

Reactions to the Cypriot Bailout across the European Press

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Eurocrisis in the
Press

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3/18/2013

Greek Press

The dramatic developments with regard to the bailout of Cyprus have dominated the Greek press since the news of the savings levy broke. The focus of the continuous coverage has been on the “unprecedented” and “harsh” character of the decision of the Eurogroup, as well as the future uncertainty for the economies of Cyprus and Greece it entails. “Shock”, “fury” and “chaos” are recurring words in describing a decision for which the role of Germany and [Angela Merkel](#) is particularly highlighted.

Centre-right newspaper *Kathimerini* addresses fears for possible effects on the [Greek economy](#) and [Eurozone](#) as a whole and focuses on the “[dramatic plea](#)” of Cypriot President Nikos Anastasiades to gain support for the bailout deal.

Centre-left newspaper *Eleftherotypia* also reports the [President’s “dramatic address”](#) and focuses on the reactions of the Greek political leaders to the haircut on the Cypriot bank deposits, with a special focus on the leader of SYRIZA, Alexis Tsipras, who described the terms of the bailout as an expression of “[a revengeful German mania against Cyprus](#)”.

To Vima describes the decision of the bank levy as “[breaking the taboo of the safety of deposits](#)” and “opening the Kerkopoporta of the Eurozone” in an article that begins with the painting of the “*Fall of Constantinople*” as a metaphor for the alleged fall of the banking system. The newspaper raises the alarm about a decision that undermines the Cypriot economy, and the stability of the Eurozone and is described as “[raw German blackmail](#)”.

The online newspaper sites have been continuously providing new updates on the story over the last couple of days. The urgency of the situation conveyed by the press is not very different from that of the coverage of the previous Greek bailouts, with the same language of chaos, disorder and metaphors of war employed to describe the negotiations and implementation of decisions. The current developments have been portrayed as the battle of another small country against the European bureaucracy; and although this time the country is not Greece, its fate is very closely related to that of the Greek economy.

German Press

Initially the German press welcomed the announcement of the bailout agreement, and the levy on deposit holders with slightly muted approval. The online version of the weekly *Der Spiegel* for instance noted that it was [a hard but right decision](#).

The national *Sueddeutsche* has raised the question whether the deal presents a socially [fair distribution of the burden](#) between small depositors and more wealthy ones (some of which are suspected of holding laundered money). Indeed, German foreign minister Guido Westerwelle [weighed into the debate](#) proposing that small depositor could be exempted from the levy.

However, the mood seems to have shifted slightly. On the weekend the *Frankfurter Allgemeine* ran a [story](#) that described the European politics of bailouts through the crisis as an increasingly institutionalised pattern or ‘rule breaking’ in which each bailout is declared a notable exception, so also in the case of Cyprus.

Today some stories seem to respond to this bailout strategy with concerns that the levy on deposit could have crossed the Rubicon, perhaps severely [eroding the trust of depositors across the Eurozone](#). *Der Spiegel* wrote that

'[anyone who now believes that their money is safe in southern European banks must be quite naive](#).' On the online site of the tabloid *Bild*, which enjoys the largest circulation of any German paper, news of the bailout was largely absent on Monday afternoon, with the exception of one article titled '[Must we now fear for our savings?](#)'

Angela Merkel found herself pressed, in turn, [to assure German depositors](#) that the Cypriot deal was indeed an exception that did not threaten their deposits.

Spanish Press

Strong critical reactions to the Cypriot bailout and the levy (or haircuts) on the savings have dominated the Spanish media. All press has quickly established an analogy with the famous Argentinian 'corralito' (or small enclosure) in 2001. Then the Argentinian government froze bank accounts and forbade withdrawals to prevent a 'bank run' while proceeding to convert deposits in foreign currency, fundamentally US dollars into Argentinian pesos. This was followed by a severe depreciation of the local currency from 1 peso/dollar to 4 pesos/dollar and therefore with a strong backlash by Argentinian savers.

El País' editorial '[Punishment in Nicosia](#)' criticises that this is the first bailout in which depositors are made liable for the wrongdoings of the banks instead of shareholders or the government. *El País* agrees that the Cypriot banks need to undertake urgent restructuring but it questions that this 'spectacular' measure is the appropriate one. It argues that depositors may be now encouraged to abandon the countries that are hit the most by the Euro Crisis.

Similarly, *La Vanguardia*'s article '[Tough rescue of Cyprus](#)' refers to the 'fear' that this measure has instilled. This fear affects countries whose nationals hold deposits in Cyprus (such as Russia, Greece, the UK and Cyprus), but also the rest of those experiencing a sovereign-debt crisis, such as Spain.

The online newspaper [EIDiario.es](#) argues that by punishing the misdeeds of the Cypriot banks in this fashion the UE is 'gambling' with the future of the Euro. It claims that many analysts consider this a 'suicidal measure' that can drive into panic the most fragile countries in the Eurozone.

[ABC](#) also criticises that the 'corralito' in Cyprus has not respected the European legislation that guarantees deposits up to 100 000 euros and that this sets up a precedent and creating anxiety in the countries undergoing difficulties.

In sum, the Spanish press seems much more concerned with the effects of this bailout than with explaining why this decision was reached. There are constant references to other countries and to how this decision has been analysed by other European media. Overall there is a general understanding that this bailout creates uncertainty and that its consequences can spread to other European countries, notably to Spain.

Italian Press

As of Sunday afternoon, the [Corriere della Sera](#) has no article on the topic on its front page, which is largely dedicated to the complicated domestic political situation, to the newly elected pope, and of course to football.

[La Repubblica](#) as well makes no mention of Cyprus until 5pm London time, although [an article on Jens Weidmann](#)'s remarks on the Italian situation could be read (actually published on Saturday) for most of the day, where readers in their comments show to be more aware of, or perhaps simply more free to talk about, the event in Cyprus. Finally a rather [dry report](#) appeared in the evening.

La Stampa, Italy's third largest newspaper, also offers only a very [small contribution](#) on the topic, where the reality of a forcible seizure of 6% to 9% of bank deposits on the island is carefully concealed by the title "A 10 billion Bailout for Cyprus".

Berlusconi's newspaper [Il Giornale](#), founded by Indro Montanelli (1909-2001) a legendary figure of Italian journalism, once regarded as one of the most authoritative papers in the country but currently sunk to rather poor

standards, also spared its readers any mention of this weekend's developments in the fellow Eurozone nation.

Only *Il Sole 24 Ore*, the prestigious financial newspaper, gives adequate space to this event, with two pieces, both from the same author (Vittorio da Rold); [the first one](#) summarises the nature of the bailout and the decisions taken by the Eurogroup. The [second one](#) actually consists in a commentary on this point, which highlights the dangers and risks to such approach to the problem of the debts and financial stability of states in the Eurozone, whereby the Cyprus case represents a "dangerous precedent", particularly as it goes against the principle of the free circulation of capitals.

Linkiesta, a recently created online newspaper, also identifies Cyprus as an important event, and publishes [a very detailed account](#) written by Fabrizio Goria, a young and brilliant economic analyst, which considers the political reactions on the island as well as the possible international implications for both Russia and Britain. By far the best piece published by the Italian press so far on this story.

Finnish Press

Reporting in the main Finnish media outlets on the Cypriot bailout was somewhat brief. The key regional newspapers, [Helsingin Sanomat](#), [Turun Sanomat](#) and [Kaleva](#), focused on Putin's criticism of the conditions attached to the bailout package and pointed out the presence of Russian money in Cypriot banks. The public broadcaster [YLE](#) reported on the unfavourable reception of the package by the markets. The popular tabloid, [Iltasanomat](#) reported on the outrage of foreigner residents in Cyprus following the decision on the tax on deposits, while its counterpart, [Iltalehti](#), took Putin's reaction on the package as its focus. Editorials and op-eds in the main national papers on the Finnish involvement in the bailout –2% of the total package – are yet to come.

The business dailies, [Kauppalehti](#) and [Taloussanomat](#), took a more extensive interest on the Cyprus bailout. [Kauppalehti](#) reported on the Finance Minister Jutta Urpilainen's tough stance on the rescue package, outlining the Finnish demands on the IMF involvement and the participation of private investors in the rescue effort. Following the negotiations over the weekend, the paper ran a story on the negative effects of the package on the markets. [Taloussanomat](#) took a similar line by reporting on Urpilainen's tough line on Cyprus. In its [analysis](#) section it runs a critical story on the allegations of money laundering in Cyprus and ponders whether Finland should be bailing out tax havens and centres for money laundering. It takes a critical look at the Cypriot banking system and underlines the presence of illegal Russian funds in the island's banks.