

Summary

In this master's thesis we examine the economic crisis in the Eurozone and, specifically, the dominant approach to crisis management amongst key policy makers.

On the basis of our initial reflections on the empirical field we have put forward the following problem formulation: ***Why is the political regulation in the Eurozone dominated by an approach which leads to an undesirable macro-economic development; which is based upon problematic assumptions; and which does not address significant causes of the crisis?***

This thesis is divided into two main parts. The first main part is an expanded problem field in which we document the implicit assumptions of the problem formulation, while the second main part is a theoretical discussion of how our problem formulation might be resolved.

Initially, in the problem field we examine the implicit assumption that one dominant approach to political regulation in the Eurozone can be identified. We argue that this is the case, and that this approach is closely linked to a neo-classical economic paradigm.

With a series of community tasks defined in the Maastricht Treaty as our point of reference, we discuss the macroeconomic development within the Eurozone. We demonstrate that the macroeconomic development is, in certain aspects, contrary to the intentions expressed through the community tasks.

Furthermore, focusing on the assumption of a causal relation between public indebtedness and a series of other macroeconomic imbalances, we assess the assumptions on which the dominant approach relies. Reviewing statistical data, we conclude that this approach lacks a solid empirical foundation.

Finally, we discuss other, possible explanations of the crisis in the Eurozone. We bring forth a series of significant characteristics regarding the structure of the EMU, the macroeconomic structures of the euro countries, and political preferences in individual euro countries. In particular, we highlight the divergent development in Unit Labour Costs in the euro countries as a significant problem.

When the aforementioned assumptions have been documented, the political regulation in the Eurozone appears paradoxical. In the second main part of the master's thesis, we discuss how this

paradox might be explained theoretically.

On the basis of the problem field, we initiate the second main part by reflecting on the theoretical problems raised by the political regulation in the Eurozone, and consequently what requirements a theory capable of explaining our problem formulation should meet.

Thus, we argue that ideas, institutions, social forces and economic structures seem to be significant phenomena which must be included in a theoretical explanation of the political regulation in the Eurozone.

With this point of departure, we discuss the relevance of a number of established theoretical positions: Neo-functionalism, intergovernmentalism, liberal intergovernmentalism, multi-level governance, new institutionalism, and social constructivism. These theoretical perspectives offer, we argue, insights with relevance to our problem formulation, but in our opinion neither of them offers a satisfactory theoretical foundation for the explanation of this problem.

Consequently, having identified the need of a new theoretical perspective, we present and discuss a neo-Gramscian approach to our problem, and we argue that the neo-Gramscian perspective is both interesting and highly relevant in understanding and explaining the political regulation in the Eurozone.