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The implementation of the European Fiscal Compact in Austria as a post-democratic phenomenon

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Introduction

The European Fiscal Compact entered into force by 1 January, 2013 in 25 EU Member States. With the ratification the signatory countries hand significant parts of their budget to the European Court of Justice, which is such as the EU “Economic Governance package” or the “European Semester” a good example for a “judicialization of politics” (Hirschl 2008). In the aftermath of the economic crisis there can be observed a tendency to interpret the financial and economic crisis mainly as a sovereign debt crisis without any connection to the preceding crisis. This is reflected in several recommendations, which limit the scope of political decision-making in order to “calm financial markets”. A striking example for the subordination of political discourse to “the market” (Ötsch 2009) is given by the German Chancellor Angela Merkel: “Of course we live in a democracy and it is a parliamentary democracy [...] so we shall find ways to shape parliamentary co-determination so that it nonetheless conforms to the markets.” (Merkel cited in: Zepp-LaRouche 2011)

Following Colin Crouch’s conception of “post-democracy” (Crouch 2004, 2011a) the process of the implementation of the European Fiscal Compact moreover can be interpreted as an example for a post-democratic phenomenon: While on the surface all democratic institutions and rules are working properly, an increasing number of core political decisions is made “behind closed doors”, mainly justified as economic inherent necessities. At the same time economic elites enter the field of political discourse and economic rationality is becoming the main guideline for policy-making. The implementation of the European Fiscal Compact in Austria offers a good example to analyze a post-democratic implementation of a strict market radical economic agenda in order to legally fix the longer-term predominance of neoliberal thinking in the EU.

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This paper builds on a German paper published as “Der Fiskalpakt und seine Implementierung in Österreich”, in: ICAE working papers series.

Applying an analysis of the public discourse about the European Fiscal Compact in three leading Austrian newspapers in the second and third quarter of 2012, the dominant rhetoric as well as legitimization and argumentation patterns will be examined. The methodology adopted in the article is based on a combination of critical discourse analysis (Fairclough 1992, Fairclough and Wodak 1997) and metaphor analysis (Lakoff und Johnson 1980) in order to illustrate the effectiveness of market-radical thinking of specific economic elites in public discourse.

The paper is structured in the following way. The first section outlines the theoretical framing of the paper, namely the post-democracy thesis of Colin Crouch and the thesis of “judicialization of politics” from Ran Hirschl. Section two and three represent the course of the implementation and the historical context of the Fiscal Compact as well as its main features. Section four shows the methodological framework of the paper and section five offers an analysis of the course and the dominant patterns of argument in the public discourse about the Fiscal Compact in leading Austrian newspapers. A short summary and discussion of the central arguments of the paper and some concluding remarks are given in section six.

The Fiscal Compact as a post-democratic judicialization of politics

The theoretical background of this article is based on Colin Crouch's thesis of post-democracy, as presented in his 2004 published book "Post-Democracy". The core message of Crouch was described by himself in an interview, where he sees the term in the tradition of post industrialism and the connected social order of a postindustrial society: "All the institutions of democracy remain – we use them. It's just the energy of the political system and the innovative capacity have moved to other spheres." (Crouch 2011b) Based on his analysis of democratic conduct in Western political systems he concludes that during the last two or three decades political discourse especially prior to elections has degenerated more and more to "a tightly controlled spectacle, managed by rival teams of professionals experts in the technique of persuasion." (Crouch 2004:4) The central player in the post-democratic society is the global firm. Crouch states that the logic of business activity, the logic of the market is the core reference point for the institutional architecture of political systems. In a neoliberal hegemonic discourse the process of political decision-making is presented in contrast to the dogma of free markets therefore often attributed with inefficiency, laziness or simply as too slow for the dynamic of the economy. The close collaboration of private enterprise – in this case mostly bank managers – and financial experts advising the governments in the reaction on the global financial crisis in many European countries¹.

In his book "The strange Non-Death of Neoliberalism" published in 2011 Crouch builds, on his post-democracy thesis and asks why the world economic crisis induced by a crisis on the financial market caused no fundamental critique on the neoliberal dogma of free, unhampered markets. Following Crouch this "Non-Death" can be understood as a consequence of the post-democratic system with its close connection of private enterprise, external advisors and official representatives of the governments. "Summing up, he states: "what remains of neoliberalism after the financial crisis, the answer must be 'virtually every-thing.' The combination of economic and political forces behind this agenda is too powerful for it to be fundamentally dislodged from its predominance" (Crouch 2011a:179). The shift of power from political representatives, especially members of national parliaments and the European Parliament to seemingly independent experts of the European Commission can nicely be depicted in the EU crisis policy in the aftermath of the economic crisis. Oberndorfer (2012) describes this process of a shift of power as "authoritarian constitutionalism" which leads to a huge loss of democracy.

¹ The maybe most striking example is the close connection of the CEO of the Deutsche Bank Josef Ackermann and the German Chancellor Angela Merkel. Ackermann even celebrated his birthday in the Federal Chancellery.

The tendency to transfer political power from legislative assemblies to executive authorities in the EU context can be shown in the increasing importance of the European Commission, but also in the unequal distribution of power between the European Council and the European Parliament. Beside this shift of power to the executive authorities there can be observed another political trend of a shift of power to the judiciary, which is described as “judicialization of politics” by Hirschl (2004; 2008). In Hirschl’s (2008:94) conception such a process means: “the reliance on courts and judicial means for addressing core moral predicaments, public policy questions, and political controversies – (Judicialization of politics, ed. note) is arguably one of the most significant phenomena of late twentieth and early twenty-first century government”. The strengthened position of the European Court of Justice for economic issues, e.g. in monitoring and sanctioning non-compliances with the provisions for balanced budgets or exceedance of the limits for the structural deficit as part of the Fiscal Compact can be seen as an example for Hirschl’s judicialization of politics.

Genesis and historical context of the European Fiscal Compact

Historically the fiscal compact can be seen in the tradition of the Maastricht Treaty adopted in 1992. The establishment of a European Economic and Monetary Union was the first step towards a common currency (Euro), economic convergence criteria (budget deficit below 3% and sovereign debt ration below 60% of the GDP) to achieve a better coordination of national fiscal policies. The ratification of the Maastricht Treaty also reflects a first culmination point in the process of judicialization of economic policy. The compliance with the stringent agreements of the Treaty forced privatizations, deregulations in several areas of the financial market, reductions of government spending, an independent European Central Bank etc. The economic austerity policy in the European Union in the aftermath of the financial and economic crisis beginning in 2008 is just a consistent continuation of this neoliberal policy already induced in 1992.

Beginning in 2010 the European Semester, the program for Economic Governance (six pack) and the European Stability Mechanism (ESM) can be interpreted as signposts on the way towards the provisional culmination point of neoliberal austerity policy in form of the Fiscal Compact. The European Semester allows for preventive budget supervision for the European Commission. EU Commissioner for Economic and Monetary Affairs, Olli Rehn (2010) argues that this „...will help us to correct imbalances and prevent deviations in due time, when Member States prepare their national budgets and national reform programs“. Moreover Rehn also anticipates automatic sanctions similar to the Fiscal Compact: “Sanctions should be the normal, almost automatic, consequence to be expected by countries in breach of their commitments.” The European Stability Mechanism as part of the Euro rescue package, in German referred to as Euro-safety umbrella (“Euro-Rettungsschirm”), was

designed to support countries in financial difficulties as long as they fulfill strict requirements. Hence, the ESM serves as an institution to put pressure on potential debt-countries to reach balanced budgets. The six components of the Economic Governance ("six pack") can be interpreted as the last step towards the Fiscal Compact. In the Stability Compact as a central part of the six pack some of the core measures of the Fiscal Compact like balanced budgets (max. 0.5% structural budget) and the maximum sovereign debt of 60% as well as punitive payments in case of noncompliance of recommendations of the European Commission (0.1% of the GDP) and in case of forged statistics (0.2% of the GDP) have already been formulated. In a comment on the EU Economic Governance Rehn (2011) depicted that those agreements are the only possible way out of the severe crisis in the European Union and at the same time stresses the need for control: "I will not hesitate to fully apply the new rules with rigor from the first day these tools enter into force, i.e. at the latest on 1st of January." The main culprit for the crisis, however seems to be clear in such an understanding: "Countries living beyond their means, the lack of economic reforms in the context of open markets, the building up of financial bubbles... The price we have paid is high, too high, and it should prevent us from falling again in the same traps."

Following the main thesis of this paper, the Fiscal Compact has to be seen as the logical consequence of a reinforced neoliberal policy in the aftermath of the financial and economic crisis in the EU. In such an understanding several "debt-countries" have to be blamed for having "lived beyond their means", where at the same time there is hardly any discussion about the fact that the sovereign debts in most European countries mainly are a direct consequence of the massive bank rescuing programs and stimulus packages in 2008 and 2009 (Mathieu and Sterdyniak 2010). The chronological starting point for the debate about the Fiscal Compact, however, was in December 9, 2011 at the Summit of Heads of State and/or Governments of the EU Member States (except Great Britain) in Brussels forcing budgetary discipline and a closer coordination of economic policy. After the Summit a working group, consisting of members of each EU member state and three members of the European Parliament² as observers was founded to formulate the content of the Treaty. After three negotiation rounds the final version of the Treaty was presented at an informal Summit of Heads of State and/or Governments in January 30, 2012. In March 2 the Fiscal Compact was signed by 25 EU Member states. Only UK and the Czech Republic refused their approval. The Fiscal Compact entered into force after at least 12 out of 17 Euro states ratified the Treaty by January 1, 2013. The ambitious goal of the Treaty was that the implementation should have provisions of "binding force and permanent character, preferably constitutional". In Austria, however, the Fiscal Compact was ratified in the Parliament only with simple majority in July 4, 2012 and is therefore not part of constitutional law.

² Elmar Brok, Roberto Gualtieri, Guy Verhofstadt

Main features of the Fiscal Compact

The following chapter gives an overview of the core parts of the Fiscal Compact as part of the Treaty on Stability, Coordination and Governance (TSCG). The main goal of the Fiscal Compact is to achieve balanced budgets (Art.3, 1a) and as a consequence a limitation of sovereign debt (Art. 3, 1d) of the Member States. The implementation of an automatic sanction mechanism (Art. 3, 2e) makes prospective austere budgetary discipline legally binding for the signatory states. German chancellor Angela Merkel points out the intended long-term character of the Fiscal Compact in the following way: "The debt brakes will be binding and valid forever (...) Never will you be able to change them through a parliamentary majority" (Merkel in the Guardian, January 31, 2012). This general tendency of the Fiscal Compact should always be kept in mind, because it reflects the fundamental austere intention in economic policy as well as the neoliberal understanding of the role of politics in general. The subordination of the political under the economic sphere or the "logic of the markets" in the European crisis policy can also be shown in the heavily criticized quote of Merkel about democracy in September 3, 2011: "Of course we live in a democracy and it is a parliamentary democracy, and therefore the right to set the budget is a core right of the Bundestag, so we shall find ways to shape parliamentary co-determination so that it nonetheless conforms to the markets."

Before going into much detail about critique about the Fiscal Compact, firstly, the following list shows the main features of the whole Treaty on Stability, Coordination and Governance (TSCG) (European Commission 2012):

- Entry into force following ratification by at least twelve euro-area Member States;
- Intergovernmental agreement (not EU law);
- Signed by 25 EU Member States (all but UK and Czech Republic); TSCG will only be binding for all euro-area Member States, while other contracting parties will be bound once they adopt the euro or earlier if they wish.
- The fiscal part of the TSCG is referred to as "Fiscal Compact".
- Requires contracting parties to respect/ensure convergence towards the country-specific medium-term objective (MTO), as defined in the Stability and Growth Pact (SGP), with a lower limit of a structural deficit (cyclical effects and one-off measures are not taken into account) of 0.5% of GDP; (1.0% of GDP for Member States with a debt ratio significantly below 60% of GDP). Correction mechanisms should ensure automatic action to be undertaken in case of deviation from the MTO or the adjustment path towards it, with escape clauses for exceptional circumstances.

- These budget rules shall be implemented in national law through provisions of "binding force and permanent character, preferably constitutional".
- European Court of Justice (CoJ) may impose financial sanction (0.1% of GDP) if a country does not properly implement the new budget rules in national law and fails to comply with a CoJ ruling that requires it to do so.
- Compliance with the rule implementing the MTO in national law will also be monitored at the national level by independent institutions.
- Other provisions aim at reinforcing the implementation of the Stability and Growth Pact: re-statement of the debt rule set up by the six-pack, behavioral commitment reproducing reverse qualified majority voting among euro-area Member States when the Commission considers that an excessive deficit exists (formal modification of the voting rules would require a Treaty change).
- Finally, the TSCG sets stones for a reinforced surveillance and coordination of economic policies, with ex ante coordination of debt issuance plans among Contracting Parties and economic partnership programs for Member States in EDP, which detail the structural reforms needed for an effective and durable correction of their excessive deficit.
- TSCG also includes a part on economic governance in the euro area, e. g.: Euro Summits at least twice a year; reinforced economic cooperation.

Critique and comments on the Fiscal Compact

After a brief overview of the historical origin and the historical context as well as of the main components of the Fiscal Compact, the following chapter presents the main consequences of the Treaty for economy, politics and justice and its main criticisms in these fields.

The economic consequences of the Fiscal Compact are discussed controversially. Heinemann et al. (2011) argue that an inclusion of a Treaty on fiscal discipline similar to the German debt brake in constitutional law, as intended in the Fiscal Compact improves the credibility of the whole Eurozone on the financial markets. Strict budgetary limitations would therefore enhance public financing and would be an important cornerstone to solve the European economic crisis. Truger and Will (2012) in contrast criticize such an argumentation as "fundamentally flawed". Truger and Will as well as Horn et al. (2010) state that first, unstable fiscal policy was not the main cause for the euro crisis (see also Mathieu and Sterdyniak 2010 on this issue), second there are still ignored foreign trade imbalances and third, such an argumentation still rests on the flawed assumption that financial markets were

rational. Beside the discussion about the long-term consequences of strict fiscal discipline employed simultaneously in the whole European Union, similar to the discussion about Keynes' paradox of thrift, other criticisms on the economic consequences of the Fiscal Compact were brought forward.

Especially the calculation methodology for the structural deficit was heavily criticized. Schulmeister (2012) argues that through the huge amount of variables to define the structural deficit experts of the European Union are given power to determine European economic policy in a specific neoliberal sense. Mathieu and Sterdyniak (2010) share Schulmeister's fear and show that the estimations of ECOIN experts concerning the potential output in the EU really substantially deviate from estimations of OECD experts. Following one of the core statements of Colin Crouch's post democracy thesis this can be interpreted as a shift of power from politics to bureaucrats as seemingly objective experts. Mathieu and Sterdyniak (2010: 15) describe this shift of power as a process where "A technical issue (...) becomes a political one..."

To summarize, Schulmeister warns that the process of collective saving in the whole EU will end up in a longtime economic crisis and also in a piece by piece dismantling of the European Social Model and the European Welfare State in general.

On a policy level the consequences of the Fiscal Compact are still difficult to assess. The general intention of the Fiscal Compact has to be seen on the background of the European crisis policy which is coined by Angela Merkel and Nicolas Sarkozy. The concrete political outcomes of the Treaty are discussed heavily and especially after the election of Francois Hollande a slight shift in the austerity discourse in the European Union can be observed. Nevertheless the content as well as the genesis of the Fiscal Compact allows some insights in the general tendency of the European crisis policy.

Firstly, the Fiscal Compact aims at an implementation of "binding force", preferably constitutional, which indicates that changing political majorities should not have the ability to change the Treaty. On the one hand with focus on the debt brakes this should "calm" the financial markets, while on the other hand this ambition can be interpreted as an effort to establish neoliberal austerity policy as core part of a prospective European constitution.

Secondly, the genesis of the Fiscal Compact shows that there is a continuing shift of power away from national as well as the European Parliament to the European Council of in fact to expert groups, which have no political legitimation. On the one hand the European Parliament was hardly involved in the debate during the implementation of the Fiscal Compact and on the other hand members of the European Parliament only had observer status in the working group formulating the content of the Fiscal Compact in the first rounds of negotiation. The course of the Austrian public discourse, which

will be analyzed in detail in section five, and even the parliamentary discourse about the implementation of the Fiscal Compact also support this thesis of a shift of power.

Thirdly, the Treaty has far reaching consequences on a political and legal level. As depicted in the post-democracy thesis of Colin Crouch (2004; 2011a) the Treaty can be seen as transfer of power from the legislative assembly to the executive authority and to the judiciary (Oberndorfer 2012; Guth 2013). The former transformation can be analyzed on the one hand in the shift of power away from the parliaments as already indicated above and on the other hand in the strengthened position of the European Commission in the determination of variables and targets for the potential output and the structural deficit. The latter transfer of power from the legislative assembly to the judiciary can be observed in the provision for the automatic correction mechanism. The European Commission has the possibility to bring an action against a particular EU Member state before the European Court of Justice in case of non-compliance with the budgetary obligations of the Fiscal Compact. In contrast to the provisions of the Maastricht Treaty the Fiscal Compact operates with a reverse qualified majority voting, which means that an action against a Member state can only be prevented by a qualified majority. Due to the current voting relations Germany and France have a kind of blocking minority against in the European Council. Ran Hirschl (2008) describes such shifts of power to the judiciary on the global level as “judicialization of politics”.

Fourthly, the Fiscal Compact contains no formulation about the possibility of a signatory state’s withdrawing from the Treaty. As the Fiscal Compact is not part of EU law and therefore by virtue of the provisions of the Vienna Convention on the Law of Treaties all signatory states would have to agree on a modification of the Fiscal Compact. This complicated procedure enables Angela Merkel to promote the “eternal character” of the Fiscal Compact.

Methodological framework

The basic analytical approach employed in this article is based on discourse analysis as practiced in the field of sociology of knowledge. The methodological framework underlying this article is based on the conceptions of critical discourse analysis (CDA) (Fairclough and Wodak 1997, Fairclough 1992, Wodak and Meyer 2009, Van Dijk 2008). CDA is a socio-linguistic approach, focusing on the use of language in combination with social and cultural hegemonic processes. This means that CDA deconstructs the formation of social power in discourses and analyses the interactions between discourses and the social world in much detail. The methodological approach of this article assumes a close connection between human thought, the specific use of language and argumentation patterns and the social settings and social contexts from which it develops. Discourses are therefore

understood as a complex of statements and discursive practices of actors, which generate hierarchical systems of knowledge and from social reality (Van Dijk 2008, Wodak and Meyer 2009). The analysis of metaphorical content of basic patterns of arguments in the public discourse about the Fiscal Compact therefore facilitates the understanding of characteristic “styles of thought” (Fleck 1980) and allows insights in the social relations of power as well as their paradigmatic orientation (Kuhn 1970). Following the observation of Fairclough (1989) we focused on the public media discourse, because the predominant explanations for the need of an implementation of the Fiscal Compact are brought forward in the public discourse.

The analysis in this article is based on a corpus of newspaper articles of three important supranational quality newspapers³. The sample of chosen articles consists of about 800 articles and about 1.200 pages of influential public print media in the Austria (concerning coverage, print run and availability) in the period from December 9, 2011 to July 31, 2012. The first selection of articles for the sample was made with a standardized retrieval from the electronic archives of the media with the catch-phrase “Fiskalpakt” (the German equivalent to “Fiscal Compact”). This procedure made sure that all articles are accepted in the sample, where somebody speaks about the Fiscal Compact.

This text corpus was reduced to relevant text fragments with statements or indirect quotes about the Fiscal Compact. This procedure ensures that only those text fragments or arguments join the sample where relevant actors talk directly about the causes or the consequences of Fiscal Compact. The result is a list of de-contextualized text fragments, which were used to illustrate the course of the main line of discourse about the Fiscal compact. In the next step the relevant text fragments were assigned to a system of 13 categories, which allowed a thematic classification of the main strands of the discourse. This system of categories serves as the basis for the further analysis of patterns of argument, use of language and use of metaphors, in order to allow an insight in the way relevant actors think about the Fiscal Compact and its main implications.

Because the analysis begins in winter 2011, the dominant public discourse beginning in winter 2009 and then especially in 2010 in the German-speaking area about the future of the Euro and the Euro-Zone respectively of some particular states (Greece, Spain, Italy, Ireland etc.) was not subject of the analysis. But it is certainly quite enlightening that the discourse about debts in the European Union and possible exclusion of several “debt-states” is nearly totally separated from the discourse about bank rescuing programs and stimulus packages in the aftermath of the crisis, which is maybe best described by the separation between “Finanz- und Wirtschaftskrise” (financial and economic crisis)

³ A combination of CDA approaches and corpus linguistic approaches has already been demonstrated in Baker (2006).

and “Staats- oder Euroschuldenkrise” (public or euro debt crisis) in the German public discourse (a critical view on this separation is presented by Neubäumer 2011).

The implementation of the Fiscal Compact in the Austrian public discourse

After an examination of the content and the main consequences and criticisms of the Fiscal Compact on an economic as well on the political and judicial level in the last chapter the following section shows the results of a discourse analysis of the public discourse about the Fiscal Compact in three leading Austrian quality newspapers. The analysis period ranges from December 2011 to July 2012 in order to cover the beginning of the debate about the Fiscal Compact at European level and the ratification of the Treaty in the Austrian parliament. In contrast to Germany, where the Fiscal Compact was ratified with a constitutional majority (two thirds), in Austria only a simple majority of the parliamentarians voted for the Fiscal Compact.

Quantitative and qualitative analysis of the public discourse about the Fiscal Compact in leading Austrian newspapers

In the first step a quantitative analysis of the discourse about the Fiscal Compact should give a first overview of the intensity and the course of the debate⁴. Moreover this chart shows the interconnection of the public discourse to real events and is therefore an indicator for the dominant framing of the Fiscal Compact.

⁴ The quantitative analysis of the public discourse about the Fiscal Compact is based on the number of mentions of the term “fiscal compact” in each month. Although this analysis may not necessarily accurately reflect the intensity of the discourse, it is a good approximation for the presence of the topic in the examined newspapers. (Baker 2006; Pühringer and Hirte 2013)

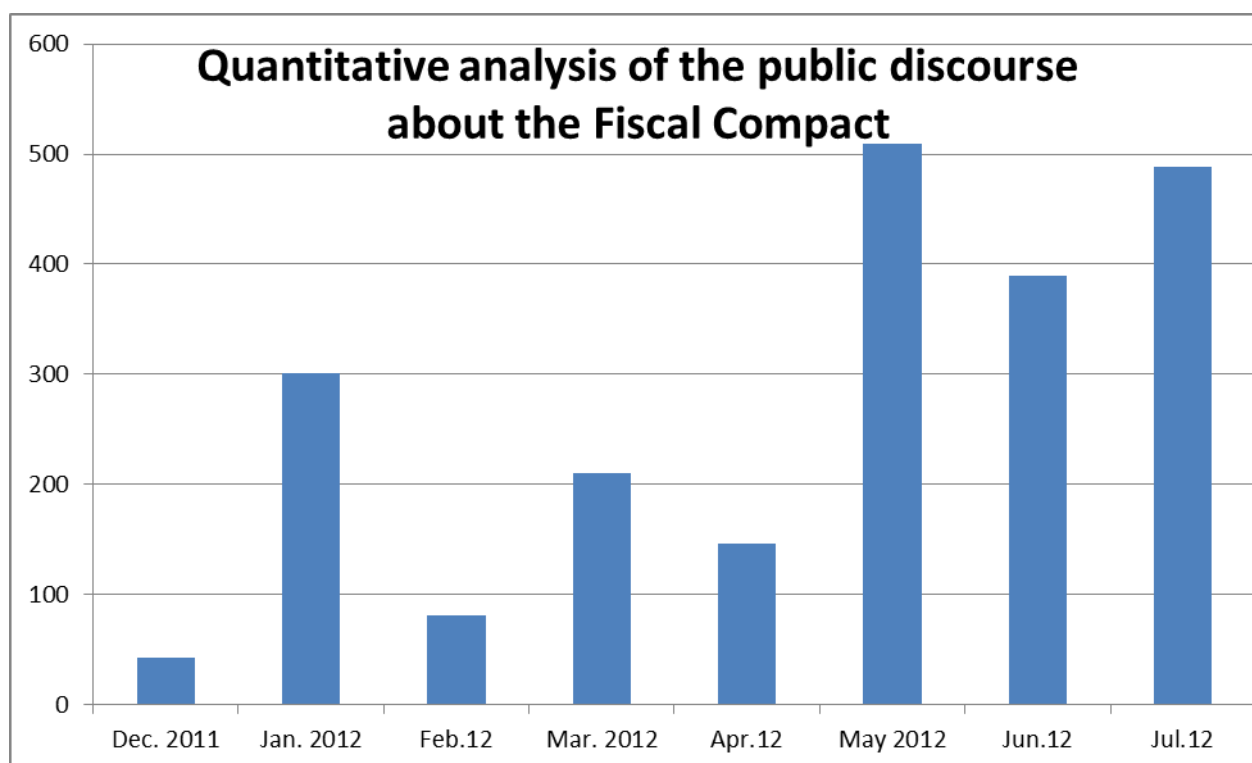


Figure 1: absolute frequency of mentions of "Fiscal Compact" in the Austrian newspapers "Salzburger Nachrichten", "Presse" and "Standard" from december 9, 2011 to july 31, 2012

The first highlights of the discourse is prior to the Summit of the European Council in January 31, 2012 and then in March 2012 after the signing of the Treaty on March 2, 2012. The absolute highest number of mentions of the term "Fiscal Compact" is in May. This can be explained mainly with the French election campaign, where Francois Hollande, the socialist challenger of president Sarkozy, claimed for a renegotiation of the Fiscal Compact, which also had a strong impact on the change of the position of the social democratic parties in Austria and Germany. Additionally there was a debate about the Irish referendum about the Fiscal Compact, which was held on June 1. In June and July the main reference point for the debate about the Fiscal Compact is the process of ratification in the Austrian and German parliament at the beginning of July and the discussion about the constitutional conformity of the Fiscal Compact, which lead to complaints of unconstitutionality in Austria and Germany. The central role especially of the German Constitutional Court in the European debate about the Fiscal Compact supports the thesis of this paper, that the implementation process of the Fiscal Compact can be interpreted as a judicialization of politics (Hirschl 2008).

In the second step the dominant lines of discourse and dominant patterns of arguments of central political actors will be examined in order to demonstrate the different framings of the Fiscal Compact. Table 1 combines the dominant discourses and arguments with the course of the implementation on a policy level.

Table 1: Course of the discourse about the implementation of the Fiscal Compact

time	political events connected to the Fiscal Compact	Dominant debates and patterns of arguments
2011-12	<ul style="list-style-type: none"> EU Summit decision 	<ul style="list-style-type: none"> Stability of the economy due to “budgetary rules of play” Solidarity an European harmonization
2012-01	<ul style="list-style-type: none"> Negotiation rounds and Summit of the ministers of finance UK refuses to sign the Fiscal Compact (FC) 	<ul style="list-style-type: none"> FC as immediate reaction to the debt crisis Calming of the financial markets (predictable politics) Harsh sanctions and debt brakes Threat to the budgetary authority of the parliament
2012-02	<ul style="list-style-type: none"> Czech Republic refuses to sign the FC 	<ul style="list-style-type: none"> Fear of French elections Transfer of power to the EU Commission Sanctions are much too feeble
2012-03	<ul style="list-style-type: none"> No constitutional majority for the FC in Austrian parliament Singing of FC on March 2 	<ul style="list-style-type: none"> FC as “important signal” and milestone for the financial markets Constitutional conformity of the FC?
2012-04	<ul style="list-style-type: none"> Irish referendum about the FC will be held on June 1 Open letter of ATTAC against “Loss of democracy and falling social standards”. Leading Austrian Social Democrats against FC. 	<ul style="list-style-type: none"> FC as step into “political union” Referendums and elections as elements of uncertainty FC is “not politically negotiable”, but additional growth initiatives Criticism on central power of EU and Germany
2012-05	<ul style="list-style-type: none"> Merkel-Hollande: Agreement on an additionally “growth pact” Special EU-Council Summit for growth 	<ul style="list-style-type: none"> Social democrats wish to wait TINA: no money of the ESM without FC Unilateral saving destroys the economy Resistance of the Social Democrats and Greens in Germany against the FC
2012-06	<ul style="list-style-type: none"> Irish vote for FC German opposition claims financial market tax as a countermove to a ratification of the FC 	<ul style="list-style-type: none"> “time of incurring debts is over” Threats of complaints of unconstitutionality in Austria/Germany Refuse of the FC is a minority position in Austrian SD Criticism about exclusion of the European Parliament
2012-07	<ul style="list-style-type: none"> Ratification of the FC and complaints of unconstitution-ality in Austria and Germany 	<ul style="list-style-type: none"> Economic criticism (structural deficit) Solid and predictable policy Harsh punishment for “budgetary sinners” German “Saving dictate”

The analysis of the dominant lines of public discourse from December to February reveals to dominant patterns of argument. Firstly, the Fiscal Compact is framed as a means of the “necessary” European harmonization, where the term European solidarity is used but at the same time German minister of Finance, Wolfgang Schäuble, states that “solidarity goes in hand with solidity” (Salzburger Nachrichten (SN), Dec. 20, 2011). As an immediate reaction to the debt crisis of the “South states”,

the EU member states have to “submit their budgetary policy to harsh rules” (SN, Jan. 31, 2012). The SN publishes an article with the telling title “When the pain would just stop...” about the crisis in Greece. Secondly, there is always a reference on moral arguments, e.g. “living beyond ones means” and an ongoing claim for harsh sanctions and punishments to calm the financial markets: “The markets want to see action” (Schäuble in the SN, Dec. 20, 2011). In such a logic, where political decision-making often is subordinated to the requirements of the financial markets it is logically consistent to see incompatibilities of the Fiscal Compact with national constitutions as “difficulties” (Austrian Chacellor Faymann in Presse, Jan. 27, 2012). In the initial and on a policy level decisive phase of the discourse about the Fiscal Compact there is hardly any criticism about the Fiscal Compact in public.

After the Summit of the European Council at the end of January 2012 there was an increasing political debate about a shift of power to the European Union and the threat of a centralization of economic policy. At the same time the election campaign in France and the announcement of Francois Hollande to renegotiate the Fiscal Compact also influences the Austrian discourse. Austrian minister of finance Maria, Maria Fekter, warns that such renegotiations could send “fatal signals” to the financial markets and would intensify the European economic crisis. A similar threat to the Fiscal Compact is the Irish decision to hold a referendum about the ratification of the Treaty. Although the Fiscal Compact can also enter into force without the ratification of Ireland (the ratification of 12 out of 17 Euro-member states is enough), the rejection of the Treaty in a public vote would have had enormous impact on the political debate in the European Union. The debate about the Irish referendum often referred to a logic of economic practical constraints. One the one hand the European Commission put strong economic pressure on Ireland, because potential subsidies from the ESM were linked to the ratification of the Fiscal Compact and on the other hand the Irish have been warned that their “international reputation would fall on a Greek level” (Presse, May 31, 2012) if they reject the Fiscal Compact.

However, the French election campaign had a strong influence on the Austrian and also the German discourse about the Fiscal Compact, because the Social Democrats were forced to discuss the disadvantages of the Treaty and some prominent Social Democrats in Austria criticized the Fiscal Compact heavily at least in public. Nevertheless in the party executive committee respectively in the parliamentary vote only one person each opposed the Fiscal Compact⁵.

In the following course of the discourse about the Fiscal Compact the debate was almost completely reduced to the question, whether growth strategies should be included in the Fiscal Compact or not.

⁵ In contrast to Germany, the Social Democrats were in coalition with the Christian Democrats and part of the government during that time.

Hollande and Merkel, the two key actors in this debate at European level agreed to leave the Fiscal Compact unchanged, but additionally force a common strategy for growth, especially to fight youth unemployment. The core disparity between the implementation strategy for the Fiscal Compact and the agreement on growth is however that the former should have binding character and the ambition was to incorporate the Treaty into the constitution, while the latter remains a declaration of intent without binding character.

Dominant patterns of argument and discourse profiles

To sum up the Austrian discourse has two main characteristics. On the one hand especially after the French election campaign the whole debate is reduced to the question of the extent of a prospective growth package.

On the other hand the argumentation patterns for the Fiscal Compact are often based on a moral level and therefore special emphasis is always put on “strict discipline”, “harsh sanctions” and moral responsibility to have balanced budgets. This moral focus can be shown in the whole discourse about the austerity programs in the European crisis policy and culminates in the phrase “We have lived beyond our means”. The rejection of the Fiscal Compact is therefore connected to immoral or irresponsible behavior. In this context the president of the Austrian Economic Research Institute IHS, Keuschnigg (SN, Apr. 28, 2012) declares that only “fiscal discipline” avoids that “the burden of excessive sovereign debt is rolled on future generations” and “debt states” are associated with “sinners”⁶. At the same time the concrete content of the Fiscal Compact is hardly discussed in public newspapers. The superficiality of the debate was also a consequence of the lack of knowledge about the Fiscal Compact even of parliamentarians. A survey of parliamentarians during the parliamentary session about the ratification of the Treaty showed that the majority of the randomly chosen respondents hardly knew anything about the content of the Fiscal Compact (Standard, July 4, 2012).

The analysis of the dominant patterns of argument in this section now is divided in those of the supporters and those of the critics of the Fiscal Compact, whereas the supporting comments quantitatively dominate the critical comments by a factor of about 3:1.

The main patterns of argument of the supporters of the Fiscal Compact are the following:

1. The Fiscal Compact as safeguard for a solid, restrictive fiscal policy with harsh sanction in case of non-compliance

⁶ In Lakoff’s (1995, 2002) studies of political rhetoric of conservatives in the US he also examines a “strict father” analogy for the State.

2. The Fiscal Compact as central step for an European harmonization
3. The Fiscal Compact as unavoidable reaction to the debt crisis (TINA)
4. The Fiscal Compact as a means to calm the financial markets

Firstly, the Fiscal Compact should serve as a safeguard against “recurring errors of debt making” or the “antiquated recipes of the past” (Fekter). This can be interpreted as a fundamental rejection of Keynesian demand-oriented economic policy, which had a short revival during the crisis policy in form of big stimulus packages⁷. Such logic of argumentation, which is the most dominant over the analyzed period, reflects one of the central neoliberal claims for a “Slim State”.

The second argumentation for the Fiscal Compact, which is mostly brought forward in the initial phase of the debate, is framed in the discourse about a prospective European political union and therefore claims the need for European solidarity. Nevertheless this is always a solidarity with reservations, because “solidarity goes hand in hand with solidity” as Schäuble depicted it.

Thirdly, the Fiscal Compact is justified as reaction to the debt crisis. This pattern of argument is based on the logic that political decision have to follow economic necessities and therefore “there is no alternative” – a phrase coined by Margaret Thatcher – to the implementation of the Fiscal Compact. This can be shown in the Irish debate about the referendum, but on a general level also as a threat to prospective “debt states”. Austrian minister of finance Fekter (Standard, June 19, 2012) in this context warns that “the liberty to determine its own budget will be reserved to those who play by the rules of the game”.

Fourthly and connected to the third pattern of argument, the supporters of the Fiscal compact stress its importance for calming the financial markets. This pattern of argument also serves as threat against particular “debt states” but also against renegotiations of the Treaty in general. Sorger, president of the influential Austrian Industrialist’s Association speaks “fatal signals” for the markets (SN, May 22, 2012) and the member of the ECB directory and close confidant of Angela Merkel, Asmussen urgently warns of a “substantial weakening” of the Treaty (Standard, Jan. 13, 2012). The delegation of responsibility for political decision-making to a seemingly neutral category as “The Market” symbolizes an understanding of the market as superior moral authority (Ötsch 2009).

⁷ Krugman called this the short „Keynesian Moment“ of global economic policy.

In contrast to the dominant lines of discourse of the supporters, the argumentation of the critics of the Fiscal Compact was based on the following patterns:

1. The Fiscal Compact with his overemphasis on saving and austerity threatens the European economy.
2. The Fiscal Compact strengthens the EU central power and the German predominance
3. The Fiscal Compact contradicts the Austrian constitution
4. The Fiscal Compact reduces the options for political influence and leads to a loss of democracy

The first pattern of argument as indicated above is the far most important critique on a quantitative level over the whole analyzed period. At the same time the economic criticism is mostly not going into details, but coined by the debate of Hollande and Merkel about growth initiatives. Detailed criticism about the fundamental shift of power to the European Commission as result of the provision for the structural deficit with exception of the comments of Schulmeister and the open letter of ATTAC is hardly present in the discourse.

Secondly, the transfer of power to the EU is coined by nationalist prejudices against the EU in general and therefore mostly brought up by members of the two right-wing populist or national-conservative parties in Austria. The special role of Germany in the debate about the Fiscal Compact leads to equation of austerity and Germany in the discourse. Angela Merkel is for instance labeled as “Europe’s mother of saving” (Presse, May 3, 2012). However, there is also criticism of the strengthened role of EU institutions with no or just little democratic legitimation, too.

The third pattern of argument is especially present in the debate about the ratification of the Fiscal Compact in the Austrian parliament in June and July 2012. The critique is focused on the limitation of the budgetary sovereignty of the Austrian parliament as result of the ratification of the Fiscal Compact. The debate about the constitutional conformity is held at judicial level and therefore hardly enters the public discourse, which supports the thesis of the Fiscal Compact as an example of “judicialization of politics” (Hirschl 2008). After all the opposition parties agree on a complaint of unconstitutionality of the Fiscal Compact, which however was rejected by the Austrian Constitutional Court.

The last pattern of argument is the framing of the Fiscal Compact as loss of democracy, especially due to the automatic sanction mechanism and the threat that the political discourse is more and more displaced by bureaucratic and legal procedures. This line of argumentation is indeed mainly brought forward by NGOs like ATTAC and had no severe impact on the course of the public discourse about the Fiscal Compact.

Conclusion

To sum up, the analysis of the public discourse about the Fiscal Compact in Austrian leading newspapers showed that many of the potential consequences of the Treaty were not discussed and criticism therefore remained on a rather superficial level. Especially the policy implications and the judicial consequences hardly entered the debate, neither from the supporters' side nor from the critics of the Fiscal Compact. The French election campaign played an important role, especially for the Social Democratic Parties in Germany and Austria. The claims for growth strategies and renegotiations of the Fiscal Compact initiated a debate about the prospective economic consequences of one-sided austerity measures. Nevertheless in the course of the discourse the dominant patterns of argument stressed the central position of the Fiscal Compact as immediate reaction to the debt crisis in order to calm the financial markets. The claim for predictable policy with reference on seemingly economic necessities was hardly opposed with fundamental critique. This imbalance induced a moral discourse about "budgetary sinners" and "debt states". The concrete content of the Fiscal Compact, especially the automatic sanctions and the reversed qualified majority voting in case of non-compliance with the Treaty as well as the central role especially of the German Constitutional Court, following my first thesis, can be interpreted as a "judicialization of politics" (Hirschl 2008), which means that legal decisions more and more replace the political discourse and the process of policy-making.

The dominant patterns of argument stressed the necessity of "harsh sanction" and punishment in case of non-compliance with the "strict rules" of the Fiscal Compact. The superficiality of the debate about the Fiscal Compact and the blatant ignorance of central political actors in the discourse support the second thesis of this paper, which suggests interpreting the implementation of the Fiscal Compact as a post-democratic phenomenon, where the political power has moved away from democratic legitimated representatives to expert groups or the bureaucracy. In fact the whole initial debate about debt brakes and automatic sanction mechanisms was held behind closed doors. The course of the debate about the Fiscal Compact as well as its core claim for austerity supports the idea that the Fiscal Compact can be understood as the provisionally culmination point of neoliberal European politics.

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