criticism grow stronger. The relationships in world politics are changing and Europe must find its own place in the changing system. As mentioned in the early parts of the thesis, the euro crisis brought the integration theories back to the spotlight of scholars, and continued research on these themes will be important as ever in the future.

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