

“A system that is failing to deliver economic wellbeing naturally comes in for greater public criticism than one that succeeds in doing so” — Interview with Stephen Fidler

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Eurocrisis in the
Press

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Continuing our interviews with eminent commentators and experts, Eurocrisis in the Press asked [Stephen Fidler](#), The [Wall Street Journal's Brussels bureau chief](#), about his views on the Euro Crisis. Fidler argues that the incomplete construction of the Eurozone is the key cause of the crisis, and that the resulting failure of Europe to generate prosperity is eroding support for the European project. He also suggests that the media coverage of the crisis was mixed, and that many European papers did not properly separate news from opinion.

Mr Fidler, there is little doubt that Europe is undergoing an unprecedented crisis. The crisis itself can be seen as having multiple dimensions: a financial crisis of the Eurozone and the Euro as a common currency, a crisis of EU institutions and economic governance, a crisis of the European post-war social and economic model or even a European identity crisis. From your point of view, what is the most important aspect of the crisis?

The elements of Europe's crisis are interconnected. A system that is failing to deliver economic wellbeing naturally comes in for greater public criticism than one that succeeds in doing so. The crisis of legitimacy that faces the European Union derives largely from its failure to deliver economic growth. There are a number of reasons for this, but the single greatest cause today is the flawed or incomplete construction of the euro zone and the euro. Politicians and others have signally failed to understand (at least until recently) the consequences of the euro's creation and the difficulties of national economic adjustment inside a currency union.

The crisis has dominated the press across Europe, what did you think about the coverage? Was it credible and informed, did it help people understand the crisis, or do you think press coverage succumbed to simplistic analysis and stereotypes?

The coverage has been very variable, but much of it has been reasonable. In the early stages of the crisis, Europe went through a period of denial that is common in all sovereign debt crises. Politicians thought that debt crises didn't happen in 'developed' economies and some started blathering about 'conspiracies' between "Anglo-Saxon" investors and media organizations. We hear less of that sort of nonsense now. Many early analyses generalized from Greece and saw the euro-zone crisis as a purely as a fiscal crisis. In fairness, so did many policymakers and hence the austerity-first approach to dealing with a crisis in countries, such as Ireland, whose problems lay elsewhere, in the banks.

Europe faces both a problem of ideas (what should be done about the crisis) and a problem of governance (how do we get there). How would you assess European processes of decision-making through the crisis, and the realism of European politicians in implementing decisions?



Decision-making is inefficient and leads everywhere to suboptimal outcomes at a euro-zone or European level. Almost always in crisis meetings, governments collectively did the bare minimum that they believed was compatible with maintaining market confidence. It's not clear though how, in a union of 28 (or 18 in the case of the euro zone) countries, it could be otherwise. I think, as noted above, that politicians have often misdiagnosed the crisis — that raises questions about their 'realism'. On the whole though, there's plenty of 'realism' in the discussions — perhaps not enough vision.

Much of Europe shares a currency but is socially, culturally and politically diverse. Do you think national media have been too nationalist or populist in their approach to the crisis? As a journalist, how do you manage the tension between the idea of a common Europe and your responsibility to national audience(s)?

I see many European papers failing to separate news from opinion, but I don't think they regard this as a problem. American publications take the division of opinion and news more seriously. While the majority of our readers are in the U.S., we regard ourselves as having an international readership, so I don't see a national versus European tension in our reporting. You just have to try to be as honest as you can with the facts. That includes avoiding a "transactional" relationship with sources under which you give them an easy ride in return for access to individuals or documents.

Are there any further important dimensions of the crisis that you think have been neglected or under-analysed?

I'm sure there are many. For the future, I believe – based on past experience of debt crises – that many people underestimate how heavy debts will continue to weigh on economies, particularly when growth is slow and inflation low or negative.

Thank you very much for sharing your thoughts with us.

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