

NYT September 27, 2012

Germany's Jobless Rate Falls to 6.5 Percent

By THE ASSOCIATED PRESS

BERLIN (AP) — Germany's jobless rate fell to 6.5 percent in September thanks to a traditional seasonal improvement, official figures showed Thursday.

Still, the underlying trend continued to drift higher, underlining concerns that Europe's biggest economy is slowing down as economic problems around the euro area dent demand for German exports.

The Federal Labor Agency said the unadjusted jobless rate was down 0.3 percentage points compared with August, and that the number of people registered as unemployed was 2.788 million — the lowest overall jobless figure for September since 1991.

The figure was 117,000 lower than the previous month and 7,000 lower than September last year.

When adjusted for seasonal factors the unemployment rate remained steady at 6.8 percent, where it has stood for several months, and the number of jobless rose 9,000 over August, the sixth straight rise.

The end of the summer holidays usually sees a batch of new hirings.

"The weaker economic development is affecting the job market, though overall the job market remains robust," the head of the labor agency, Frank-Juergen Wiese said.

Many analysts think unemployment could edge up over the coming months as the manufacturing sector, the heart of the German economy, struggles in the face of waning demand around Europe.

"Vacancies continue to drop, the share of temporary jobs in total vacancies is increasing and several companies have reintroduced short-time work schemes," said Carsten Brzeski, an economist with ING in Brussels. Such government-subsidized programs, which allow employers to reduce production without cutting their workforce, were credited with keeping unemployment down during the 2008-9 financial crisis.

Germany is still doing far better than many other countries in the 17-nation euro area. Unemployment is above 20 percent in Spain and Greece.

Une Tunisienne violée accusée d'atteinte à la pudeur

Par [Laura Raim](#) Mis à jour le 27/09/2012 à 11:36 | publié le 27/09/2012 à 10:32 [Réactions](#) (29)

La convocation au tribunal mercredi d'une jeune femme violée début septembre par deux policiers soulève une vague d'indignation en Tunisie.

L'histoire pourrait se situer en Arabie saoudite. Mais c'est bien en [Tunisie](#) qu'une femme violée par des policiers se retrouve aujourd'hui accusée d'atteinte à la pudeur.

La nuit du 3 au 4 septembre, la jeune femme de 27 ans et son fiancé sont arrêtés par trois policiers alors qu'ils sont en voiture à Ain Zaghuan, un quartier de Tunis. «L'un d'entre eux m'a mis des menottes en réclamant 300 dinars (200 euros, NDLR). Il a pris tout ce que j'avais: 40 dinars (environ 15 euros, NDLR). Et pendant ce temps, deux autres ont conduit ma fiancée à l'arrière de leur voiture et l'ont violée», [confie à France 24 le jeune homme](#), un ingénieur informatique de 26 ans. La jeune femme porte plainte et les trois policiers sont incarcérés.

Mais mercredi, c'est la victime qui, confrontée à ses deux policiers violeurs, a dû répondre aux interrogations du tribunal de Tunis. Car selon les agents, le couple était dans une «position immorale» quand ils ont été arrêtés. Accusés «d'atteinte à la pudeur», ils encourent donc chacun six mois de prison. «Les deux agents ont commis un crime mais ça n'empêche pas qu'elle était dans une position illégale» avec son petit ami, a justifié un représentant du ministère de la Justice. Une accusation que dément formellement la jeune femme, qui assure que le couple ne faisait rien de particulier dans la voiture. «Chacun était bien assis sur son fauteuil», se souvient le fiancé, qui ajoute que les policiers étaient «bien organisés». «Ça ne devait pas être la première fois qu'ils sévissaient», pense-t-il.

Appel à manifester

La comparution de la femme n'a pas manqué de susciter une vague d'indignation dans le pays. Pour nombre d'ONG, cette procédure qui transforme «la victime en accusée» vise en réalité «à la terroriser et à l'obliger, elle et son fiancé, à renoncer à leurs droits», et à retirer leur plainte, dans la mesure où le même juge instruit le viol et l'atteinte à la pudeur. L'Association tunisienne des femmes démocrates et la Ligue tunisienne de défense des droits de l'homme ont manifesté devant le tribunal mercredi et ont lancé un appel pour protester de nouveau le 29 septembre ainsi que le 2 octobre, date du début du procès.

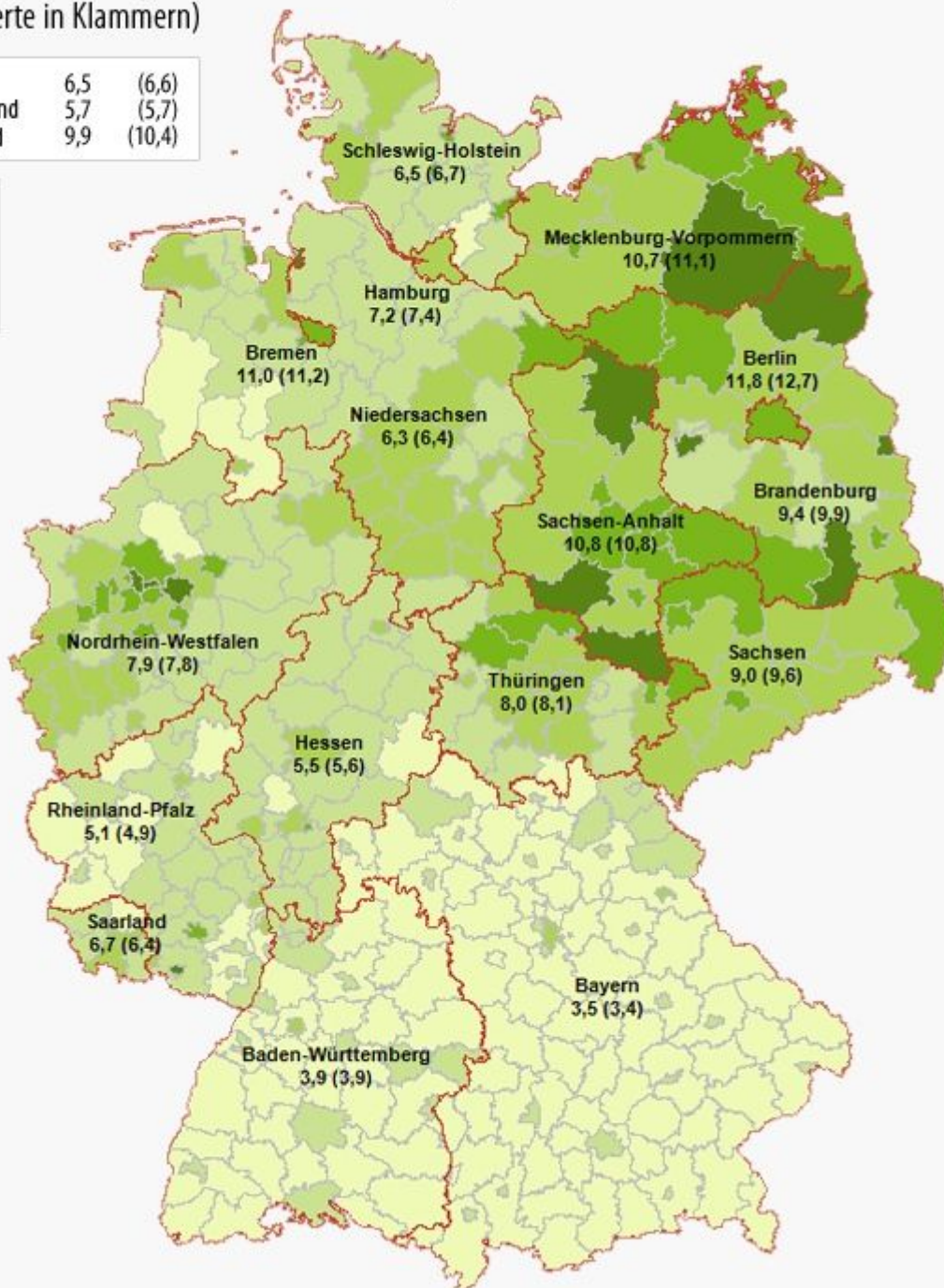
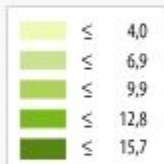
Dans la classe politique aussi les réactions ont été vives. «Le viol comme moyen de répression est encore une pratique en Tunisie», a dénoncé la coalition tunisienne d'opposition de gauche «Le Pôle». La députée Karima Soud, membre d'Ettakatol, un parti de gauche allié aux islamistes d'Ennahda, a dénoncé sur Facebook le soutien de son parti au gouvernement. «Je me désolidarise complètement de ce gouvernement. L'affaire du viol et la convocation de la victime ce matin est la goutte d'eau qui vient de faire déborder le vase», a-t-elle écrit, lançant à la coalition tripartite au pouvoir «Je vous vomis!»

L'affaire alimente les inquiétudes des Tunisiens quant à la dérive islamiste et autoritaire de leur pays. Les femmes tunisiennes bénéficient du statut le plus moderne du monde arabe depuis la promulgation du Code de statut personnel en 1956 instaurant l'égalité des sexes dans plusieurs domaines. Mais depuis l'arrivée au pouvoir des islamistes [d'Ennahda](#) après la révolution, certains craignent que ce statut soit remis en cause. Le gouvernement avait notamment déclenché un [large mouvement de contestation](#) en août en proposant de se référer non plus à «l'égalité» mais à la «complémentarité» entre la femme et l'homme. Ce projet de texte a été abandonné lundi. Plusieurs ONG tunisiennes dénoncent par ailleurs le comportement de la police à l'égard des femmes, qui sont régulièrement harcelées pour leur tenue vestimentaire ou lors de sorties nocturnes sans un homme de leur famille.

Arbeitslosenzahlen im September 2012

Arbeitslosenquoten bezogen auf alle zivilen Erwerbspersonen in Prozent
(Vorjahreswerte in Klammern)

Deutschland	6,5	(6,6)
Westdeutschland	5,7	(5,7)
Ostdeutschland	9,9	(10,4)



Quelle:
Bundesagentur
für Arbeit

NYT September 26, 2012

Markets Falter in Europe Amid Protests on Austerity



Louisa Gouliamaki/Agence France-Presse — Getty Images

A protester in Athens fled the police on Wednesday during a strike called to contest potential salary and pension cuts.

Published: September 26, 2012 By [LIZ ALDERMAN](#) and [NIKI KITSANTONIS](#)

ATHENS — After a period of relative calm, European markets shuddered once again on Wednesday as protests erupted across [Greece](#) and demonstrators surrounded the Spanish Parliament for a second day to protest the austerity program of Prime Minister Mariano Rajoy.

Earlier this month, the European Central Bank announced its intention to buy unlimited quantities of debt from European nations, including the troubled economies of southern Europe. That kept the peace in the financial markets until Wednesday, when political instability startled investors, with the Spanish stock market dropping 3.9 percent and even the German DAX falling by 2 percent. The interest rate on the 10-year Spanish bond, which had been declining, inched closer to the ominous 6 percent level.

On Tuesday in [Spain](#), tens of thousands of demonstrators besieged Parliament to protest austerity measures planned by Mr. Rajoy. Last week, more than half a million people marched in cities across [Portugal](#) to protest an increase in social security contributions, and a million marched in Barcelona calling for Catalan independence.

In Athens, trade unions called a nationwide strike Wednesday to contest billions of dollars in new salary and pension cuts being discussed by the government and its international creditors. It was the first such walkout since a conservative coalition led by Prime Minister [Antonis Samaras](#) came to power in June.

Mr. Samaras is negotiating a \$15 billion austerity package that is needed to persuade Greece's so-called troika of lenders — the International Monetary Fund, the European Central Bank and the European Commission — to release nearly \$40.7 billion in financial aid that the country needs to stay solvent.

Mr. Rajoy has been trying for months to convince investors that Spain can handle its own problems and that it will not need a bailout that would force Madrid to cede some authority over its fiscal affairs to its lenders, and is set to introduce new cutbacks to meet budgetary goals. Those will include restrictions on early retirement and various measures to streamline regulations and fight unemployment, he said in an [interview](#) with The Wall Street Journal.

The proposed cuts in [Greece](#) have ignited new anger, with many talking openly of increased impoverishment as the nation grapples with a third round of austerity measures in three years. The protests in Athens were peaceful in the morning, as civil servants, teachers, medical personnel, bank employees and lawyers made their way to the city center. A police spokeswoman put the turnout at 35,000 to 40,000 people — modest by Greek standards.

But violence broke out shortly after 1 p.m., as a group of protesters wearing black masks hurled gasoline bombs at police officers on Vasilissis Sofias, a wide avenue abutting Parliament, sending bursts of flame and black smoke into the air. Firebombs were also thrown at the Finance Ministry and into the lush National Gardens next to Parliament.

Officers wielding batons responded with bursts of tear gas, scattering demonstrators and tourists as police helicopters circled overhead and flares exploded. Many cursed the police with cries of “traitors” and “Merkel’s pigs” — a reference to Chancellor Angela Merkel of Germany, the country widely blamed for insisting on strong austerity measures in exchange for aid.

Mr. Samaras is scheduled to meet on Thursday with his coalition partners — Evangelos Venizelos, the Socialist leader, and Fotis Kouvelis of the Democratic Left — to seek a common line regarding the \$15 billion austerity plan.

Representatives of the troika left Athens last week after tussling with the government over the depth of cuts planned for salaries and pensions. The two sides need to reach an agreement before the lenders can issue a report in October grading Greece’s ability to mend its tattered finances. Additional aid depends on a positive assessment, and is critical to lifting confidence that Greece will remain in the euro zone.

But for many Greeks who took to the streets, that pact amounts to a bargain with the devil.

Anna Afanti, 50, a secondary school teacher, removed a surgical mask she had been wearing to ward off the tear gas to denounce Greece’s foreign creditors. “They just want to impoverish us, to bring our salaries down to the level in India and swoop in and buy everything on the cheap,” she said, referring to planned privatizations of state assets.

Ms. Afanti, who traveled about 40 miles to Athens from the town of Halkida with several colleagues to attend Wednesday’s protest, said her salary had been cut by a third since the crisis hit. “I should have left this country a long time ago,” Ms. Afanti said. “Now I’m stuck here.”

Smaragda Aivalioti, 21, an economics student at Athens University, had planned to stay in Greece despite the crisis. “But now I just don’t see any hope,” she said. “All the odds are stacked against Greece. Even if we stay in the euro, life will be wretched. What’s the point?”

Speaking to state television, Alexis Tsipras, the head of the leftist opposition party Syriza, which opposed Greece’s bailout terms, said the country’s only hope was in Greeks’ rejecting austerity.

Numerous government services across the country were shuttered for the day, and main transportation arteries in central Athens were disrupted. Flights to and from the main Athens airport were delayed as air traffic controllers briefly took part in the strike.

This article has been revised to reflect the following correction:

Seizième hausse d'affilée du chômage en France

Par [Marc Landré](#) Mis à jour le 26/09/2012 à 19:50 | publié le 26/09/2012 à 18:00 [Réactions](#) (84)

L'Hexagone compte désormais 3.011.000 demandeurs d'emploi et plus de 5 millions, toutes catégories confondues.

C'est officiel: la France métropolitaine compte bel et bien [plus de 3 millions de chômeurs](#) (3.011.000 exactement), d'après les données à la fin août qui viennent tout juste d'être publiées par le ministère du Travail. La progression du nombre d'inscrits en catégorie A (sans aucun emploi) à Pôle emploi se monte à 23.900 sur un mois. Il s'agit de la 16e hausse d'affilée, la 31e sur trois ans. Seule maigre consolation, l'augmentation du mois dernier est presque moitié moins forte qu'en juillet, mais un mois de baisse de la hausse ne suffit pas à définir une tendance. Sur un an, la progression atteint toujours 9,2%. Et si l'on prend en compte les données des départements d'outre-mer (DOM), la barre des 3 millions a été franchie... en septembre 2011. Soit il y a un an. En les intégrant, la France entière compte 3,26 millions de chômeurs.

Comme c'est dorénavant souvent le cas, la progression du nombre de demandeurs d'emploi dans les catégories A, B et C (inclus les chômeurs qui exercent des activités réduites) est plus importante qu'en seule A et atteint 40.800. Elle porte à près de 4,5 millions le stock de demandeurs d'emploi dans ces trois catégories. Il s'agit de la 19e hausse d'affilée, la 34e sur trois ans. Sur douze mois, la progression se monte à 8,4%.

Toute catégorie confondue: 5,1 millions de chômeurs

Aucune classe d'âge ne tire son épingle du jeu en août. La hausse est de 0,9% chez les moins de 25 ans, 0,7% chez les 25-49 ans et +1,5% pour les plus de 50 ans, si bien que plus de 1,62 million de jeunes et de seniors pointent dorénavant au chômage dans les catégories A, B et C. Soit 36% des inscrits. Même tendance à la hausse chez les chômeurs de longue durée (sans emploi depuis plus d'un an) dont le nombre progresse de 1,1% en août, à 1,73 million. Soit 38,4% des inscrits. Les chômeurs de «très longue durée» (sans emploi depuis plus de trois ans) s'enfoncent quant à eux un peu plus encore dans le rouge avec une hausse de 1,4% sur un mois et de... 21,6% sur un an.

Les données du mois d'août sont également marquées par un effondrement de 15,8% des sorties de Pôle emploi pour cause d'entrées en stage.

Toutes catégories confondues (y compris les demandeurs d'emploi en formation, reconversion, maladie, contrat aidé... bref, non obligés de rechercher un emploi), le nombre de chômeurs en France métropolitaine - hors DOM - atteint désormais presque 5,1 millions de personnes. Soit 22% de la population active dans le privé, près d'un actif sur quatre!

The front page

26 September 2012

Presseurop

La Vanguardia, ABC, La Razón & 4 others



Spain

Speak, Catalonia

In Spain's autonomous region of Catalonia, elections have been announced for November 25. For regional president Artur Mas, this is an opportunity for Catalans to "choose their future as a nation" and "exercise their right to self-determination." After Barcelona's pro-independence mass demonstration of 11 September and Madrid's refusal to negotiate a more favorable tax regime for the region, the election is already being considered as a referendum on independence. [Original article in La Vanguardia](#) es

La Vanguardia Barcelona



Spain

Mas announces elections to feed his nationalist chimera

The conservative Madrid daily reports on King Juan Carlos' visit to Barcelona the day that Artur Mas, President of the Catalonia region, announced early elections which are widely seen as a plebiscite on independence. King Juan Carlos declared that "not to see the seriousness of this step is blindness." [Original article in ABC](#) es

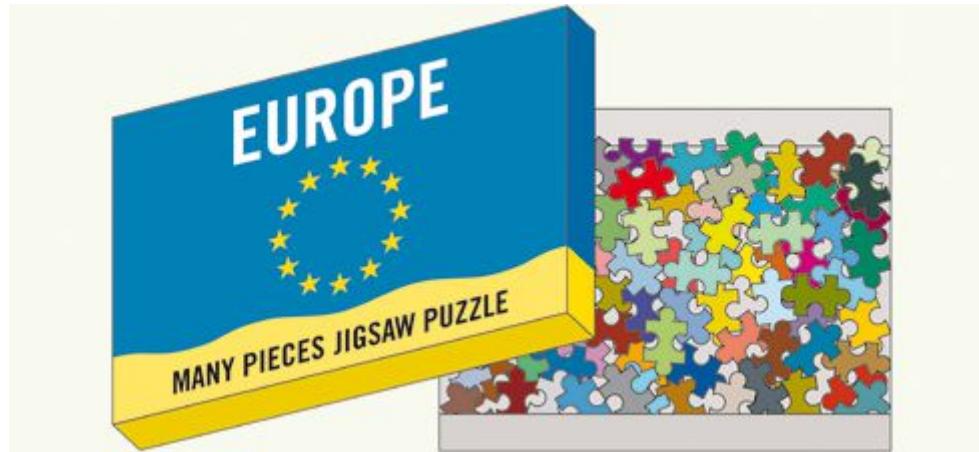
ABC Madrid

European integration

Looking beyond market and power

26 September 2012

[NRC Handelsblad](#) Rotterdam



Cristina Sampaio

Differing social and cultural patterns amongst Europeans are all too often overlooked. And this poses a threat to the core of the European project, points out a **Dutch sociologist, arguing that political leaders should engage in a dialogue with their citizens.**

[Gabriël van den Brink](#)

In the nineteenth century, the public's imagination played a crucial role in the development of national communities in the European continent, as reflected in publications like Benedict Anderson's [Imagined Communities](#). The theory of this book is that citizens associate with one another at an imaginary level, although they have no personal relationship with one another and pursue entirely different interests of their own.

This sort of community spirit has to be conceived, expressed and made tangible. We in Europe, however, have yet to reach this stage. **Numerous leaders harp on about the economic benefits of European integration, while steering well clear of any mention of the cultural differences, and rarely point out that the European project also has its intellectual and moral aspects.**

It is no easy matter. Europe has a substantial amount of social and cultural differences. I should like to place the spotlight on two particular contrasts. The first is of a horizontal nature, and applies to the Northwest and the Southeast. One of the primary differences is that the former features a high level of secularisation. Many even fear that this may have disastrous consequences for society. When people renounce their faith in God, then the general opinion is that they also care very little about others. The facts, however, paint an entirely different picture. Voluntary work, for example, is the most highly developed in countries like Sweden, the Netherlands and the United Kingdom.

High trust societies

Another difference is that citizens in the Northwest more often feel involved in public matters. They take a greater interest in politics and are given more opportunity to speak their minds or exercise some sort of influence. Furthermore, all manner of social, cultural and recreational ventures are launched there, while it also has a highly developed civil society.

It is not without good reason that nations in this region are referred to as high trust societies. The fact that businesses, citizens and other actors have a certain amount of confidence in one another, certainly contributes to economic development. The modern, secularised, wealthy and democratic society, which values professionalism, vitality and human dignity, is more profound in the Northwest than in the South and East.

Apart from the horizontal divide, however, there is also a vertical one. Take the question of whether people have faith in the European Union for instance. This is closely linked to people's education. Only 37 percent of people who left school before the age of fifteen have confidence in the EU, while the percentage among students on the other hand is a hefty 63.

The same picture arises if we pose the question of people's attitude to the further expansion of the European Union. Almost half the respondents are firmly against such expansion. Once again, however, this attitude is much more common among people with a limited education (51 percent) than among those currently studying (29 percent).

Those citizens who feel somehow threatened by processes of modernisation are generally inclined to adopt a less optimistic attitude, which also applies to the issue of Europe. If the European project is to develop any further, then it is essential that these two divides be bridged.

Opinions and sensitivities

In the case of "horizontal" dialogue, I propose that a genuine exchange be set up between ordinary people with their roots in the North and South, and the West and East of our continent. The aim should be to allow people to become acquainted with one another's way of life, for instance by spending a year in the opposite region of Europe. In the process, particularly close attention could then be devoted to the manner in which opinions and sensitivities, values and ideals, traditions and ambitions have an effect on people's daily lives.

The second dialogue that I would applaud concerns the vertical divide. At present there is still a world of difference in how the prosperous and highly educated elite view the European project and the increasing uncertainty being felt by the masses of less well-educated citizens. This divide cannot simply be bridged by an information campaign or a sophisticated communication strategy. If you want people to embrace the notion of Europe, then you have to take the experiences and expectations, the values and concerns of ordinary people into account.

Involvement and human dignity

Such a dialogue will only be successful if leaders those in public office develop a new habitus. A large group of citizens feel abandoned by modern administrative elites who do not excel in empathy or social involvement, with a view of the world that is both liberal and harsh at the same time.

Is such a dialogue possible? I believe that the cultural dynamics that have ultimately led to modern life contain a number of philosophical principles, which are shared – whether consciously or not – by countless Europeans. Keywords like freedom, fairness, equality, autonomy, involvement and human dignity come to mind. While the dialogue should also deal with how we realise these principles in practice, the very fact that such a discussion is taking place also implies that we no longer regard European integration as an 'irreversible process'.

After all, history is a dialectical process. Those in power have a say, but so do their peoples. So whoever tries to impose the European project as an imperative shouldn't be surprised with the growing support given to eurosceptic political parties like the SP and the PVV.

Translated from the Dutch by **Kelly Boom**

Streit über Anleihekaufprogramm

Bundesbank-Chef: „Kein Blankoscheck für die EZB“

FAZ 26.09.2012 · Bundesbankpräsident Weidmann hat abermals die Rechtmäßigkeit der geplanten Staatsanleihekäufe durch die Europäische Zentralbank bezweifelt. Die Bewahrung von Finanzstabilität sei nicht das vorrangige Mandat der EZB und stelle keinen Blankoscheck dar.

[Artikel](#) [Bilder \(1\)](#) [Lesermeinungen \(7\)](#)



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Bundesbankpräsident Weidmann sieht sich im EZB-Rat mit seiner Position nicht allein

Bundesbankpräsident Jens Weidmann hat seine ablehnende Haltung zu [dem geplanten Staatsanleihen-Aufkaufprogramm der Europäischen Zentralbank \(EZB\)](#) bekräftigt. Es stelle sich die Frage, ob die EZB zu einem solchen Aufkauf demokratisch legitimiert sei, sagte Weidmann der [„Neuen Zürcher Zeitung“](#).

„Das Programm verteilt Haftungsrisiken zwischen den Steuerzahlern der Eurozone um. Das dürfen nur die Parlamente, und diese haben mit den Rettungsschirmen ja auch die passenden Instrumente zur Hand.“ Zudem gehe es auch darum, ob das Programm letztlich mehr helfe oder mehr schade. „Wenn die Hilfe der Notenbank den Druck von der Politik nimmt, den Reformprozess voranzutreiben, könnte die Überwindung der Krise eher erschwert und verzögert werden.“

„EZB-Mandats stößt an seine Grenzen“

Die Bewahrung von Finanzstabilität sei nicht das vorrangige Mandat der EZB und stelle keinen Blankoscheck dar. Sie sei vielmehr der Absicherung von Preisstabilität untergeordnet, sagte Weidmann und fügte hinzu: „Es gibt Voraussetzungen für die Erfüllung von Aufgaben, welche Notenbanken nicht aus sich heraus gewährleisten können, sondern bei denen die Mitgliedstaaten gefragt sind. Hier findet auch das Mandat der Notenbanken seine Grenzen.“

Damit widersprach er dem deutschen EZB-Direktoriumsmitglied Jörg Asmussen, der kürzlich sinngemäß gesagt hatte, eine Währung sei nur dann stabil, wenn ihr Fortbestand gesichert sei.

Weidmann sagte, er sehe sich im EZB-Rat mit seiner Position auch nicht allein. „Ich bin sicherlich nicht der Einzige im Rat, der [Bedenken bei einem Aufkaufprogramm für Staatsanleihen](#) hat. [Trotz der breiten Mehrheit für das Programm habe ich den Eindruck, dass einige Kollegen meine Sorgen teilen.](#)“

Er glaube auch nicht, dass das Finanzsystem kollabiert wäre, wenn die EZB ein solches Programm nicht ins Leben gerufen hätte, sagte Weidmann, „In der Vergangenheit haben Länder des Euroraums mit Renditen von sieben Prozent und mehr leben können, und zwar nicht nur bei Neuemissionen, sondern sogar im Mittel.“ Auch jetzt wären die betroffenen Länder durchaus in der Lage, für einige Zeit höhere Zinsen bei Neuemissionen zu schultern. „Es kommt darauf an, in dieser Zeit das Nötige zu tun, damit das Vertrauen der Anleger wieder steigt

und die Risikoprämien zurückgehen. Hier muss man sich fragen, ob die Anleihekäufe der Notenbanken die richtigen Anreize schaffen.“

[Am Dienstag hatte EZB-Präsident Mario Draghi vor deutschen Industrievertretern die Anti-Krisenpolitik der Notenbank mit den umstrittenen Anleihekäufen verteidigt.](#) Er will unter anderem verhindern, dass auch Italien und Spanien vom Sog der Schuldenkrise voll erfasst werden.

Das Bundesverfassungsgericht hat angekündigt, sich bis Dezember mit der Frage auseinanderzusetzen, ob die geplanten Staatsanleihekäufe der EZB gegen europäisches Recht verstoßen. Es hat in seinem Urteil im September bereits angedeutet, dass es Zweifel an der Rechtmäßigkeit dieses Vorgehens habe. In Vorbereitung des Hauptsacheurteils im Dezember dürfte es in dieser Angelegenheit erneut [die Bundesbank befragen, die sich deshalb derzeit dem Vernehmen nach juristisch beraten lässt.](#)

Quelle: Reuters, Dow Jones

Neue Zürcher Zeitung 25. September 2012

Weidmann im Interview

«Es bringt gar nichts, die Dinge schönzureden»



[Jens Weidmann, Bundesbankpräsident seit Mitte 2011. \(Bild: Heinrich Völkel / Ostkreuz\)](#)

Bundesbankpräsident Jens Weidmann erklärt, weshalb er im Rat der Europäischen Zentralbank (EZB) als Einziger gegen das neue Anleihenkaufprogramm gestimmt hat. Er warnt vor einer Annäherung der Geldpolitik an die Fiskalpolitik und zieht Schlüsse für seine eigene Rolle.

Interview: Peter A. Fischer, Claudia Aebersold Szalay

Vergangene Woche hat Spanien 10-jährige Anleihen zu einer Rendite von 5,66% placiert. Vor Ankündigung der neuen Staatsanleihenkäufe durch die EZB hatte das Land dafür noch 6,65% bezahlen müssen. Ist das neue EZB-Programm so erfolgreich, dass es schon wirkt, bevor es zur Anwendung kommt?

Die Ankündigung hat natürlich Marktwirkungen, solche Effekte hat es ja auch schon bei früheren Massnahmen gegeben. Niemand bestreitet, dass eine Notenbank die Zinsen vorübergehend beeinflussen kann, wenn sie ankündigt, in die Märkte eingreifen zu wollen. Doch die kurzfristige Reaktion der Märkte kann nicht der Massstab für die Notenbankpolitik sein.

Sie haben im EZB-Rat als Einziger gegen das neue Programm gestimmt. Früher schien es, als ob mehrere Ratsmitglieder Ihre Skepsis gegenüber Staatsanleihenkäufen teilten. Was hat sich geändert, dass Sie plötzlich allein waren?

Ich bin sicherlich nicht der Einzige im Rat, der Bedenken bei einem Ankaufsprogramm für Staatsanleihen hat. Trotz der breiten Mehrheit für das Programm habe ich den Eindruck, dass einige Kollegen meine Sorgen teilen.

Haben Sie das Staatsanleihenprogramm aus Prinzip abgelehnt oder weil Sie glauben, dass es schlicht nicht funktioniert?

Es gibt aus meiner Sicht einige Gründe, die gegen das Programm sprechen. Dazu zählen einerseits sicher stabilitätspolitische Prinzipien und die Frage, ob die Notenbank hierzu demokratisch legitimiert ist. Das Programm verteilt Haftungsrisiken zwischen den Steuerzahlern der Euro-Zone um. Das dürfen nur die Parlamente, und diese haben mit den Rettungsschirmen ja auch die passenden Instrumente zur Hand. Die Notenbankfinanzierung darf nicht als umfassender Problemlöser etabliert werden. Andererseits geht es aber auch ganz einfach um die Frage, ob das Programm letztlich mehr hilft oder mehr schadet. Wenn die Hilfe der Notenbank den Druck von der Politik nimmt, den Reformprozess voranzutreiben, könnte die Überwindung der Krise eher erschwert und verzögert werden.

Was wiederum auch die Glaubwürdigkeit der Geldpolitik untergräbt.

Wenn die Notenbank sich auf dieses Terrain begibt, könnte sie am Ende zur Gefangenen ihrer eigenen Politik werden und an Glaubwürdigkeit verlieren.

Weshalb konnten Sie denn mit diesen Argumenten Ihre EZB-Rats-Kollegen nicht überzeugen?

Die Mehrheit im Rat war offensichtlich der Überzeugung, dass den durchaus berechtigten Sorgen durch eine adäquate Ausgestaltung des Programms Rechnung getragen werden kann. Meine Argumente und Bedenken sind dabei von den Kollegen aufgenommen worden – auch wenn ich am Ende weiterhin ein anderes Gesamturteil hinsichtlich des Programms fälle.

EZB-Präsident Draghi erklärt das neue Programm mit der gestörten Transmission der Geldpolitik. In der Tat scheint die jüngste Zinssenkung in einigen Euro-Staaten nicht anzukommen.

Dieses Argument wird schon seit dem ersten Staatsanleihenprogramm von 2010 angeführt mit dem Resultat, dass wir heute immer noch davon reden, die Übermittlung sei gestört. Das führt mich zu folgender Frage: Sind Staatsanleihenkäufe angesichts struktureller Probleme, wie des Mangels an Wettbewerbsfähigkeit und des Verlusts an Vertrauen in die Staatsfinanzen einzelner Länder, überhaupt das geeignete Instrument zur Reparatur des geldpolitischen Transmissionsmechanismus?

Aber die Diagnose stimmt?

Unsere geldpolitischen Impulse werden zwar weiterhin übertragen, es ist aber sicher so, dass unsere Geldpolitik derzeit nicht in allen Ländern gleich gut ankommt. Das hängt nicht zuletzt mit der mangelnden Kreditnachfrage in einigen Ländern zusammen und mit dem Deleveraging-Prozess in den dortigen Bankensystemen. All dies sind aber notwendige und sinnvolle Anpassungen, damit diese Volkswirtschaften wieder auf eigenen Füßen stehen können.

Spiegeln die Risikoprämien der Staatsanleihen überhaupt noch die Fundamentaldaten, oder sind sie teilweise der Irrationalität der Märkte geschuldet?

Die Einschätzungen, was ein faires, fundamental gerechtfertigtes Zinsniveau ist, liegen weit auseinander und haben eine subjektive Komponente. Ich würde ohnehin nicht sagen, dass das, was an den Märkten derzeit passiert, völlig irrational ist. Dahinter stehen Sorgen, dass in einzelnen Ländern die Reformen ins Stocken geraten. Die Reformen und vor allem die Perspektiven, ob diese fortgesetzt werden, sind aber mitentscheidend für die Wachstumsaussichten und damit das Kreditrisiko.

Dann wäre es das Beste, gar nichts zu tun, die Situation also auszusitzen?

Ein Verzicht auf Käufe von Staatsanleihen würde doch nicht bedeuten, dass das Euro-System die Lage aussitzt. Wir haben ja schon sehr viel getan: Die Zinssätze sind historisch niedrig, die Banken erhalten jede beliebige Menge an Liquidität, das Sicherheitenregime wurde wiederholt gelockert, es wurden bereits Staatsanleihen und Pfandbriefe gekauft. Das Euro-System hat sehr viel unternommen, doch darf die Geldpolitik nicht überfordert werden.

Draghi hat erklärt, der Euro sei irreversibel, es werde in Europa nie mehr Drachmen und Lire geben. Ist es die Aufgabe der EZB, die Euro-Zone und den Euro in ihren jetzigen Formen zu erhalten?

Unsere Aufgabe ist es, den Euro im Rahmen unseres Mandats als stabile Währung zu erhalten. Gegen politische Entscheide über die Zusammensetzung der Währungsunion können und dürfen wir uns nicht stemmen. Die Notenbanken haben ja auch nicht darüber entschieden, aus welchen Ländern die Währungsunion zusammengesetzt wurde. Solche Entscheide können nur demokratisch legitimierte Gremien fällen.

Dann ist das Finanzstabilitätsmandat der EZB also kein Grund, alles zu tun, um den Euro zu retten?

Natürlich sind Geldwert- und Finanzstabilität miteinander verwoben. Für uns gibt es allerdings eine ganz klare Hierarchie, unser oberstes Ziel ist die Preisstabilität. Das Finanzstabilitätsmandat ist dem unterstellt und ist kein

Blankocheck. Es gibt Voraussetzungen für die Erfüllung von Aufgaben, welche Notenbanken nicht aus sich heraus gewährleisten können, sondern bei denen die Mitgliedstaaten gefragt sind. Hier findet auch das Mandat der Notenbanken seine Grenzen.

Angenommen, die EZB hätte das Staatsanleihenprogramm nicht lanciert, die Politik hätte zu wenig unternommen und die Krise wäre eskaliert. Hätte die EZB dann, um das Finanzsystem zu stabilisieren, nicht eingreifen müssen?

Ich glaube nicht, dass das System zusammengebrochen wäre, wenn die EZB das Staatsanleihenprogramm nicht ins Leben gerufen hätte. In der Vergangenheit haben etliche Länder des Euro-Raums mit Renditen von 7% und mehr leben können, und zwar nicht nur bei Neuemissionen, sondern sogar im Mittel. Auch jetzt wären die betroffenen Länder durchaus in der Lage, für einige Zeit höhere Zinsen bei Neuemissionen zu schultern. Es kommt darauf an, in dieser Zeit das Nötige zu tun, damit das Vertrauen der Anleger wieder steigt und die Risikoprämien zurückgehen. Hier muss man sich fragen, ob Anleihekäufe der Notenbanken die richtigen Anreize schaffen. Wenn Zeit gekauft werden soll, stehen hierfür die Rettungsschirme zur Verfügung.

Das spricht aber für Konditionalität, so wie sie die EZB bei ihrem neuen Programm eingebaut hat, nämlich, nur aktiv zu werden, wenn die Staaten den Reformkurs eingeschlagen haben.

Wenn man sich auf den Kauf von Staatsanleihen einlässt, dann ist eine glaubwürdige, strenge Konditionalität ein gewisser Schutz.

Ist es eine gute Art, den Ball wieder der Politik zuzuwerfen, damit diese endlich ihre Hausaufgaben macht?

Auf den ersten Blick ja, aber man darf die Risiken nicht übersehen. Die Geldpolitik droht sich abhängig von politischen Entscheidungen zu machen, und es ist unklar, ob sie sich aus der Umklammerung der Finanzpolitik wieder lösen kann. Letztlich wird die Geldpolitik so zu einem Teil der Rettungsschirme. Ausserdem muss Konditionalität auch glaubwürdig durchgesetzt werden, dies bleibt die zentrale Herausforderung.

Wie sieht es denn mit dem Verlustrisiko des neuen Staatsanleihenprogramms für die EZB selbst aus?

Das ist ein weiteres Problem. Einer der Grundsätze unserer Geldpolitik ist, dass unsere Geschäfte möglichst risikoarm sein sollten. Mit Ankäufen nimmt das Euro-System aber beachtliche Risiken in die eigenen Bücher.

Auch die Schweizerische Nationalbank hat in einer aussergewöhnlichen Situation aussergewöhnliche Schritte beschlossen, als sie die Kursuntergrenze zum Euro einführte.

Die Kursuntergrenze der SNB kann nicht mit dem Staatsanleihenprogramm des Euro-Systems verglichen werden. Zum Beispiel verteilt die SNB mit ihrer Massnahme keine Risiken zwischen Steuerzahlern verschiedener Länder um, das Euro-System hingegen schon.

In der Schweiz wird derzeit diskutiert, wie man wieder aus dem Mindestkursregime kommt. Was ist die Exit-Strategie der EZB bei den Anleihenkäufen?

Das ist ein ganz entscheidender Punkt, auch um bei der Konditionalität glaubwürdig zu sein. Das ist Gegenstand laufender Beratungen.

Nun wird die EZB ja wohl bald ein zusätzliches Mandat bekommen, jenes der Bankenaufsicht. Wie stehen Sie dazu?

Die Bankenunion, die ja eine europäische Bankenaufsicht umfasst, ist im Grundsatz eine sinnvolle Ergänzung der Währungsunion. Sie zielt vor allem darauf, das Finanzsystem in der Währungsunion künftig stabiler aufzustellen, und das nützt auch der gemeinsamen Geldpolitik. Die Bankenunion ist meines Erachtens aber ein in die Zukunft gerichtetes Projekt und eignet sich nicht als Lösung für die aktuellen Schwierigkeiten. Eine Vergemeinschaftung bilanzieller Altlasten wäre nichts anderes als eine Transferzahlung und sollte nicht unter dem Deckmantel der Bankenunion versteckt werden.

Aber die Bankenaufsicht müsste ja nicht unbedingt bei der EZB angesiedelt werden. Befürchten Sie nicht Zielkonflikte?

Diese entscheidende Frage hat auch bei der Debatte der Aufsichtsreform in Deutschland eine wichtige Rolle gespielt. Die Aufsicht muss klar von der Geldpolitik getrennt sein, damit es nicht zu Konflikten mit der Unabhängigkeit und dem Ziel der Preisstabilität kommt.

Wie stehen Sie zum institutionellen Rahmen der EZB? Ist das Prinzip «Ein Mann, eine Stimme» im Rat richtig?

Das Prinzip ist richtig, solange mit der Geldpolitik nicht in grösserem Umfang fiskalische Aufgaben übernommen werden. Wenn wir wieder zur klassischen Geldpolitik zurückkehren, dann hat sich auch diese Diskussion erledigt.

Wie stehen Sie zur Transparenz, sollten die EZB-Protokolle publiziert werden?

Eine Notenbank verwaltet ein öffentliches Gut, deshalb sollte sie sich der Bevölkerung gegenüber auch erklären. Dies ist umso wichtiger, wenn die Notenbank in einem Grenzbereich operiert. Dann sollte sie umso mehr verdeutlichen, dass sie sich mit den Risiken und Nebenwirkungen ihrer Politik auseinandergesetzt hat. Transparenz sollte aber nicht nur an der Veröffentlichung der Protokolle festgemacht werden.

Sie wären also dagegen?

Das hängt vom konkreten Vorschlag ab. Es spricht wenig dagegen, die im Rat erörterten Argumente stärker offenzulegen. Das bedeutet nicht, die Ratsmitglieder namentlich zu erwähnen.

Wie ist es dazu gekommen, dass in Ihrem Fall die Geheimhaltung gelockert wurde und Draghi offen gesagt hat, Herr Weidmann war gegen das Programm?

Mich hat Draghis Offenheit nicht gestört. Ich bin wie gesagt davon überzeugt, dass uns gerade in der heutigen Situation mehr Transparenz guttut.

Finanzminister Schäuble scheint dies aber anders zu sehen. Er wirft Ihnen vor, durch Ihre Offenheit die Glaubwürdigkeit der EZB zu untergraben.

Die Öffentlichkeit ist aufgeklärt, sie verdient Offenheit. Eine Notenbank ist glaubwürdig, wenn sie die Menschen ernst nimmt und ehrlich informiert. Es bringt gar nichts, Dinge schönzureden.

Aber ist es nicht frustrierend für Sie, von Ihren Positionen überzeugt zu sein und damit einfach nicht durchzukommen?

Diskussionen können sich weiterentwickeln. Somit schliesse ich nicht aus, dass meine Argumente mit der Zeit stärker verfangen.

Wie sehen Sie denn Ihre künftige Rolle im EZB-Rat?

Bei all dem Trubel um das Thema Staatsanleihenkäufe sollte man nicht den Eindruck gewinnen, dass ich mit meiner Meinung im Rat immer in einer Minderheitsposition bin. Das trifft auch auf die Bundesbank insgesamt im Euro-System nicht zu. Bei vielen Themen sehen die Mehrheitsverhältnisse ganz anders aus, oder es gibt ohnehin keinen Dissens im Rat. Gerade deshalb ist es mir sehr wichtig, bei den kontroversen Themen für meine Position zu werben.

Angesichts des Kampfes, den Sie führen, haben Sie Verständnis für Ihren Vorgänger Axel Weber, der irgendwann gesagt hat, jetzt reicht es, und zurücktrat?

Ich habe sowohl für seine sehr persönliche Entscheidung als auch für jene von Jürgen Stark Verständnis. Meine Situation ist aber anders. Ich bin nach Webers Rücktritt ins Amt gekommen und wusste daher, was mich

erwartet. Dafür muss ich jetzt in Kauf nehmen, in jedem Interview die Frage gestellt zu bekommen, wann ich denn zurücktrete. Doch für mich ist ein Rücktritt keine Option, denn ich bin überzeugt, dass ich mich in der jetzigen Position am besten für einen stabilen Euro einsetzen kann.

Zurück zur Bundesbank

cae. Frankfurt · Jens Weidmann studierte Volkswirtschaftslehre an der Université de Droit, d'Economie et des Sciences Aix-Marseille III sowie an der Universität Bonn. Nach dem Diplom arbeitete er als wissenschaftlicher Mitarbeiter an der Uni Bonn, wo er 1997 promovierte. Danach war er während zweier Jahre beim Internationalen Währungsfonds (IMF) tätig, bevor er Generalsekretär des deutschen Sachverständigenrates («Wirtschaftsweise») wurde. 2003 trat er als Abteilungsleiter in die Bundesbank ein, um 2006 ins Kanzleramt nach Berlin zu wechseln, wo er die Kanzlerin in wirtschafts- und finanzpolitischen Fragen beriet. Seit Mitte 2011 ist er Präsident der Deutschen Bundesbank und vertritt diese im Rat der Europäischen Zentralbank.

Euro-Krisenstaaten

Ökonom Fuest rechnet mit längerer Stagnation

FAZ 26.09.2012 · Der künftige ZEW-Chef Fuest sieht die Reformbemühungen in Griechenland, Spanien, Portugal und Italien äußerst skeptisch. Einem neuen Gutachten zufolge rechnet er mit „quälend langsamen“ Fortschritten bei dem Versuch, die Staatsfinanzen zu sanieren.

Clemens Fuest, zukünftiger Präsident des Zentrums für Europäische Wirtschaftsforschung (ZEW), rechnet mit einer längeren Phase der wirtschaftlichen Stagnation in den Euro-Krisenstaaten. Beim Versuch, die Staatsfinanzen zu sanieren, werde es „quälend langsame“ Fortschritte geben, schreibt der Regierungsberater und Finanzexperte in einem Gutachten über die Euro-Schuldenkrise, das die Vereinigung der bayerischen Wirtschaft in Auftrag gegeben hatte.

Der Grund: Um die Wettbewerbsfähigkeit in den Krisenstaaten Griechenland, Spanien, Portugal und Italien wiederzugewinnen, müssten Preise und Löhne gesenkt werden. Dies führe zu sinkenden Steuereinnahmen und erschwere damit die Sanierung der Staatsfinanzen. „Die Gläubigerstaaten, vor allem Deutschland und Frankreich, werden dennoch alles daran setzen, Austritte aus der Eurozone zu vermeiden“, heißt es in dem Gutachten.

Nicht auszuschließen sei aber auch das Szenario, dass die Regierungen der Krisenstaaten selbst die Entscheidung fällen, die Eurozone zu verlassen. „Das könnte geschehen, wenn die Bevölkerung in diesen Staaten in Folge der zu erwartenden mehrjährigen Stagnation die Hoffnung auf wirtschaftliche Erholung in der Eurozone verliert.“ Sollte es zu Austritten aus der Eurozone kommen, würde dies voraussichtlich eher Griechenland, Portugal oder Spanien betreffen, da die Chancen für eine wirtschaftliche Erholung dort schlechter stünden als in Italien und Irland.

Fuest wird im März kommenden Jahres Nachfolger von Wolfgang Franz an der Spitze des ZEW in Mannheim. Derzeit ist er Direktor des Zentrums für Unternehmensbesteuerung in Oxford. Außerdem berät er Finanzminister Wolfgang Schäuble (CDU). Für sein knapp 30-seitiges Gutachten untersuchte er die Entwicklung in Griechenland, Italien, Spanien, Portugal und Irland bis 2017.

Die Vereinigung der bayerischen Wirtschaft (vbw) hatte die Analyse nach eigenen Angaben in Auftrag gegeben, um den Unternehmen die Planung ihrer Aktivitäten im Ausland zu erleichtern. Für die Betriebe sei die Lage in den Krisenländern mit einem spürbaren Nachfrageausfall verbunden, sagte Hauptgeschäftsführer Bertram Brossardt bei der Vorstellung am Dienstagabend in München. „Deshalb ist es wichtig, dass die deutsche Wirtschaft weiter intensiv auf Auslandsmärkte außerhalb der Europäischen Union setzt, um sinkende Ausfuhren nach Südeuropa auszugleichen.“

Quelle: dpa-AFX

NYT September 25, 2012

Protesters Take to Street in Madrid

By [RAPHAEL MINDER](#)

MADRID — The pressures facing the government of Prime Minister Mariano Rajoy mounted on several fronts on Tuesday, as thousands of demonstrators besieged Parliament and [Spain](#)'s two largest regions took steps that underscored their deepening economic troubles and displeasure with his austerity plans.

Presenting the biggest domestic political challenge, the leader of [Catalonia](#), Spain's most powerful economic region, called an early election for Nov. 25 that could turn into an unofficial referendum on whether to split from the rest of the country.

Catalonia's demands for more autonomy have been fueled by its own financial problems, which forced the Catalan government last month to request \$6.5 billion from an emergency fund of \$23.3 billion set up by Mr. Rajoy's government to help regions meet their debt financing obligations.

Underlining its deepening financial difficulties, another region, Andalusia, said Tuesday that it was preparing to request \$6.3 billion from the fund.

The developments unfolded as police officers and protesters clashed before the Parliament building and as Mr. Rajoy comes under intense pressure from investors and his European counterparts to clean up Spain's banks and public finances, particularly at the regional level.

The problems in the regions, both political and economic, appear to be intensifying, as Catalonia's move showed Tuesday, two weeks after a huge pro-independence rally in Barcelona.

"The voice of the street needs to be moved to the ballot boxes," the president of Catalonia, Artur Mas, told lawmakers at the regional Parliament. "We want to have the same instruments that other nations have in order to develop their own collective identity."

Following the Sept. 11 rally in Barcelona, Mr. Rajoy called on regions and their politicians to avoid raising tensions and instead to close ranks and help Spain emerge from its economic quagmire. Last week, in an unusual political foray, King Juan Carlos I also published a letter urging national unity.

"Mas has been under intense pressure to calm things down, even from the king, but what we now see is that far from taking any step back, Mas is in fact seeking a fresh mandate from voters to move things forward," said Josep Ramoneda, a Catalan political commentator and philosopher. The result of the vote, Mr. Ramoneda added, "will determine exactly how far and fast Catalonia moves toward independence."

Economists warned that the call for a Catalonia election added yet another element of uncertainty for Spain.

"Once comforted in power after elections, the government could then work more constructively towards a redefinition of the relationship between the central government and the regions," said Gilles Moëc, an economist at Deutsche Bank in London. "Still, in the meantime, political turmoil in Spain's richest region could generate the kind of market reaction which would precipitate a request for European support by Madrid."

Mr. Rajoy has been debating whether to tap into [a new bond-buying program](#) proposed by the European Central Bank. While such additional help would considerably alleviate Spain's debt problems, Mr. Rajoy finds himself in an increasingly tight bind between Spanish voters who oppose further cuts and investors and European finance officials demanding reassurance that Spain can meet budget deficit targets.

On Tuesday, Parliament took on the appearance of a fortress as about 1,400 police officers ringed the building to keep back demonstrators. The organizers of the latest protest said in a statement that they had no plans to try to occupy Parliament, but instead wanted to surround the building to show that “democracy has been kidnapped” by inept Spanish politicians.

Using their truncheons, the police scattered protesters in an effort to keep some approaches to the Parliament building open. By the evening, the police said that 10 people had been arrested and six had been injured.

Catalonia is the third region to call an early election, with the Basque region and Mr. Rajoy’s home region of Galicia set to hold separate votes next month.

NYT September 26, 2012

Greece Faces National Strike to Protest Austerity

By [LIZ ALDERMAN](#)

ATHENS — [Greece](#) was bracing for widespread protests on Wednesday as trade unions called a nationwide strike to contest billions of euros worth of new salary and pension cuts being discussed by the government and its international creditors.

The walkout is the first since a conservative coalition led by Prime Minister Antonis Samaras came to power in June. He is negotiating an 11.5 billion euro, or \$15 billion, austerity package that is needed to persuade Greece's so-called troika of lenders — the International Monetary Fund, the European Central Bank and the European Commission — to release nearly 32 billion euros, or \$40.7 billion, in financial aid that the country needs to stay solvent.

The strike comes as a public backlash against austerity mounts in countries around southern Europe that have had to reach out to the international community for financial aid three years into the euro zone's [debt crisis](#).

On Monday in Spain, thousands of demonstrators besieged Parliament to protest austerity measures planned by Prime Minister Mariano Rajoy.

Last week, more than half a million people marched in cities across Portugal to protest a rise in social security contributions.

The proposed cuts in Greece have ignited fresh anger in a broad swath of society here. Many openly talk of increased impoverishment as the nation grapples with a third round of austerity measures in as many years.

Numerous government services across the country were to be shuttered for the day. In central Athens, main transportation arteries will be disrupted, although the subway was scheduled to stay open so that protesters could descend on Syntagma Square in front of the Parliament from points around the city.

Flights from the main Athens airport were expected to be delayed as air traffic controllers announced they would participate in the strike from 10 a.m. to 1 p.m. local time.

The industrial action was expected to generate crowds of up to 1 million in the capital, Greek television said, citing police estimates. While intended to be peaceful, clashes have broken out in past demonstrations.

Many people were braced for the possibility of civil unrest, and were particularly watching whether tensions would emerge between the neo-facist Golden Dawn party, which recently gained 18 seats in Parliament on an anti-[immigration](#) platform, and other groups.

Thousands of police were deployed around central Athens, and a phalanx of black buses carrying riot police was lined up outside of Parliament.

Civil servants, teachers, professors, doctors, pharmacists, tax officers, bank employees and even lawyers were expected to take part in the protest.

NYT September 25, 2012

Backlash to the Backlash

OP-ED [THOMAS L. FRIEDMAN](#)

One of the iron laws of Middle East politics for the last half-century has been that extremists go all the way and moderates tend to just go away. That is what made the march in Benghazi, Libya, so unusual last Friday. This time, the moderates did not just go away. They got together and stormed the headquarters of the Islamist militia Ansar al-Sharia, whose members are suspected of carrying out the attack on the U.S. consulate in Benghazi that resulted in the death of four Americans, including Ambassador Chris Stevens.

It is not clear whether this trend can spread or be sustained. But having decried the voices of intolerance that so often intimidate everyone in that region, I find it heartening to see Libyans carrying signs like “We want justice for Chris” and “No more Al Qaeda” — and demanding that armed militias disband. This coincides with some brutally honest articles in the Arab/Muslim press — in response to rioting triggered by the idiotic YouTube video insulting the Prophet Muhammad — that are not the usual “What is wrong with America?” but, rather, “What is wrong with us, and how do *we* fix it?”

On Monday, the Middle East Media Research Institute, or Memri, which tracks the Arab/Muslim press, translated a searing critique written by Imad al-Din Hussein, a columnist for Al Shorouk, Cairo’s best daily newspaper: “We curse the West day and night, and criticize its [moral] disintegration and shamelessness, while relying on it for everything. ... We import, mostly from the West, cars, trains, planes ... refrigerators, and washing machines. ... We are a nation that contributes nothing to human civilization in the current era. ... We have become a burden on [other] nations. ... Had we truly implemented the essence of the directives of Islam and all [other] religions, we would have been at the forefront of the nations. The world will respect us when we return to being people who take part in human civilization, instead of [being] parasites who are spread out over the map of the advanced world, feeding off its production and later attacking it from morning until night. ... The West is not an oasis of idealism. It also contains exploitation in many areas. But at least it is not sunk in delusions, trivialities and external appearances, as we are. ... Therefore, supporting Islam and the prophet of the Muslims should be done through work, production, values, and culture, not by storming embassies and murdering diplomats.”

Mohammad Taqi, a liberal Pakistani columnist, writing in the Lahore-based Daily Times on Sept. 20, argued that “there is absolutely no excuse for violence and indeed murder most foul, as committed in Benghazi. Fighting hate with hate is sure to beget more hate. The way out is drowning the odious voices with voices of sanity, not curbing free speech and calls for murder.”

Khaled al-Hroub, a professor at Cambridge University, writing in Jordan’s Al Dustour newspaper on Sept. 17, translated by Memri, argued that the most “frightening aspect of what we see today in the streets of Arab and Islamic cities is the disaster of extremism that is flooding our societies and cultures, as well as our behavior. ... This [represents] a total atrophy of thought among wide sectors [of society], as a result of the culture of religious zealotry that was imposed on people for over 50 years, and which brought forth what we witness” today.

The Egyptian comedian, Bassem Youssef, wrote in Al Shorouk, translated by Memri, on Sept. 23: “We demand that the world respect our feelings, yet we do not respect the feelings of others. We scream blue murder when they outlaw the niqab in some European country or prevent [Muslims] from building minarets in another [European] country — even though these countries continue to allow freedom of religion, as manifest in the building of mosques and in the preaching [activity] that takes place in their courtyards. Yet, in our countries, we do not allow others to publicly preach their beliefs. Maybe we should examine ourselves before [criticizing] others.”

Whenever I was asked during the Iraq war, “How will you know when we’ve won?” I gave the same answer: When Salman Rushdie can give a lecture in Baghdad; when there is real freedom of speech in the heart of the Arab-Muslim world. There is no question that we need a respectful dialogue between Islam and the West, but, even more, we need a respectful dialogue between Muslims and Muslims. What matters is not what Arab/Muslim political parties and groupings tell us they stand for. What matters is what they tell *themselves*, in their own languages, about what they stand for and what excesses *they* will not tolerate.

This internal debate had long been stifled by Arab autocrats whose regimes traditionally suppressed extremist Islamist parties, but never really permitted their ideas to be countered with free speech — with independent, modernist, progressive interpretations of Islam or by truly legitimate, secular political parties and institutions. Are we seeing the start of that now with the emergence of free spaces and legitimate parties in the Arab world? Again, too early to say, but this moderate backlash to the extremist backlash is worth hailing — and watching.

Les entreprises, avenir de la France

LE MONDE | 25.09.2012 à 13h27 • Mis à jour le 25.09.2012 à 13h44

Editorial



L'allemand est une langue difficile, mais les Français devraient faire l'effort d'apprendre un nouveau mot : Standort (prononcer "schtandorte"). Vocabulaire intraduisible, mais qui résume l'objectif de la politique allemande depuis quinze ans : il doit être attractif de produire sur le territoire national. A moins de fermer les frontières, c'est le chemin pour s'en sortir dans la mondialisation. La France ne fait pas exception. **La richesse et l'emploi ne viendront que des entreprises, il convient donc de les aider.**

La situation est grave. Selon le classement du Forum économique mondial publié en septembre, la France recule de trois rangs et ne figure même plus dans le peloton des vingt premières économies du monde. Elle est devancée par dix pays européens, loin derrière l'Allemagne, sixième.

Les entreprises vont mal. La production manufacturière reste 5 % en deçà de ce qu'elle était avant la crise. Les plans sociaux succèdent aux fermetures d'usines. Après l'arrêt du site PSA d'Aulnay, Sanofi prévoit de fermer son centre de recherche de Toulouse.

Les deux bouts de la chaîne économique sont touchés. Les ouvriers français sont sanctionnés, PSA ayant préféré maintenir son usine de Madrid. Les chercheurs le sont aussi, Sanofi réduisant la voilure pour mieux racheter de jeunes laboratoires prometteurs à l'étranger. Dans ce contexte, c'est tout l'environnement économique qui doit être revitalisé. **Si les entreprises ferment, c'est à cause de la récession, et aussi parce qu'il n'est plus assez rentable de produire en France.** Selon l'Insee, le taux de marge des entreprises non financières est tombé à 28,6 %, son plus bas niveau depuis 1985. Surtout, il est de 34,4 % outre-Rhin et de 38,3 % en zone euro, selon Eurostat.

Le rapport sur la compétitivité confié à Louis Gallois, ancien patron d'EADS, est censé apporter des réponses. Pour boucler son budget, le gouvernement alourdit la fiscalité des entreprises, augmente la taxation du capital et revient sur la TVA sociale, qui était censée alléger le coût du travail et faire contribuer les importations au financement de la protection sociale. Il est normal de partager le fardeau du redressement, mais **ces mesures nuisent à l'attractivité économique française.** Le gouvernement cherche à séparer le bon grain de l'ivraie. Il veut défendre les PME exsangues et faire payer les multinationales du CAC 40, dont les profits ont reculé de 20 % au premier semestre.

François Hollande a raison de maintenir les dispositifs existants en faveur des PME et d'annoncer un geste en faveur des entreprises innovantes. Il faudrait aller plus loin. La défense des entreprises du CAC40 est rendue délicate par la tentation belge de Bernard Arnault, patron de LVMH. Détachées de la France, elles paient trois fois moins d'impôts que les PME. Toutefois, sans ces géants, les PME ne pourront pas émerger. Et si les PME - et leurs propriétaires - sont surtaxées dès qu'elles grossissent, elles seront absorbées par les entreprises du CAC 40, comme c'est le cas depuis vingt ans. **Il faut sortir de ce cercle vicieux pour créer un "Standort France".**

Grève générale en Grèce contre de nouvelles mesures d'austérité

Le Monde.fr avec AFP et Reuters | 26.09.2012 à 07h43



La **Grèce** sera de nouveau au cœur des préoccupations de la zone euro mercredi 26 septembre, jour de grève générale contre des mesures d'austérité supplémentaires en préparation, sur fond de rencontres entre la chancelière allemande, la directrice générale du FMI et le président de la BCE.

La GSEE ([General Confederation of Greek Workers](#)) et Adedy ([Anotati Diikisis Enoseon Dimosion](#) Ypallilon), les deux principaux syndicats, appellent à une grève générale de vingt-quatre heures mercredi, la troisième de l'année, avec manifestations pour [protester](#) contre le nouveau train d'économies difficilement négocié entre la troïka des créanciers du pays (UE-BCE-FMI) et le gouvernement de coalition dirigé par le conservateur [Antonis Samaras](#).

Les prêteurs internationaux semblent divisés sur la stratégie à [tenir](#) vis-à-vis du pays, dont l'économie continue de s'[enfoncer](#) dans la récession, en dépit des milliards d'euros reçus dans le cadre de deux plans de sauvetage financier, dont le premier a été lancé en mai 2010. La nécessité d'une troisième intervention de soutien paraît [gagner](#) du terrain parmi partenaires et prêteurs du pays, qui se repassent le problème grec comme une patate chaude depuis des semaines.

Le ministère des finances grec a confirmé mardi qu'un possible rééchelonnement du remboursement de créances grecques détenues par la Banque centrale européenne (BCE) était actuellement "*examiné*" pour [essayer](#) de [comblé](#) le déficit de financement du pays, dont l'ampleur fait l'objet de multiples rumeurs. Selon le ministre adjoint Christos Staikouras, cette opération assimilable à un début de restructuration de dette pourrait [porter](#) sur des obligations "*d'une valeur d'environ 28 milliards d'euros*" arrivant à maturité entre 2013 et 2016.

"RÉÉVALUER LA SITUATION"

La BCE a immédiatement rétorqué qu'une restructuration "*aux dépens de la BCE*" n'était "*pas envisageable*", car cela équivaudrait à "*un financement monétaire d'un Etat, ce qui est interdit*" par les statuts de la Banque centrale. Jörg Asmussen, membre du directoire de la Banque centrale européenne, qui s'exprimait ainsi dans le quotidien [Die Welt](#) mercredi a renvoyé aux "*membres de la zone euro*" tout éventuel "*besoin de financement supplémentaire*" de la Grèce, réitérant une position également exprimée à mi-voix récemment par le représentant grec du Fonds monétaire [international](#).

Officiellement, l'[Allemagne](#), première contributrice au sein de la zone euro aux deux plans de soutien à la Grèce, ne veut pas non plus [entendre parler](#) d'un financement supplémentaire. A Bruxelles, une source européenne a confirmé néanmoins mardi qu'il faudrait "*réévaluer la situation*" compte tenu du trou de financement auquel est confronté Athènes. "*On peut appeler cela un troisième programme d'aide ou un deuxième programme réajusté*" a affirmé cette source. Alors que l'[Espagne](#) est également sur la sellette, la chancelière allemande, [Angela Merkel](#), reçoit M^{me} Lagarde mercredi, après un entretien, mardi, avec le président de la BCE, [Mario Draghi](#).

La France compte à nouveau trois millions de chômeurs

Par Marc Landré Publié le 26/09/2012 à 06:55 Réactions (26)



La France renoue en cette rentrée 2012 avec les heures les plus sombres de son histoire en matière de chômage de masse. Crédits photo : JEFF PACHOUD/AFP

Ce nouveau seuil, atteint pour la dernière fois il y a treize ans, confirme que l'Hexagone a bel et bien un problème de chômage de masse, qu'aucun gouvernement n'a réussi à résoudre.

Ce sera officiel - sauf surprise - à 18 heures précises, ce mercredi: la France va franchir le seuil psychologique des trois millions de chômeurs en métropole lors de la publication des données des inscrits à Pôle emploi à la fin août. Le gouvernement a certes préparé le terrain il y a un mois, en indiquant que la barre tant redoutée des «3 millions» était dépassée depuis longtemps - si on prend en compte la France entière, Dom compris, ou si on intègre les autres catégories de demandeurs d'emploi. Le symbole n'en reste pas moins fort. La France renoue en cette rentrée 2012, quelques mois seulement après le changement de majorité, avec les heures les plus sombres de son histoire en matière de chômage de masse.

Avec de tels chiffres, il ne fait guère de doute que la France a bel et bien un problème de chômage structurel, incapable de descendre depuis trente ans - même en période de reprise économique - sous la barre des 8 % de la population active. Les causes sont multiples et les remèdes relativement inefficaces à inverser la tendance sur une longue période. Aucun responsable politique n'a, à ce jour, trouvé la martingale et les premiers pas du gouvernement de Jean-Marc Ayrault confirment que le grand soir de l'emploi n'est pas pour demain.

François Hollande a eu beau promettre à la télévision qu'il allait «inverser la courbe du chômage dans un an», l'engagement présidentiel risque de se transformer en vœu pieux. Avec le flot de désillusions qui va avec. «Que serait un gouvernement qui n'afficherait pas un tel objectif politique?», se défend Michel Sapin. «Un gouvernement impuissant», répond-t-il dans la foulée, jugeant certes «ambitieux», mais «atteignable», l'objectif de redescendre sous la barre des trois millions de chômeurs d'ici à un an, grâce à «la politique économique, sociale et européenne du gouvernement».

En attendant le retour de la croissance

Outre les effets des mesures déjà prises (embauche de 2000 conseillers à Pôle emploi, rallonge de 80.000 contrats aidés au second semestre...) ou à venir (recrutement à partir du 1er novembre de 100.000 emplois d'avenir pour les jeunes sans qualification, lancement des premiers contrats de génération début 2013, «compromis historique» attendu des partenaires sociaux sur la sauvegarde de l'emploi...), le ministre de l'Emploi parie surtout sur le retour providentiel de la croissance en France. «Sans croissance, on n'y arrivera pas», avoue Jean-Marc Germain, l'ex-directeur de cabinet de Martine Aubry à la mairie de Lille et au PS, aujourd'hui l'un des députés les plus en vue de la commission des affaires sociales de l'Assemblée.

«Avec la relance du processus européen, je suis persuadé qu'il va y avoir un chaos dans l'autre sens, assure pour sa part Michel Sapin. Les marchés ont compris que notre engagement va dans la bonne direction. Il peut y avoir un appel d'air fort en octobre et une reprise en novembre, qui produira ses effets sur l'emploi à la mi-2013.»

Le sursaut, pour l'heure, se fait attendre. Le rouleau compresseur du chômage de masse a repris inexorablement sa marche forcée, et rien ne semble, à court terme, en mesure de l'arrêter. Or, il y a urgence, et ce probablement comme jamais. Le nombre de demandeurs d'emploi inscrits à Pôle emploi a enflé de 140 000 rien qu'en catégorie A sur les sept premiers mois de l'année (soit une progression cinq fois supérieure à celle de la même période en 2011, mais moitié moindre qu'en 2009). Et la tendance n'est malheureusement plus «à la baisse de la hausse» comme il y a quelques mois. Bien au contraire.

Résultat, le nombre de jeunes et de seniors inscrits en catégorie A dépasse 1,1 million de personnes (et bien plus si on prend en compte ceux qui travaillent à temps partiel ou les découragés, qui ont renoncé à franchir les portes d'une agence) et représente plus de 37 % des inscrits. Un taux jamais atteint depuis la création, en 1967, de l'ANPE, l'ancêtre de Pôle emploi, par un jeune secrétaire d'État à l'Emploi dénommé Jacques Chirac. Le premier ministre de l'époque, Georges Pompidou, lui avait demandé de créer un bureau national de placement des chômeurs, au motif que la France ne supporterait jamais de franchir le cap, tous âges confondus, du demi-million de demandeurs d'emploi. On sait ce qu'il en est advenu...

Quant au stock de chômeurs de «longue durée» (sans emploi depuis plus d'un an), il dépasse aujourd'hui 1,7 million de personnes, soit près de quatre chômeurs sur dix! La situation devient particulièrement désespérante pour les 470.000 en «très longue durée» (inscrits depuis plus de trois ans), dont les effectifs ont bondi de 20 % sur un an. Là encore, du jamais-vu qui annihile un peu plus chaque mois leur maigre perspective de réintégration, même momentanée, sur le marché du travail.

En attendant le retour de la croissance, le marché de l'emploi est voué à rester dépressif. L'Unedic estime que le nombre de demandeurs d'emploi progressera encore de 170.000 d'ici à la fin de 2013.

UE : vote de tous les dangers pour le PS

Par [Sophie Huet](#), [Solenn de Royer](#) Publié le 25/09/2012 à 20:24 [Réactions](#) (4)



«Ce sera à chacun (...) de choisir ce qui est utile pour le pays, ce qui est utile pour l'Europe», a lancé Jean-Marc Ayrault aux députés, mardi à l'Assemblée nationale. Crédits photo : Sébastien SORIANO/Le Figaro

Les socialistes auront besoin des voix de la droite pour faire ratifier le texte.

Ils ne voulaient pas en arriver là. Mais ils vont devoir le faire: sortir les calculettes. Pour le gouvernement, l'heure des comptes est arrivée, alors que le [traité budgétaire européen](#) doit être examiné à partir du 2 octobre à l'Assemblée nationale, avec un vote solennel prévu le 9. Le débat sera ouvert mardi par un discours de politique européenne de [Jean-Marc Ayrault](#), qui sera suivi ou non d'un vote. La question n'est pas tranchée. Le premier ministre a une nouvelle fois demandé mardi à chaque député de «bien mesurer la responsabilité qui est la sienne». «Ce sera à chacun et à chacune d'entre vous, en conscience et en responsabilité, de choisir ce qui est utile pour le pays, ce qui est utile pour l'Europe», a-t-il lancé pour dramatiser l'enjeu.

Plus que quelques jours pour convaincre les récalcitrants. À l'Assemblée, les socialistes et apparentés disposent de 297 sièges, soit plus de la majorité absolue des 577 députés. Le premier secrétaire du PS, [Harlem Désir](#), a dévoilé mardi soir, à l'issue du bureau national, la position de la direction du parti: à l'unanimité des 28 présents, le BN s'est prononcé pour un vote favorable. Les groupes PS à l'Assemblée et au Sénat débattront «de leur attitude la semaine prochaine», selon Harlem Désir, qui leur demande d'être «soudés, cohérents, rassemblés derrière le président de la République».

«Franchir la ligne rouge»

Mais il pourrait manquer une vingtaine de voix des députés de l'aile gauche du PS. La plupart des vingt-deux élus du courant de [Benoît Hamon](#) sont déterminés à voter contre, une poignée devrait s'abstenir. «Et c'est sans compter les députés PS qui n'appartiennent pas à l'aile gauche mais qui ne sont pas très chauds sur le traité et qui pourraient décider de franchir la ligne rouge», prévient un conseiller ministériel. La députée du Doubs Barbara Romagnan veut croire qu'il manquera au total «entre 25 et 30 voix socialistes».

À l'issue du vote intervenu samedi au sein du conseil fédéral d'Europe Écologie-Les Verts, la plupart des 17 députés écologistes devraient eux aussi voter contre le texte. À Matignon, on veut croire que la position du parti ne préfigure pas forcément le vote des députés. «Le premier ministre et Bernard Cazeneuve ont encore huit jours pour convaincre», indique un conseiller de Jean-Marc Ayrault. «Une majorité, ça soutient le gouvernement, a insisté mardi le ministre des Affaires européennes Bernard Cazeneuve. Il ne faut pas laisser l'esprit de la IVe République (le règne des partis, NDLR) s'insérer dans les institutions de la Ve. Un débat oui, une crise, non!»

Mardi, le patron des députés Verts, François de Rugy, a précisé que «la position officielle du groupe était un vote contre» mais que «quatre ou cinq députés sur dix-sept vont certainement prendre une position différente»,

plutôt l'abstention. Excédé, Denis Baupin (Verts, Paris) s'est exclamé: «À force de nous demander de voter un mauvais traité, des européens convaincus voteront contre l'Europe. On a le bâton, pas la carotte!»

«Brebis égarées»

Les trois députés d'extrême droite, qui qualifient le traité de «coup d'État» de l'Union européenne et de «rejeton des puissances d'argent», voteront contre. Tout comme le souverainiste Nicolas Dupont-Aignan. Même vote contre sur les bancs du Front de gauche, qui compte quinze députés. Le patron du groupe, André Chassaigne, qui a salué «l'excellente décision des Verts», s'est réjoui de l'élargissement du front des parlementaires opposés au traité. «Si le chef de l'État avait accepté un référendum, ça lui aurait donné une force considérable, tout un peuple derrière lui», a-t-il martelé.

À l'instar du souverainiste Jacques Myard (UMP, Yvelines), une dizaine de députés UMP, la plupart membres du collectif de la Droite populaire, sont également enclins à voter contre, alors que l'écrasante majorité du groupe votera pour ce traité négocié sous l'ancienne majorité par Nicolas Sarkozy (lire ci-dessous). Au total, plus d'une soixantaine de députés de tous bords pourraient donc rejeter le traité européen.

Au Sénat, où les socialistes n'ont pas la majorité absolue (à six voix près), les douze sénateurs écologistes du groupe présidé par Jean-Vincent Placé devraient voter contre, ainsi que les vingt membres du groupe SRC (communistes et apparentés). Au sein de la Haute Assemblée, le traité ne peut être adopté qu'avec le soutien de l'opposition. Le pire scénario serait que les socialistes aient besoin des voix de la droite pour faire ratifier le traité dans chacune des deux assemblées. «On a encore du boulot, résume un proche de Bernard Cazeneuve. Il faut faire un effort d'évangélisation pour essayer de ramener à nous encore quelques brebis égarées.»



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Why Germany Is Going to Exit the Eurozone

Simply put: it has no choice

by Alasdair Macleod*

Tuesday, September 25, 2012, 12:24 AM

It's becoming clear that there is only one sensible solution ahead of us as the Eurozone's problems evolve: Germany and the other countries suited to a strong currency should leave. If they do, the European Central Bank (ECB) will be free to pursue the easy money policies recommended by Keynesians and monetarists alike. It's increasingly clear that Germany has no option but to behave like any creditor seeking to protect its interests – and do its best to defuse the growing resentment against her from the Eurozone's debtors.

However, leaving the Eurozone is a political and legal, even seismic wrench, reversing decades of historical progression towards political and economic union.

The saga of the Eurozone reads like an old-fashioned novel – with a beginning, a middle, and presumably an end. In the beginning we are introduced to the characters, the middle is where the action is, and the end is plainly predictable. There are two broad types of story: fairy tale and murder mystery. A fairy tale starts with a handsome prince, who meets and conquers evil and woos the princess, and at the end they marry and live happily ever after. A murder mystery starts with a murder, the middle is littered with clues (many of which are designed to put the reader off the scent), and the perpetrator of the crime is revealed at the end. The starry-eyed visionaries behind the Eurozone embarked on a fairy tale and instead have found themselves as characters in a murder plot. The difference is not the outcome, but how many pages we have left to turn to the end of the story.

The victim, of course, is the great European ideal, the political project that was meant to unite the European nations. The murderer is sound economic theory, which has been ignored, even trampled underfoot, but has resurfaced in the guise of reality. None of the actors foresaw (let alone can accept) this turn of events, and to get a flavour of the current mood we only have to listen to Manuel Barroso, President of the European Commission, whose response is to retreat into yet more regulation and statist control in denial of all reality.

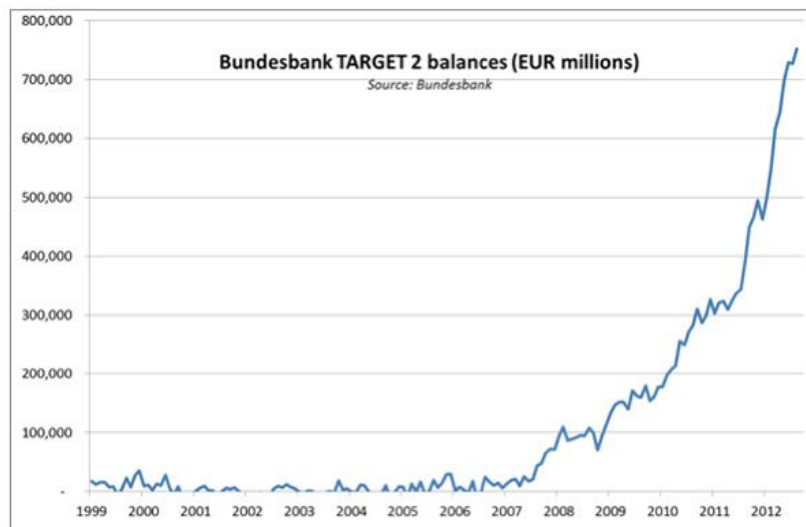
Germany and France are centre-stage; in the post-war years they were partners in forming an economic and political block on Soviet Russia's western boundary, containing the spread of communism. And by uniting the nations of Continental Europe, the reasons for war between them would be neutralised. These objectives were achieved, not so much by the formation of the European Union, but because the USSR's communist model ensured the eventual economic collapse and disintegration of Russia and her satellites. And after the Franco-Prussian War and the First and Second World Wars, Germany lost all appetite for belligerence anyway.

France, with a little help from her Anglo-Saxon friends, was cock-of-the-roost after the two world wars, so much so that De Gaulle, France's post-WW2 leader, was confident enough to refuse to join NATO, building France's own arms capability instead. This sharply contrasted with Germany, who disavowed any military capability of her own and submitted completely to the military jurisdiction of NATO. This was reflected in post-war politics, with Germany quietly rebuilding her shattered economy, basing it on the preservation of savings, while France sought to build the state. The background to our story is one involving neighbours presenting a common front, but with very different attitudes toward life.

It is tempting to think that none of this matters, but it does. **Politics, and not economics, are centre-stage.** The German establishment is fundamentally reluctant to lead the Eurozone, being more interested in protecting Germany's commercial interests. The French retain perhaps a sense of insecurity expressed in their jingoism. The former president, Sarkozy, visibly epitomised this. The new president, Hollande, expresses his nationalism by promoting French socialism. While Frau Merkel and M. Sarkozy were able on the surface to rub along together, Hollande's denial of fiscal austerity exposes Germany's underlying problem: As the rich and successful partner, it is now expected to subsidise the rest of the Eurozone for as long as it takes.

Germany is now in the unhappy position of a lender who has committed large amounts of money to a number of borrowers, who find themselves unable to repay and require further finance. Does it dig deep and find more money in the hope that it does not have to write its investments off, or does it say *enough is enough*? But it is worse than that; it hasn't enough money itself to throw at these debtors, with the likely costs certain to exceed all its tax revenues. To give you a sense of the problem, in very round figures Germany's tax revenues are €1.2 trillion, while the estimated costs of keeping defaults in the Eurozone at bay stand at close to €4 trillion.

But it gets worse still; it has no control over the money flowing through its own central bank. The chart below is of the money the Bundesbank automatically has to lend the other Eurozone central banks under the TARGET2 settlement system. Some of this figure, by the way, is included in the total estimated €4 trillion.



This balance, which reflects private sector capital fleeing from the Eurozone debtor nations and being lent back to their central banks, stood at €751bn (\$975bn) at the end of August, representing perhaps one sixth of all Eurozone deposits. On top of this, Germany and a few others are being asked to bankroll these nations' governments. You only have to look at the rate of increase to get a sense of the banking runs being suffered in the weaker states and to understand the scale of the underlying crisis.

Germany's electorate is becoming acutely aware of the enormity of the task. In theory, under the European Stability Mechanism (ESM), which is the vehicle for bailing out debtor nations unable to fund themselves, each Eurozone nation has to contribute. While one can understand the case for a nation being bailed out not having to contribute, does this mean that Italy, for example, must contribute to a bailout for Spain, and if so, how is it going to come up with the money? Obviously it cannot. And what about France, with its inward-looking economic model and with its own budget deficit running at over 6% and rising? It's silent on this matter, but it is a reasonable guess that it will make diplomatic excuses. This is the background to the German Constitutional Court's judgment delivered on September 12, 2012.

German Constitutional Court's Judgment

Last month [on behalf of GoldMoney](#), I spoke to Professor Markus Kerber, who is one of the German academics that led the action placed before the Court on behalf of about 37,000 citizens. The Constitutional Court was asked to block presidential ratification of the German parliament's approval of the ESM. Central to his case was the rapid increase in the bailout costs faced by Germany. Kerber told me that in the deposition to the court, the estimated costs for which Germany would be liable and that can be substantiated are in the order of €2 trillion, with further commitments of €1.7 trillion in the pipeline. This is in stark contrast with a similar action brought before the court a year ago, where the costs appeared to be only €170 billion. That action was rejected on the grounds that Germany could effectively afford it, in the view of the judges. So it was entirely logical that they ruled that the German President could ratify parliamentary approval of the ESM, so long as Germany's contribution is capped at the level authorised by parliament at €190 billion.

This is small change in the scheme of things, and the ESM will require considerably larger contributions from Germany, assuming that an immediate and miraculous economic recovery doesn't happen for the debtor nations. It doesn't even begin to tackle Spain's problems, let alone Italy's. The larger contributions required for these debtors can only be obtained by going back to parliament and asking for an increase; something that is getting progressively more difficult as the general election approaches. But the Court went further, by ruling that the ESM can only use funds directly contributed to it and cannot borrow by issuing bonds in its own right or operating as a bank. This eliminates any hope that the ESM can be levered up.

Even more startling is its ruling with respect to the ECB and its recently announced Outright Monetary Transactions (OMT), and I quote from an [English translation](#):

For an acquisition of government bonds on the secondary market by the European Central Bank aiming at financing the Members' budgets independently of the capital markets is prohibited as well, as it would circumvent the prohibition of monetary financing (see also Recital 7 of Council Regulation (EC) No 3603/93 of 13 December 1993 (OJ L 332 of 31 December 1993, p. 1)).

The Court ruling therefore appears to put a straitjacket on the ECB as well as the ESM, together with all the bail-out plans cobbled together so far. The Court has basically made it impossible for unelected officials to commit German citizens' funds without parliamentary approval and for the Bundesbank to condone the ECB's actions.

The immediate response from German politicians has been supportive of the judgment, because it does not seek to overturn the Bundestag (the German parliament), and frankly, what else can they say without disrespecting the law? Privately, they must be reflecting on not only the difficulties or even the impossibility of going back to the Bundestag for ratification of even greater contributions to the ESM, but also they must be wondering where on earth they go from here.

The alternative, assuming attempts to rescue indebted nations are not to be abandoned, is for the ECB to ignore the German Constitutional Court on the basis that the GCC has no jurisdiction over it, confront the Bundesbank, and accelerate its lending through the banking system, which of course is likely to eventually undermine the euro itself. The question then arises as to whether or not Germany will voice its objections to such a policy. It makes no sense for Germany, which has seen its own currency destroyed twice in the last ninety years and has experienced a period of national prosperity based on sound money before the creation of the euro, to be a party to the rapid expansion of money by the ECB.

This monetary expansion has to happen, however, if widespread sovereign defaults are to be averted. Its Constitutional Court has effectively made Germany's decision. It can only with the greatest political difficulty raise more than €190bn from its own citizens to support debtors, and it cannot condone the monetisation of government debt. There is now only one alternative: **Germany must leave the Eurozone** and allow the member states, who happen to believe in the Keynesian salvation of a weak currency, to pursue their favoured solution with a weak euro. Germany's politicians can now demonstrate that their hands are well and truly tied by their own constitution, which is getting in the way of co-ordinated solutions.

What does Germany get out of the euro?

Not as much as you would think. It is a common fallacy that Germany has benefited by anchoring its terms of trade with its neighbours through a common currency; this is an error born from neoclassical economic suppositions. Germany's original supporters of Eurozone membership were its large industrial companies, which were looking forward to a trading environment made easier by a weaker currency. However, it was not long before these benefits were lost, because companies naturally felt less pressure to control their costs. The result is that German companies have (if anything) lost their competitive edge as a result of the single currency, and gains in productivity have been disappointing as a result.

The biggest losers have been the ordinary workers, whose wages continued to rise at a very pedestrian pace, if at all. Whereas in the past, a wage-packet bought more as the Deutsche mark rose in value against other paper currencies, that is no longer true. Instead, static wages have lost purchasing power over time, and the result is that growth in real disposable income per capita is virtually non-existent. Workers have been squeezed between a legacy of past wage-bargaining assumptions and a change from a strong to a weaker currency.

Conclusion

In short, it has become obvious to many people from all walks of life in Germany that the euro has done them no good, and, far from reaping benefits, they are actually less wealthy as a result of it. Therefore, the brash assumption fostered by the debtor nations that Germany can and will pay is simply incorrect, even if we stick to the headline numbers. But we all know that a government budget deficit is only the tip of an iceberg. For Spain and Italy, we must also consider rapidly escalating off-balance-sheet liabilities, the financial difficulties of local governments, and central government guarantees for nationalised and other supported industries. Government liabilities can be doubled or even tripled – who knows? Our experience of Greece's troubles has confirmed that an initial few tens of billions, which *Deo volente* was enough, turned out to be only the first of a series of ever-increasing demands. If Greece is to be regarded as a learning experience, Spain will certainly be impossible to support, given that she shows no sign or even any prospect of economic recovery.

Germany's politicians know this. For the moment they are frozen in a state of inaction, but there is a general election to concentrate their minds in about a year's time. So irrespective of the timing imperative from Eurozone countries facing financial disaster, Germany is running out of time as well. It is make-your-mind-up-time for everyone.

If Germany is to abandon the euro, it has to do so as quickly and elegantly as possible. It must be able to demonstrate that it has no alternative and that it is the best solution for all parties involved. It must gain international support for its actions and the support of other key Eurozone members. There will also be legal difficulties to surmount – because, put simply, leaving the Eurozone is against the law.

*Alasdair Macleod



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Inequality and the euro zone

Coincidence or cause?

The Economist Sep 25th 2012, 15:50 by Buttonwood

INEQUALITY is one of the great issues of the day and a key inspiration for the Occupy protesters. The bottom 10% of the US population has hardly seen any gain in real incomes over the last 25 years and this has been accompanied by a decline in social mobility; it is harder to escape the circumstances of your birth than it used to be. But this is a phenomenon that has occurred across the western world; an OECD [report](#) last year showed that, since the mid-1980s, the real incomes of the top decile have risen from 1.9% a year while those of the bottom decile have risen just 1.3%. The average Gini coefficient (a measure of inequality where 0 means income is equally shared and 1 means that one person has all the wealth) has risen from 0.29 to almost 0.32.

But looking through the data, one factor leaped out. Here is a rearranged version of the OECD's table 1, with the countries ranked by the gap between bottom decile and top decile income growth. So countries which have reduced inequality are at the top, those where inequality has increased are at the bottom.

Annual change

Portugal	+2.5
Greece	+1.6
Ireland	+1.4
Spain	+1.4
Chile	+1.2
Turkey	+0.7
Belgium	+0.5
France	+0.3
Hungary	-0.2
Austria	-0.5
Canada	-0.7
Denmark	-0.8
Japan	-0.8
Italy	-0.9
Mexico	-0.9
Netherlands	-1.1
Czech Republic	-1.2

Finland	-1.3
Norway	-1.3
Luxembourg	-1.4
New Zealand	-1.4
US	-1.4
Australia	-1.5
Germany	-1.5
UK	-1.6
Israel	-2.0
Sweden	-2.0

The four countries at the top of the table are four of the PIGS which have been at the heart of the debt crisis. Is this a coincidence? The OECD report doesn't really discuss the reason for inter-country differences except to say that there may be a general convergence of Gini coefficients (Chile and Turkey are becoming less unequal, while the Scandinavian countries are becoming less equal).

One interpretation would be that Greece, Spain and Portugal were all late joiners to the EU and the poorest members of society may have been the beneficiaries, both of EU subsidies and of the shift away from agriculture-based economies. Another interpretation relates to the fact that all three economies have been uncompetitive since adopting the euro (their unit labour costs have risen a cumulative 15-25% more than Germany's). The most common explanation for the general rise in inequality is skill-biased technological change; better-educated workers have seen their wages bid up because of their ability to use technology. It is possible that the countries at the top of the table have combined high social spending with a culture that did not encourage entrepreneurship; the downside of greater equality was the loss of competitiveness.

The Irish case is harder to fit into this model since it joined the EU before the others and it is generally perceived to have a very flexible economy. But it still seems hard to believe that all this is just coincidence.

La BCE redoute une plainte devant la Cour de justice

Par [Patrick Saint-Paul](#) Mis à jour le 25/09/2012 à 16:45 | publié le 25/09/2012 à 15:49 [Réactions](#) (7)



Le siège de la BCE, à Francfort. Crédits photo : ODD ANDERSEN/AFP

Les juristes de la BCE et de la Bundesbank planchent sur la conformité du programme de rachat de dettes d'État avec les traités européens, en cas de plainte devant la Cour européenne de justice.

De notre correspondant à Berlin

La partie n'est pas encore gagnée pour [Mario Draghi](#). Les experts juridiques de la Banque centrale européenne (BCE) et de la [Bundesbank](#), la banque centrale allemande, examinent à la loupe la légalité du plan de rachat d'obligations souveraines élaboré par le président de la BCE, selon le quotidien *Bild*.

Les juristes de la BCE cherchent à «s'armer légalement» en cas de recours devant la Cour européenne de justice. Ils veulent ainsi établir jusqu'où le programme devrait aller, et sur quelle durée, pour contrevvenir aux traités européens interdisant le financement direct des États.

Mario Draghi a annoncé le 6 septembre que l'institution de Francfort était disposée à [acheter des montants illimités d'obligations](#) émises par les États de la [zone euro](#) en difficulté. À condition qu'ils en fassent officiellement la demande et qu'ils s'astreignent en contrepartie à accepter les conditions fixées par la troïka (UE, FMI, BCE). Ce plan vise à réduire les coûts de financement d'États comme l'Espagne ou l'Italie.

Les intentions des experts juridiques de la Bundesbank ne sont pas claires. [Le plan a suscité de vives critiques en Allemagne](#). Et le président de la «Buba», [Jens Weidmann](#), s'y est opposé au sein du Conseil des gouverneurs de la BCE, avant d'expliquer les raisons de son refus du plan dans un communiqué. Weidmann juge que la BCE sort de son mandat et que son initiative pourrait être contraire à l'esprit du traité de Maastricht.

Mohamed El-Erian, Pimco „Die Notenbanken machen mir Angst“

FAS 22.09.2012 · Mohamed El-Erian, Chef des weltgrößten Anleiheninvestors Pimco, hält Europa für ein Pulverfass. Anleger befinden sich in großer Gefahr.

[Artikel](#) [Bilder \(2\)](#) [Lesermeinungen \(15\)](#)



© Wresch, Jonas

Pimco-Vorstandschef Mohamed El-Erian steuert Anlagegelder in Höhe von 1800 Milliarden Dollar.

Herr El-Erian, Sie sind Chef des weltgrößten Anleiheninvestors: Pimco verwaltet 1800 Milliarden Dollar. Trauen Sie sich noch, das Geld Ihrer Kunden in europäischen Staatsanleihen anzulegen?

Durchaus. Aber wir investieren nur dann, wenn eine entscheidende Vorbedingung erfüllt ist: Die Schuldenkennziffern eines Landes müssen in Ordnung sein. Und natürlich muss auch das Renditeniveau stimmen.



© F.A.Z.

Das Fondsvermögen ist in zehn Jahren von 67,8 auf 272,5 Milliarden Euro angestiegen

Da bleibt Ihnen in Europa aber keine große Auswahl mehr.

Sicher, die Möglichkeiten sind zurzeit eingeschränkt. Innerhalb des Euroraumes bringen wir nur noch einigen Ländern wie Deutschland, Österreich und Finnland uneingeschränktes Vertrauen entgegen. Hier sind die Renditen jedoch extrem niedrig. Aber vergessen Sie nicht: Europa ist mehr als die Eurozone. Norwegische und schwedische Staatsanleihen halte ich für hochsolide. Ganz anders sieht dies in Südeuropa aus: Anleihen aus Griechenland und Portugal sind zu riskant. In italienische Staatspapiere investieren wir zwar, aber nicht in großem Stil.

Die Europäische Zentralbank (EZB) will unbegrenzt die Anleihen schwacher Euroländer aufkaufen, um die Gemeinschaftswährung zu erhalten. Da könnten Sie doch ruhig mutiger sein.

Dafür ist es noch zu früh. Ich weiß, dass EZB-Präsident Mario Draghi für seine Entscheidung vor allem in Deutschland hart kritisiert wird, und muss dazu sagen: Aus seiner Position heraus halte ich die Maßnahmen für

absolut richtig. Blicken Sie doch nur einmal ein paar Wochen zurück. Noch im Juli stand Europa ganz nahe am Abgrund. Die Rendite spanischer Staatsanleihen lag bei mehr als sieben Prozent, gleichzeitig erhielt die Schweiz aus dem ganzen Euroraum Kapitalzuflüsse in Höhe von rund 20 Prozent ihrer Wirtschaftsleistung - innerhalb eines einzigen Monats. Das ist so, als ob Sie in einem kleinen Kanu mit voller Geschwindigkeit auf einen Wasserfall zusteuern. Irgendwann ist die Kraft des Wassers so stark, dass Sie die Kontrolle über das Boot verlieren. Glauben Sie mir, Europa war kurz davor. Nun hat sich die Lage aber zumindest ein wenig beruhigt.

Beruhigt? Spanische Staatsanleihen notieren immer noch bei Renditen von rund sechs Prozent.

Das war nicht anders zu erwarten. Auch wenn manche Analysten etwas anderes behaupten: Es ist ja nicht so, dass die reine Ankündigung eines Anleihenkaufprogramms die Märkte schon für alle Zeit zufriedenstellt. Nein: Die Schuldenstaaten werden liefern müssen, die Gläubiger wollen nach den Worten auch Taten sehen. Die Ankündigung der EZB-Maßnahmen birgt darum auch eine große Gefahr. Denn sie könnten so manch klammen Eurostaat zum „Moral Hazard“ verführen.

Das müssen Sie erklären.

Stellen Sie sich folgende Situation vor: Sie stehen an einer Bushaltestelle, und jemand bittet Sie, ihm das Geld fürs Ticket zu leihen. Er habe sein Geld vergessen, müsse aber dringend zu einem Bewerbungsgespräch. Wie wollen Sie sicherstellen, dass er mit dem Geld nicht doch lieber einen Kaffee trinken geht? Europa muss also sehr aufpassen, dass die EZB-Hilfen nicht dazu führen, dass die südeuropäischen Länder in ihren Reformanstrengungen nachlassen. Die Anleihenkäufe sollen schließlich Reformen erleichtern, nicht ersetzen. Das aber ist ein ganz schmaler Grat.

Viele Deutsche würden wohl befürchten, dass Südeuropa lieber zum Kaffee greift.

Wie gesagt: Kurzfristig blieb der EZB aus meiner Sicht keine andere Option. Aber ob ihre Maßnahmen langfristig Erfolg haben werden, hängt auch von anderen Faktoren ab. Sicher ist: Mario Draghi allein wird den Euro nicht retten können.

Was ist denn Ihrer Meinung nach zusätzlich nötig?

Wissen Sie, mir kommt da ein persönliches Erlebnis in den Sinn. Wir waren bei Freunden an der Ostküste zu Gast - im Garten hatten die eine Hängematte aufgespannt. Ich habe versucht, mich hineinzulegen, aber es ist mir nicht gelungen, eine stabile Position zu finden. Noch schlimmer: Als ich wieder aufstehen wollte, hätte ich mich fast auf die Nase gelegt. Verzeihen Sie den Vergleich, aber ganz ähnlich ist es mit dem Euroraum. Schon als die Währungsunion gegründet wurde, handelte es sich um eine unvollendete Konstruktion. Bildlich gesprochen, haben die Europäer die Schwankungen der Hängematte zu Anfang noch hingenommen, zuletzt jedoch sind die Ausschläge immer heftiger geworden, die Gefahr eines Sturzes ist groß wie nie. Die Politiker haben anfangs nicht erkannt, dass eine Währungsunion ohne eine gemeinsame Fiskalpolitik, ohne starke gemeinsame Bankenaufsicht und ohne politische Union nicht dauerhaft funktionieren kann.

Dies bedeutet: Jeder Eurostaat haftet für die Schulden des anderen. Die Europäischen Verträge schließen das eigentlich aus.

Mir ist bewusst, dass viele Deutsche dies ablehnen, und letztlich ist es allein eine Entscheidung der Europäer. Aber getroffen werden muss sie. Um es ganz konkret zu machen: Entweder die Mitglieder des Euroraumes, allen voran Deutschland, zahlen noch viele Jahre für Griechenland. Oder man lässt das Land aus dem Währungsraum ausscheiden. Je länger man die Entscheidung aber hinausschiebt, umso teurer wird es. Und umso gravierender werden die Markturbulenzen sein, falls Griechenland den Euroraum am Ende doch verlassen sollte, weil die Bevölkerung den Sparkurs nicht mehr mitträgt. Die Politik muss darum endlich Farbe bekennen. Es kann nicht sein, dass sie sich heraushält und darauf hofft, dass die Notenbank die Probleme der Eurozone lösen wird.

Auch in Amerika lässt die Politik die Zentralbank ran. Die amerikanische Notenbank kauft unbefristet Hypothekenanleihen auf.

Ja, und schauen Sie außerdem auf Japan sowie auf England: In der ganzen Welt fluten die Zentralbanken die Märkte mit Geld. Überall versuchen sie, den Job der Politiker zu übernehmen und Krisen zu lösen. In meinen Augen ist das die größte Wette, die an den Finanzmärkten je abgeschlossen wurde. Und es ist völlig unklar, ob sie aufgehen wird. Es gibt dafür schließlich keinerlei historisches Vorbild.

Macht Ihnen das Angst?

Ja, das tut es. Wir leben in einer Welt massiv überdehnter Bilanzen. Erst gerieten die Bilanzen der Banken in Folge der Lehman-Pleite in Unordnung, die Staaten griffen ein. Diese Rettungsaktion hat die Schuldenlast vieler Länder derart nach oben getrieben, dass nun die Zentralbanken mit der Notenpresse aushelfen müssen. Aber es gibt eine Grenze, bis zu der sich Bilanzen der Notenbanken zweckentfremden lassen. Und wenn diese gewaltige Wette nicht aufgeht, könnten die Folgen gravierend sein: Unseren Kindern wird es dann nämlich schlechter gehen als uns. Das Wachstum wäre niedrig, die Arbeitslosigkeit hoch, die Inflation ebenfalls. Es gäbe zwar keine Hyperinflation, aber Sparen würde sich nicht mehr lohnen. All das droht uns, wenn die Zentralbanken die Wette verlieren.

Pimco hat in jedem Fall ein Problem: Sie verwalten mit dem Pimco Total Return Fund den größten Anleihenfonds der Welt, aber zu Anleihen können Sie Anlegern eigentlich nicht mehr raten, oder?

Doch, Anleihen bleiben wichtig. Papiere mit Inflationsschutz sind interessant, genau wie Anleihen aus soliden Staaten wie Kanada und Australien. Der Blick in die Schwellenländer lohnt ebenfalls. Hier setzen wir beispielsweise auf Brasilien und Mexiko. Aber natürlich schauen wir längst nicht mehr nur auf Anleihen. Wer sein Geld schützen will, braucht heutzutage auch Aktien und Rohstoffe.

Ihr Vorstandskollege, Pimco-Gründer Bill Gross, sieht das anders. Jüngst sagte er, der Aktienkult sei tot.

Bill hat ja nicht gesagt, dass die Aktie tot sei, sondern vom sterbenden Aktienkult gesprochen. Damit war gemeint: Auch bei Aktien dürfen Anleger nicht mehr damit rechnen, auf lange Sicht Erträge zwischen acht und zwölf Prozent im Jahr zu erhalten. Für Aktien und Anleihen gilt in Zukunft: Investoren müssen sich mit deutlich niedrigeren Renditen zufriedengeben.

Als Chef des größten Anleihenhauses könnten Sie doch Einfluss darauf nehmen, dass es weniger schlimm kommt. Viele Regierungen suchen Ihren Rat.

Wir haben keinen Einfluss. Bei uns gibt es eine strenge Regel: Wir treten niemals von uns aus mit Regierungen in Kontakt, stellen keine Fragen. Wir beantworten aber gerne Fragen, wenn jemand unsere Einschätzung hören möchte.

Wie oft ruft das Weiße Haus an?

Wir bekommen derzeit viele Anrufe aus der ganzen Welt. Vom wem genau, werde ich nicht verraten.

Das Gespräch führte Dennis Kremer.

Der Anleihengigant

Die Fondsgesellschaft Pimco ist ein Investmenthaus der Superlative: Die Amerikaner steuern den Pimco Total Return Fund - mit einem Volumen von 272,5 Milliarden Dollar der größte Fonds der Welt. Seit 2007 steht Mohamed El-Erian an der Pimco-Spitze. Der Sohn eines ägyptischen Diplomaten hatte zuvor den Stiftungsfonds der Elite-Uni Harvard geleitet. Pimco ist eine Tochtergesellschaft des Versicherungskonzerns Allianz.

NYT September 24, 2012

The Trade-Off That Created Germany's Job Miracle

By [JACK EWING](#)

INGOLSTADT, [GERMANY](#) — More than a quarter of the work force in Spain or Greece is without jobs, but this city on the Danube north of Munich has the opposite problem: not enough workers.

Patrick Schuler, 21, weighed three offers recently before choosing a work-study training program at Schabmüller Automobiltechnik, which makes components for Audi and other vehicle manufacturers.

He is not unusual. One of his fellow Schabmüller trainees, 18-year-old Rebecca Hartl, said “None of my friends have any problem getting a job.”

Ingolstadt, with a population of 128,000, provides perhaps the best example of the turnaround that has occurred in the German job market since an overhaul of labor regulations in 2005. Unemployment in Ingolstadt and the surrounding region is just 2.2 percent, the lowest rate in the country. In Eichstätt, a neighboring town, the jobless rate is an almost impossibly low 1.3 percent.

The changes that helped create full employment, and then some, in parts of Germany are often held up as an example that other European countries should emulate.

And yet, as many low-paid Germans would attest, employment and affluence are not necessarily synonymous — as the country's growing income gap makes clear. Nor are all of those jobs necessarily secure. What is more, a visit to Ingolstadt shows that the low jobless rate is also a result of factors that may not be so easy to duplicate elsewhere.

Even Germany is not immune to Europe's economic problems. The Ifo business climate index, considered a reliable gauge of the mood in German industry, fell for a fifth month in September, according to data released Monday by the Ifo Institute in Munich. German managers are concerned that the euro zone crisis is depriving them of sales in other parts of Europe.

Like companies all over Germany, though, those in Ingolstadt have prospered from exports beyond Europe — to emerging markets and a general surge in the number of affluent consumers worldwide. Volkswagen's Audi unit, which is based in Ingolstadt and is by far the biggest employer, now sells more of its high-end cars in China than in Germany or the United States.

The effects of the labor reforms are impossible to disentangle from the results of sound corporate strategy. “It's hard to say because at the same time the economy recovered,” said Thomas Sigi, a member of the management board at Audi who is in charge of personnel. “German industry prepared itself at the right time for emerging markets.”

Since 2005, when the revamp in labor laws took effect, the jobless rate in Germany has fallen from 13 percent to less than 7 percent. A big factor was a steep cut in jobless benefits that put pressure on people to take even low-wage jobs, and changes that made it easier for companies to hire temporary workers with fewer protections against dismissal.

That is why the country's job miracle is regarded with curious ambivalence by many Germans. It came at the expense of the comfortable but costly social benefits many Germans treasured.

People had to give up the security of a guaranteed long-term income if they became unemployed. They faced more pressure to take jobs they did not want. Even better-paid workers had to make do with meager pay raises.

As a result, labor costs in Germany have barely budged in the past decade. The wage restraint helped German companies become more competitive on world markets, preventing the loss of manufacturing jobs to Eastern Europe or China. But it also created a bigger gap between rich and poor.

Gerhard Schröder, the chancellor who pushed through the changes in labor rules in the face of bitter opposition within his own center-left party, subsequently lost a re-election bid to Angela Merkel. He has since become a figure of some ridicule because of his business ties to the Russian president, Vladimir V. Putin.

Mr. Schröder's fate has not been lost on officials in countries like Spain and Italy, who have often dragged their feet on removing sclerotic labor rules. Such changes are unpopular and typically take years to bear fruit, by which time the officials responsible have been kicked out of office.

But for all the drawbacks, by most measures Ingolstadt has undergone a remarkable transition. It was once regarded as a somewhat blighted corner of Bavaria, perhaps most famous as the place where the fictional Dr. Frankenstein attended medical school and stitched together a monster from body parts he scavenged from graveyards.

In 2005, the jobless rate in Ingolstadt was more than 7 percent, three times the current level. The city is not opulent like Munich to the south. Ingolstadt has a historic city center surrounded by old fortress walls, but there are several empty storefronts. And many neighborhoods consist of slab-like concrete apartment blocks, where the predominant language is often Turkish or Russian.

For now, Audi continues to thrive, reporting a 13 percent increase in unit sales through August. But some people in town worry that Audi could begin suffering the slump now afflicting most other European carmakers. Besides employing 35,000 people in Ingolstadt, the company supports a huge network of suppliers.

The German economy is slowing down, which could affect Audi and other Ingolstadt businesses. "We are very concerned about what would happen if Audi had a sales problem," said Bernhard Stiedl, deputy head of the IG Metall union in Ingolstadt, which represents Audi workers. "It would have a massive effect on us."

The first to suffer would be temporary workers. As part of the 2005 changes in the labor market, Germany made it easier for companies to use workers supplied by staffing companies to deal with fluctuations in demand.

"Flexibility in production is essential, and temporary workers definitely play a role," said Janina Kugel, senior vice president for human resources and executive development at Osram, the lighting division of Siemens, which has a factory in Eichstätt.

Despite the 2005 overhaul, most German workers continue to enjoy far more protections than those in the United States. Permanent workers can usually be laid off only after lengthy negotiations with employers that typically include hefty severance payments. German politicians remain reluctant to tamper with these legal barriers to dismissal.

Temp workers, though, are formally employed by the staffing companies. They can be released in an instant from their temporary employers.

"Temporary work has boomed, but there is a high degree of insecurity," said Rolf Zöllner, head of the Federal Labor Agency in Ingolstadt. Staffing agencies account for about 40 percent of the positions offered through the labor agency, he said.

For now, few workers are complaining. Ingolstadt has problems many cities would envy. While many communities are suffering from declining population because of low birthrates, Ingolstadt is adding 1,000 residents a year and construction companies are busy putting up housing. Financially strapped cities elsewhere are closing schools and public swimming pools; Ingolstadt is building new ones. Audi has sponsored new sports stadiums and professional soccer and hockey teams.

The people suffering the most in Ingolstadt may be employers desperate to find enough workers, particularly small enterprises that cannot afford to pay as much as Audi.

At the Espresso Café Boulevard in the city's pedestrian zone, the owner, Kristin Zinser, had two large chalkboards set up on the cobbled street recently. One advertised the lunch special (meat with gravy and a small salad) and the other sought counter help

Ms. Zinser said it was tough to find workers and hard to keep them. "They're students," she said. "They go after a while."

Even at the entry level, wages are rising. Schabmüller, the auto components maker, has raised the stipend it pays to student trainees to €510, about \$660, a month from €400, and they can earn an additional €150 a month if they maintain the equivalent of a B average in school.

Despite the labor shortage, there has not yet been an influx of workers from countries with high unemployment like Spain, Greece or Italy. One exception is Osram, the lighting unit of Siemens, which has imported workers from Poland and the Czech Republic for some of its Bavarian factories. But language skills have been an obstacle for southern Europeans, Mr. Zöllner of the labor agency said, though he added they might start to arrive in Germany as the Continent's economic problems continue.

Otherwise, Germany's tight labor market could become a brake on growth. "I can't buy a new machine if I don't have someone to operate it," said Christian Stöhr, a manager at Schabmüller who is in charge of recruiting and training apprentices.

The job market has even vacuumed up people who used to be considered unemployable. After the collapse of the Soviet Union, Ingolstadt was a destination for many ethnic Germans in places like Kazakhstan that, under German law, had a right to citizenship.

But many did not speak German or have marketable skills and were blamed for a rise in crime. That problem has all but disappeared, said Herbert Lorenz, head of the Ingolstadt economic development office. "The best social policy," he said, "is full employment."

NYT September 24, 2012

Spain Recoils as Its Hungry Forage Trash Bins for a Next Meal

By [SUZANNE DALEY](#)

MADRID — On a recent evening, a hip-looking young woman was sorting through a stack of crates outside a fruit and vegetable store here in the working-class neighborhood of Vallecas as it shut down for the night.

At first glance, she looked as if she might be a store employee. But no. The young woman was looking through the day's trash for her next meal. Already, she had found a dozen aging potatoes she deemed edible and loaded them onto a luggage cart parked nearby.

“When you don't have enough money,” she said, declining to give her name, “this is what there is.”

The woman, 33, said that she had once worked at the post office but that her unemployment benefits had run out and she was living now on 400 euros a month, about \$520. She was squatting with some friends in a building that still had water and electricity, while collecting “a little of everything” from the garbage after stores closed and the streets were dark and quiet.

Such survival tactics are becoming increasingly commonplace here, with an unemployment rate over 50 percent among young people and more and more households having adults without jobs. So pervasive is the problem of scavenging that one Spanish city has resorted to installing locks on supermarket trash bins as a public health precaution.

[A report](#) this year by a Catholic charity, Caritas, said that it had fed nearly one million hungry Spaniards in 2010, more than twice as many as in 2007. That number rose again in 2011 by 65,000.

As [Spain](#) tries desperately to meet its budget targets, it has been forced to embark on the same path as Greece, introducing one [austerity measure](#) after another, cutting jobs, salaries, pensions and benefits, even as the economy continues to shrink.

Most recently, the government raised the [value-added tax](#) three percentage points, to 21 percent, on most goods, and two percentage points on many food items, making life just that much harder for those on the edge. Little relief is in sight as the country's regional governments, facing their own budget crisis, are chipping away at a range of previously free services, including school lunches for low-income families.

For a growing number, the food in garbage bins helps make ends meet.

At the huge wholesale fruit and vegetable market on the outskirts of this city recently, workers bustled, loading crates onto trucks. But in virtually every bay, there were men and women furtively collecting items that had rolled into the gutter.

“It's against the dignity of these people to have to look for food in this manner,” said Eduardo Berloso, an official in Girona, the city that padlocked its supermarket trash bins.

Mr. Berloso proposed the measure last month after hearing from social workers and seeing for himself one evening “the humiliating gesture of a mother with children looking around before digging into the bins.”

The Caritas report also found that 22 percent of Spanish households were living in poverty and that about 600,000 had no income whatsoever. All these numbers are expected to continue to get worse in the coming months.

About a third of those seeking help, the Caritas report said, had never used a food pantry or a soup kitchen before the economic crisis hit. For many of them, the need to ask for help is deeply embarrassing. In some cases, families go to [food pantries](#) in neighboring towns so their friends and acquaintances will not see them.

In Madrid recently, as a supermarket prepared to close for the day in the Entrevias district of Vallecas, a small crowd gathered, ready to pounce on the garbage bins that would shortly be brought to the curb. Most reacted angrily to the presence of journalists. In the end, few managed to get anything as the trucks whisked the garbage away within minutes.

But in the morning at the bus stop in the wholesale market, men and women of all ages waited, loaded down with the morning's collection. Some insisted that they had bought the groceries, though food is not generally for sale to individuals there.

Others admitted to foraging through the trash. Victor Victorio, 67, an immigrant from Peru, said he came here regularly to find fruits and vegetables tossed in the garbage. Mr. Victorio, who lost his job in construction in 2008, said he lived with his daughter and contributed whatever he found — on this day, peppers, tomatoes and carrots — to the household. “This is my pension,” he said.

For the wholesalers who have businesses here, the sight of people going through the scraps is hard.

“It is not nice to see what is happening to these people,” said Manu Gallego, the manager of Canniad Fruit. “It shouldn't be like this.”

In Girona, Mr. Berloso said his aim in locking down the bins was to keep people healthy and push them to get food at licensed pantries and soup kitchens. As the locks are installed on the bins, the town is posting civilian agents nearby with vouchers instructing people to register for social services and [food aid](#).

He said 80 to 100 people had been regularly sorting through the bins before he took action, with a strong likelihood that many more were relying on thrown-away food to get by.

But Mr. Berloso's locks created something of an uproar across Spain, where the economic crisis is fueling more and more protests highlighting hunger. A group of mayors and unionists in southern Spain, where unemployment rates are far above the average, recently staged Robin Hood raids on two supermarkets, loading carts with basic foods and pressing them to donate more food to the needy.

More than a dozen people are facing prosecution for theft over the stunt. But they are unrepentant and appear to have huge local support. “Taking some food and giving it to families who are having a really hard time, if this is stealing, I am guilty,” one of the men, Francisco Molero of the farmworkers' SAT union, told the local news media afterward.

Some politicians say Girona's locks are really all about protecting Girona's image. Dominated by medieval buildings and the picturesque cobblestone streets of a beautifully preserved former Jewish quarter, the city of about 100,000 derives most of its income from tourism.

“The social workers or civil agents could refer people to the food distribution center without having to lock bins,” said Pia Bosch, a Socialist councilor in Girona. “It's like killing a fly with a cannonball.”

The unemployment rate is still relatively low in Girona — 14 percent over all, compared with 25 percent for the country as a whole. But more and more families have no income. Of the 7,700 unemployed in Girona, Mr. Berloso said, 40 percent have now run out of benefits.

Many, he said, were “people who never expected to find themselves in this position.”

Ramon Barnera, who runs the Caritas programs in Girona, said the organization realized early on that shame was a factor preventing people from coming forward to ask for food. So three years ago, it helped create food

distribution sites that looked more like supermarkets, and removed the charity's name from the outside of the building.

“We looked for a system that would give dignity,” Mr. Barnera said. “This is not easy for people.”

On a recent morning, Juan Javier, 29, who had come to collect milk, pasta, vegetables and eggs from one of the distribution centers, was one of the few clients who would discuss his circumstances. A former printer, he has been out of work for two years. “I would like to have a job,” he said, “and not be here.”

In a nearby soup kitchen, Toni López, 36, waited quietly for a free lunch with his girlfriend, Monica Vargas, 46, a beautician. The couple recently became homeless when they fell two months behind on their rent. “All our lives we have been working people,” Mr. Lopez said. “We are only here because we are decent people. The landlord was knocking on the door demanding the rent, so we said, ‘Here, here are the keys.’ ”

Mr. Lopez, who gets occasional work these days in restaurant kitchens, said he had a sister but had not gone to her for help. “I can’t bear to tell her,” he said. “I have always pulled through. I’ve always managed to get by. This is new.”

Rachel Chaundler contributed reporting.

25. September 2012, 07:00 Uhr

Anleihen-Aufkaufprogramm

EZB wappnet sich für Rechtsstreit

Betreibt die Europäische Zentralbank mit ihrem Aufkaufprogramm für Anleihen versteckte Staatsfinanzierung? Offenbar wappnen sich die Währungshüter gegen diesen Vorwurf. Laut "Bild"-Zeitung prüfen Juristen von EZB und Bundesbank die Rechtmäßigkeit der Käufe.

Hamburg - Für die einen ist es legitime Selbstverteidigung gegen Spekulanten, für andere dagegen ein klarer Verstoß gegen EU-Recht. Am Aufkaufprogramm der [Europäischen Zentralbank](#) (EZB) für [Staatsanleihen](#) scheiden sich die Geister. Laut einem Bericht der "Bild"-Zeitung stellt sich die EZB nun auf juristische Schritte gegen das Programm ein. Demnach loten Juristen von EZB und Bundesbank derzeit aus, von welchem Umfang an und ab welcher Dauer die Aufkäufe einen Bruch mit EU-Verträgen darstellen könnten.

Nicht ausgeschlossen wird dem Bericht zufolge dabei, dass die brisante Frage demnächst dem Europäischen Gerichtshof zur Klärung vorgelegt wird. Für diesen Fall wollten sich EZB und Bundesbank juristisch wappnen. Hintergrund sei der Streit um die Frage, ob die EZB mit den Aufkäufen gegen das EU-vertragliche Verbot von direkter Staatsfinanzierung verstoße.

EZB-Chef [Mario Draghi](#) hatte vor wenigen Wochen das Programm zum [theoretisch unbegrenzten Ankauf von Staatsanleihen kriselnder Euro-Staaten bekanntgegeben](#). Er erhofft sich durch das Vorhaben niedrigere Zinsen für die Länder bei der Aufnahme neuer Kredite und damit eine Entspannung in der Schuldenkrise. Bundesbank-Präsident [Jens Weidmann](#) hat die Käufe jedoch deutlich kritisiert. Neben einer Verletzung der EU-Verträge und Inflation fürchtet Weidmann auch, dass die Käufe den Reformwillen in den Krisenländern erlahmen lassen.

Laïcité, blasphème et liberté d'expression

Le Monde.fr | 25.09.2012 à 09h16

Par Dominique Sopo, ancien président de SOS Racisme

Pour le plus grand malheur des Syriens exterminés par le régime de [Bachar El-Assad](#), l'actualité mondiale de ces derniers jours a été marquée par un film raciste intitulé "[Innocence of Islam](#)" qui a servi de base à une manipulation grossière par des intégristes musulmans.

Le racisme de ce film ne tient pas à sa représentation de Mahomet et donc à son aspect blasphématoire du point de vue des textes que les musulmans tiennent pour sacrés. Il ne tient pas non plus au fait qu'il critiquerait l'Islam, la critique de la religion constituant un droit indissociable à toute émergence d'un espace démocratique, nous y reviendrons. L'aspect raciste du film tient au fait, en parfaite cohérence avec la pensée de l'auteur de cet objet, qu'il vise très clairement à [faire](#) de tout musulman un danger pour la liberté et la civilisation, Mahomet ne tenant ici que le rôle de prétexte à l'expression de cette haine.

Comme en un sinistre jeu de miroir, des groupes intégristes musulmans ont sauté sur l'occasion pour [nourrir](#) le feu de la haine, déclenchant une vague de manifestations antioccidentales et plus spécifiquement tournées contre le très fantasmé axe américano-sioniste. On remarquera d'ailleurs avec quelle rapidité l'information, que l'on sait depuis fautive, de la nationalité israélienne de l'auteur du film incriminé et du financement de ce dernier par des "*juiifs riches*" a été tenue pour un fait qu'il était plaisant de [penser](#) exact. Il est à se [demander](#) par quel étrange manquement les francs-maçons ne se sont pas retrouvés impliqués dans ce vaste complot anti-Islam mis à jour par des groupes extrémistes dont la malhonnêteté n'a d'égale que la violence de leur obscurantisme crasse.

Dans la séquence de ces derniers jours, deux haines étaient à dénoncer : le racisme et l'intégrisme. C'est pourquoi la réaction des pouvoirs publics français visant à "*désapprouver*" la publication de caricatures de [Charlie Hebdo](#) sur ce sujet est pour le moins inappropriée. La mécanique de l'argumentation est parfaitement huilée et avait d'ailleurs déjà été employée par [Jacques Chirac](#), alors président de la République, au moment de l'affaire des caricatures de Mahomet en 2006 : bien que la France soit un pays respectant la liberté de la presse, il ne fallait pas [mettre](#) de l'huile sur le feu par d'inutiles provocations. A cette époque, le [procès](#) qui avait été intenté à Charlie Hebdo pour incitation à la haine avait amené [François Hollande](#) parmi d'autres à [venir](#) témoigner en faveur de l'hebdomadaire satirique sur une ligne de fermeté face aux attaques contre la liberté d'expression.

La position était juste et renvoyait à ce que les différents témoins "*pro Charlie Hebdo*", dont moi-même en tant que président de SOS Racisme, tenaient comme des évidences.

Tout d'abord qu'il ne fallait pas céder aux tentatives d'intimidations de la part des groupes intégristes, à l'instar de ce qu'avait été la réaction en 1989 lorsque l'imam Khomeyni lança une fatwa contre [Salman Rushdie](#) suite à la publication des Versets sataniques.

Ensuite qu'il fallait répéter inlassablement que la démocratie est indissociable du droit au blasphème puisque s'[interdire](#) de blasphémer, c'est [interdire](#) la remise en cause des dogmes tenus pour sacrés par les croyants de telle ou telle religion et donc [interdire](#) que les [sociétés](#) soient régulées par des lois issues de la discussion libre et rationnelle.

Les intégrismes ne défendent jamais le [vivre](#) ensemble, même lorsqu'ils se parent des habits de la lutte contre le racisme dont leurs coreligionnaires seraient les victimes. Il est d'ailleurs significatif de [remarquer](#) avec quelle constance les réseaux intégristes s'en prennent à *Charlie Hebdo*, hebdomadaire dont il est utile de [rappeler](#) qu'il

fut de tous les combats antiracistes (contre les tests ADN, contre le débat sur l'identité nationale, contre la stigmatisation des musulmans, des étrangers, des enfants d'immigrés, des roms et des gens du [voyage](#) par le [pouvoir](#) sarkozyste, contre l'extension de la déchéance de la nationalité, pour le droit de vote des étrangers,...). Il est tout aussi significatif de [constater](#) que ces réseaux ne défendent que très rarement les musulmans lorsque ceux-ci sont pris pour cibles dans la parole publique, à travers des agressions ou du fait des discriminations.

A la vérité, les réseaux intégristes ne s'intéressent pas au [bien-être](#) des musulmans mais ne visent qu'à [instaurer](#) un monde théocratique dans lequel ils détiendraient seuls la légitimité de la mise en œuvre pertinente de la parole divine. Tout au contraire du vivre-ensemble, le carburant de l'intégrisme, tout comme le carburant du racisme, est la désignation de l'Autre, du bouc-émissaire, de celui qu'il faut détruire dans le délire d'une purification sans fin.

D'ailleurs, les intégristes qui se sont illustrés ces derniers jours n'ont-ils pas besoin que leurs coreligionnaires soient haïs du reste du monde pour ensuite mieux les [enjoindre](#) à [accepter](#) une solution d'enfermement doctrinaire ? C'est au demeurant le résultat le plus évident de leurs actes dont on remarquera qu'ils sont complaisamment présentés – facilité de l'amalgame et des explications globalisantes - comme l'expression de la "rue arabe" par maints [médias](#), alors même que les groupes agissants étaient finalement assez circonscrits, se réduisant à chaque fois à des manifestations de quelques centaines de personnes.

Dans un monde marqué par la crise économique, par les gigantesques convulsions politiques nées de la lutte entre l'espoir démocratique et les régimes autoritaires ainsi que par la redéfinition de la hiérarchie des puissances, la tentation du populisme, de la recherche névrotique des racines et de l'instauration d'une prétendue pureté sont des maux que seule la fermeté de l'expression [politique](#) du camp démocratique et laïque permettra de [combattre](#). Sans haine mais avec détermination.

Dominique Sopo, ancien président de SOS Racisme

NYT Magazine January 12, 2011

Can Europe Be Saved?

By [PAUL KRUGMAN](#)

THERE'S SOMETHING peculiarly apt about the fact that the current European crisis began in Greece. For Europe's woes have all the aspects of a classical Greek tragedy, in which a man of noble character is undone by the fatal flaw of hubris.

Not long ago Europeans could, with considerable justification, say that the current economic crisis was actually demonstrating the advantages of their economic and social model. Like the United States, Europe suffered a severe slump in the wake of the global financial meltdown; but the human costs of that slump seemed far less in Europe than in America. In much of Europe, rules governing worker firing helped limit job loss, while strong social-welfare programs ensured that even the jobless retained their health care and received a basic income. Europe's [gross domestic product](#) might have fallen as much as ours, but the Europeans weren't suffering anything like the same amount of misery. And the truth is that they still aren't.

Yet Europe is in deep crisis — because its proudest achievement, the single currency adopted by most European nations, is now in danger. More than that, it's looking increasingly like a trap. Ireland, hailed as the Celtic Tiger not so long ago, is now struggling to avoid bankruptcy. Spain, a booming economy until recent years, now has 20 percent unemployment and faces the prospect of years of painful, grinding [deflation](#).

The tragedy of the Euromess is that the creation of [the euro](#) was supposed to be the finest moment in a grand and noble undertaking: the generations-long effort to bring peace, democracy and shared prosperity to a once and frequently war-torn continent. But the architects of the euro, caught up in their project's sweep and romance, chose to ignore the mundane difficulties a shared currency would predictably encounter — to ignore warnings, which were issued right from the beginning, that Europe lacked the institutions needed to make a common currency workable. Instead, they engaged in magical thinking, acting as if the nobility of their mission transcended such concerns.

The result is a tragedy not only for Europe but also for the world, for which Europe is a crucial role model. The Europeans have shown us that peace and unity can be brought to a region with a history of violence, and in the process they have created perhaps the most decent societies in human history, combining democracy and human rights with a level of individual economic security that America comes nowhere close to matching. These achievements are now in the process of being tarnished, as the European dream turns into a nightmare for all too many people. How did that happen?

THE ROAD TO THE EURO

It all began with coal and steel. On May 9, 1950 — a date whose anniversary is now celebrated as Europe Day — Robert Schuman, the French foreign minister, proposed that his nation and West Germany pool their coal and steel production. That may sound prosaic, but Schuman declared that it was much more than just a business deal.

For one thing, the new Coal and Steel Community would make any future war between Germany and France “not merely unthinkable, but materially impossible.” And it would be a first step on the road to a “federation of Europe,” to be achieved step by step via “concrete achievements which first create a de facto solidarity.” That is, economic measures would both serve mundane ends and promote political unity.

The Coal and Steel Community eventually evolved into a customs union within which all goods were freely traded. Then, as democracy spread within Europe, so did Europe's unifying economic institutions. Greece, Spain and Portugal were brought in after the fall of their dictatorships; Eastern Europe after the fall of Communism.

In the 1980s and '90s this “widening” was accompanied by “deepening,” as Europe set about removing many of the remaining obstacles to full economic integration. (Eurospeak is a distinctive dialect, sometimes hard to understand without subtitles.) Borders were opened; freedom of personal movement was guaranteed; and product, safety and food regulations were harmonized, a process immortalized by the Eurosausage episode of the TV show “Yes Minister,” in which the minister in question is told that under new European rules, the traditional British sausage no longer qualifies as a sausage and must be renamed the Emulsified High-Fat Offal Tube. (Just to be clear, this happened only on TV.)

The creation of the euro was proclaimed the logical next step in this process. Once again, economic growth would be fostered with actions that also reinforced European unity.

The advantages of a single European currency were obvious. No more need to change money when you arrived in another country; no more uncertainty on the part of importers about what a contract would actually end up costing or on the part of exporters about what promised payment would actually be worth. Meanwhile, the shared currency would strengthen the sense of European unity. What could go wrong?

The answer, unfortunately, was that currency unions have costs as well as benefits. And the case for a single European currency was much weaker than the case for a single European market — a fact that European leaders chose to ignore.

THE (UNEASY) CASE FOR MONETARY UNION

International monetary economics is, not surprisingly, an area of frequent disputes. As it happens, however, these disputes don't line up across the usual ideological divide. The hard right often favors hard money — preferably a gold standard — but left-leaning European politicians have been enthusiastic proponents of the euro. Liberal American economists, myself included, tend to favor freely floating national currencies that leave more scope for activist economic policies — in particular, cutting interest rates and increasing the money supply to fight recessions. Yet the classic argument for flexible exchange rates was made by none other than [Milton Friedman](#).

The case for a transnational currency is, as we've already seen, obvious: it makes doing business easier. Before the euro was introduced, it was really anybody's guess how much this ultimately mattered: there were relatively few examples of countries using other nations' currencies. For what it was worth, statistical analysis suggested that adopting a common currency had big effects on trade, which suggested in turn large economic gains. Unfortunately, this optimistic assessment hasn't held up very well since the euro was created: the best estimates now indicate that trade among euro nations is only 10 or 15 percent larger than it would have been otherwise. That's not a trivial number, but neither is it transformative.

Still, there are obviously benefits from a currency union. It's just that there's a downside, too: by giving up its own currency, a country also gives up economic flexibility.

Imagine that you're a country that, like Spain today, recently saw wages and prices driven up by a housing boom, which then went bust. Now you need to get those costs back down. But getting wages and prices to fall is tough: nobody wants to be the first to take a pay cut, especially without some assurance that prices will come down, too. Two years of intense suffering have brought Irish wages down to some extent, although Spain and Greece have barely begun the process. It's a nasty affair, and as we'll see later, cutting wages when you're awash in debt creates new problems.

If you still have your own currency, however, you wouldn't have to go through the protracted pain of cutting wages: you could just devalue your currency — reduce its value in terms of other currencies — and you would effect a de facto wage cut.

Won't workers reject de facto wage cuts via devaluation just as much as explicit cuts in their paychecks? Historical experience says no. In the current crisis, it took Ireland two years of severe unemployment to achieve about a 5 percent reduction in average wages. But in 1993 a devaluation of the Irish punt brought an instant 10 percent reduction in Irish wages measured in German currency.

Why the difference? Back in 1953, Milton Friedman offered an analogy: daylight saving time. It makes a lot of sense for businesses to open later during the winter months, yet it's hard for any individual business to change its hours: if you operate from 10 to 6 when everyone else is operating 9 to 5, you'll be out of sync. By requiring that everyone shift clocks back in the fall and forward in the spring, daylight saving time obviates this coordination problem. Similarly, Friedman argued, adjusting your currency's value solves the coordination problem when wages and prices are out of line, sidestepping the unwillingness of workers to be the first to take pay cuts.

So while there are benefits of a common currency, there are also important potential advantages to keeping your own currency. And the terms of this trade-off depend on underlying conditions.

On one side, the benefits of a shared currency depend on how much business would be affected.

I think of this as the Iceland-Brooklyn issue. Iceland, with only 320,000 people, has its own currency — and that fact has given it valuable room for maneuver. So why isn't Brooklyn, with roughly eight times Iceland's population, an even better candidate for an independent currency? The answer is that Brooklyn, located as it is in the middle of metro New York rather than in the middle of the Atlantic, has an economy deeply enmeshed with those of neighboring boroughs. And Brooklyn residents would pay a large price if they had to change currencies every time they did business in Manhattan or Queens.

So countries that do a lot of business with one another may have a lot to gain from a currency union.

On the other hand, as Friedman pointed out, forming a currency union means sacrificing flexibility. How serious is this loss? That depends. Let's consider what may at first seem like an odd comparison between two small, troubled economies.

Climate, scenery and history aside, the nation of Ireland and the state of Nevada have much in common. Both are small economies of a few million people highly dependent on selling goods and services to their neighbors. (Nevada's neighbors are other U.S. states, Ireland's other European nations, but the economic implications are much the same.) Both were boom economies for most of the past decade. Both had huge housing bubbles, which burst painfully. Both are now suffering roughly 14 percent unemployment. And both are members of larger currency unions: Ireland is part of the euro zone, Nevada part of [the dollar](#) zone, otherwise known as the United States of America.

But Nevada's situation is much less desperate than Ireland's.

First of all, the fiscal side of the crisis is less serious in Nevada. It's true that budgets in both Ireland and Nevada have been hit extremely hard by the slump. But much of the spending Nevada residents depend on comes from federal, not state, programs. In particular, retirees who moved to Nevada for the sunshine don't have to worry that the state's reduced tax take will endanger their [Social Security](#) checks or their [Medicare](#) coverage. In Ireland, by contrast, both pensions and health spending are on the cutting block.

Also, Nevada, unlike Ireland, doesn't have to worry about the cost of bank bailouts, not because the state has avoided large loan losses but because those losses, for the most part, aren't Nevada's problem. Thus Nevada accounts for a disproportionate share of the losses incurred by [Fannie Mae](#) and [Freddie Mac](#), the government-sponsored mortgage companies — losses that, like Social Security and Medicare payments, will be covered by Washington, not Carson City.

And there's one more advantage to being a U.S. state: it's likely that Nevada's unemployment problem will be greatly alleviated over the next few years by out-migration, so that even if the lost jobs don't come back, there will be fewer workers chasing the jobs that remain. Ireland will, to some extent, avail itself of the same safety valve, as Irish citizens leave in search of work elsewhere and workers who came to Ireland during the boom years depart. But Americans are extremely mobile; if historical patterns are any guide, emigration will bring Nevada's unemployment rate back in line with the U.S. average within a few years, even if job growth in Nevada continues to lag behind growth in the nation as a whole.

Over all, then, even as both Ireland and Nevada have been especially hard-luck cases within their respective currency zones, Nevada's medium-term prospects look much better.

What does this have to do with the case for or against the euro? Well, when the single European currency was first proposed, an obvious question was whether it would work as well as the dollar does here in America. And the answer, clearly, was no — for exactly the reasons the Ireland-Nevada comparison illustrates. Europe isn't fiscally integrated: German taxpayers don't automatically pick up part of the tab for Greek pensions or Irish bank bailouts. And while Europeans have the legal right to move freely in search of jobs, in practice imperfect cultural integration — above all, the lack of a common language — makes workers less geographically mobile than their American counterparts.

And now you see why many American (and some British) economists have always been skeptical about the euro project. U.S.-based economists had long emphasized the importance of certain preconditions for currency union — most famously, Robert Mundell of Columbia stressed the importance of labor mobility, while Peter Kenen, my colleague at Princeton, emphasized the importance of fiscal integration. America, we know, has a currency union that works, and we know why it works: because it coincides with a nation — a nation with a big central government, a common language and a shared culture. Europe has none of these things, which from the beginning made the prospects of a single currency dubious.

These observations aren't new: everything I've just said was well known by 1992, when the Maastricht Treaty set the euro project in motion. So why did the project proceed? Because the idea of the euro had gripped the imagination of European elites. Except in Britain, where [Gordon Brown](#) persuaded [Tony Blair](#) not to join, political leaders throughout Europe were caught up in the romance of the project, to such an extent that anyone who expressed skepticism was considered outside the mainstream.

Back in the '90s, people who were present told me that staff members at the [European Commission](#) were initially instructed to prepare reports on the costs and benefits of a single currency — but that after their superiors got a look at some preliminary work, those instructions were altered: they were told to prepare reports just on the benefits. To be fair, when I've told that story to others who were senior officials at the time, they've disputed that — but whoever's version is right, the fact that some people were making such a claim captures the spirit of the time.

The euro, then, would proceed. And for a while, everything seemed to go well.

EUROPHORIA, EUROCRISIS

The euro officially came into existence on Jan. 1, 1999. At first it was a virtual currency: bank accounts and electronic transfers were denominated in euros, but people still had francs, marks and lira (now considered denominations of the euro) in their wallets. Three years later, the final transition was made, and the euro became Europe's money.

The transition was smooth: A.T.M.'s and cash registers were converted swiftly and with few glitches. The euro quickly became a major international currency: the euro bond market soon came to rival the dollar bond market; euro bank notes began circulating around the world. And the creation of the euro instilled a new sense of confidence, especially in those European countries that had historically been considered investment risks. Only later did it become apparent that this surge of confidence was bait for a dangerous trap.

Greece, with its long history of debt defaults and bouts of high inflation, was the most striking example. Until the late 1990s, Greece's fiscal history was reflected in its bond yields: investors would buy bonds issued by the Greek government only if they paid much higher interest than bonds issued by governments perceived as safe bets, like those by Germany. As the euro's debut approached, however, the risk premium on Greek bonds melted away. After all, the thinking went, Greek debt would soon be immune from the dangers of inflation: the [European Central Bank](#) would see to that. And it wasn't possible to imagine any member of the newly minted monetary union going bankrupt, was it?

Indeed, by the middle of the 2000s just about all fear of country-specific fiscal woes had vanished from the European scene. Greek bonds, Irish bonds, Spanish bonds, Portuguese bonds — they all traded as if they were

as safe as German bonds. The aura of confidence extended even to countries that weren't on the euro yet but were expected to join in the near future: by 2005, Latvia, which at that point hoped to adopt the euro by 2008, was able to borrow almost as cheaply as Ireland. (Latvia's switch to the euro has been put off for now, although neighboring Estonia joined on Jan. 1.)

As interest rates converged across Europe, the formerly high-interest-rate countries went, predictably, on a borrowing spree. (This borrowing spree was, it's worth noting, largely financed by banks in Germany and other traditionally low-interest-rate countries; that's why the current debt problems of the European periphery are also a big problem for the European banking system as a whole.) In Greece it was largely the government that ran up big debts. But elsewhere, private players were the big borrowers. Ireland, as I've already noted, had a huge real estate boom: home prices rose 180 percent from 1998, just before the euro was introduced, to 2007. Prices in Spain rose almost as much. There were booms in those not-yet-euro nations, too: money flooded into Estonia, Latvia, Lithuania, Bulgaria and Romania.

It was a heady time, and not only for the borrowers. In the late 1990s, Germany's economy was depressed as a result of low demand from domestic consumers. But it recovered in the decade that followed, thanks to an export boom driven by its European neighbors' spending sprees.

Everything, in short, seemed to be going swimmingly: the euro was pronounced a great success.

Then the bubble burst.

You still hear people talking about the global economic crisis of 2008 as if it were something made in America. But Europe deserves equal billing. This was, if you like, a North Atlantic crisis, with not much to choose between the messes of the Old World and the New. We had our subprime borrowers, who either chose to take on or were misled into taking on mortgages too big for their incomes; they had their peripheral economies, which similarly borrowed much more than they could really afford to pay back. In both cases, real estate bubbles temporarily masked the underlying unsustainability of the borrowing: as long as housing prices kept rising, borrowers could always pay back previous loans with more money borrowed against their properties. Sooner or later, however, the music would stop. Both sides of the Atlantic were accidents waiting to happen.

In Europe, the first round of damage came from the collapse of those real estate bubbles, which devastated employment in the peripheral economies. In 2007, construction accounted for 13 percent of total employment in both Spain and Ireland, more than twice as much as in the United States. So when the building booms came to a screeching halt, employment crashed. Overall employment fell 10 percent in Spain and 14 percent in Ireland; the Irish situation would be the equivalent of losing almost 20 million jobs here.

But that was only the beginning. In late 2009, as much of the world was emerging from financial crisis, the European crisis entered a new phase. First Greece, then Ireland, then Spain and Portugal suffered drastic losses in investor confidence and hence a significant rise in borrowing costs. Why?

In Greece the story is straightforward: the government behaved irresponsibly, lied about it and got caught. During the years of easy borrowing, Greece's conservative government ran up a lot of debt — more than it admitted. When the government changed hands in 2009, the accounting fictions came to light; suddenly it was revealed that Greece had both a much bigger deficit and substantially more debt than anyone had realized. Investors, understandably, took flight.

But Greece is actually an unrepresentative case. Just a few years ago Spain, by far the largest of the crisis economies, was a model European citizen, with a balanced budget and public debt only about half as large, as a percentage of G.D.P., as that of Germany. The same was true for Ireland. So what went wrong?

First, there was a large direct fiscal hit from the slump. Revenue plunged in both Spain and Ireland, in part because tax receipts depended heavily on real estate transactions. Meanwhile, as unemployment soared, so did the cost of unemployment benefits — remember, these are European welfare states, which have much more extensive programs to shield their citizens from misfortune than we do. As a result, both Spain and Ireland went from budget surpluses on the eve of the crisis to huge budget deficits by 2009.

Then there were the costs of financial clean-up. These have been especially crippling in Ireland, where banks ran wild in the boom years (and were allowed to do so thanks to close personal and financial ties with government officials). When the bubble burst, the solvency of Irish banks was immediately suspect. In an attempt to avert a massive run on the financial system, Ireland's government guaranteed all bank debts — saddling the government itself with those debts, bringing its own solvency into question. Big Spanish banks were well regulated by comparison, but there was and is a great deal of nervousness about the status of smaller savings banks and concern about how much the Spanish government will have to spend to keep these banks from collapsing.

All of this helps explain why lenders have lost faith in peripheral European economies. Still, there are other nations — in particular, both the United States and Britain — that have been running deficits that, as a percentage of G.D.P., are comparable to the deficits in Spain and Ireland. Yet they haven't suffered a comparable loss of lender confidence. What is different about the euro countries?

One possible answer is “nothing”: maybe one of these days we'll wake up and find that the markets are shunning America, just as they're shunning Greece. But the real answer is probably more systemic: it's the euro itself that makes Spain and Ireland so vulnerable. For membership in the euro means that these countries have to deflate their way back to competitiveness, with all the pain that implies.

The trouble with deflation isn't just the coordination problem Milton Friedman highlighted, in which it's hard to get wages and prices down when everyone wants someone else to move first. Even when countries successfully drive down wages, which is now happening in all the euro-crisis countries, they run into another problem: incomes are falling, but debt is not.

As the American economist Irving Fisher pointed out almost 80 years ago, the collision between deflating incomes and unchanged debt can greatly worsen economic downturns. Suppose the economy slumps, for whatever reason: spending falls and so do prices and wages. But debts do not, so debtors have to meet the same obligations with a smaller income; to do this, they have to cut spending even more, further depressing the economy. The way to avoid this vicious circle, Fisher said, was monetary expansion that heads off deflation. And in America and Britain, the [Federal Reserve](#) and the [Bank of England](#), respectively, are trying to do just that. But Greece, Spain and Ireland don't have that option — they don't even have their own monies, and in any case they need deflation to get their costs in line.

And so there's a crisis. Over the course of the past year or so, first Greece, then Ireland, became caught up in a vicious financial circle: as potential lenders lost confidence, the interest rates that they had to pay on the debt rose, undermining future prospects, leading to a further loss of confidence and even higher interest rates. Stronger European nations averted an immediate implosion only by providing Greece and Ireland with emergency credit lines, letting them bypass private markets for the time being. But how is this all going to work out?

FOUR EUROPEAN PLOTLINES

Some economists, myself included, look at Europe's woes and have the feeling that we've seen this movie before, a decade ago on another continent — specifically, in Argentina.

Unlike Spain or Greece, Argentina never gave up its own currency, but in 1991 it did the next best thing: it rigidly pegged its currency to the U.S. dollar, establishing a “currency board” in which each peso in circulation was backed by a dollar in reserves. This was supposed to prevent any return to Argentina's old habit of covering its deficits by printing money. And for much of the 1990s, Argentina was rewarded with much lower interest rates and large inflows of foreign capital.

Eventually, however, Argentina slid into a persistent [recession](#) and lost investor confidence. Argentina's government tried to restore that confidence through rigorous fiscal orthodoxy, slashing spending and raising taxes. To buy time for austerity to have a positive effect, Argentina sought and received large loans from the [International Monetary Fund](#) — in much the same way that Greece and Ireland have sought emergency loans from their neighbors. But the persistent decline of the Argentine economy, combined with deflation, frustrated the government's efforts, even as high unemployment led to growing unrest.

By early 2002, after angry demonstrations and a run on the banks, it had all fallen apart. The link between the peso and the dollar collapsed, with the peso plunging; meanwhile, Argentina defaulted on its debts, eventually paying only about 35 cents on the dollar.

It's hard to avoid the suspicion that something similar may be in the cards for one or more of Europe's problem economies. After all, the policies now being undertaken by the crisis countries are, qualitatively at least, very similar to those Argentina tried in its desperate effort to save the peso-dollar link: harsh fiscal austerity in an effort to regain the market's confidence, backed in Greece and Ireland by official loans intended to buy time until private lenders regain confidence. And if an Argentine-style outcome is the end of the line, it will be a terrible blow to the euro project. Is that what's going to happen?

Not necessarily. As I see it, there are four ways the European crisis could play out (and it may play out differently in different countries). Call them toughing it out; debt restructuring; full Argentina; and revived Europeanism.

Toughing it out: Troubled European economies could, conceivably, reassure creditors by showing sufficient willingness to endure pain and thereby avoid either default or devaluation. The role models here are the Baltic nations: Estonia, Lithuania and Latvia. These countries are small and poor by European standards; they want very badly to gain the long-term advantages they believe will accrue from joining the euro and becoming part of a greater Europe. And so they have been willing to endure very harsh fiscal austerity while wages gradually come down in the hope of restoring competitiveness — a process known in Eurospeak as “internal devaluation.”

Have these policies been successful? It depends on how you define “success.” The Baltic nations have, to some extent, succeeded in reassuring markets, which now consider them less risky than Ireland, let alone Greece. Meanwhile, wages have come down, declining 15 percent in Latvia and more than 10 percent in Lithuania and Estonia. All of this has, however, come at immense cost: the Baltics have experienced Depression-level declines in output and employment. It's true that they're now growing again, but all indications are that it will be many years before they make up the lost ground.

It says something about the current state of Europe that many officials regard the Baltics as a success story. I find myself quoting Tacitus: “They make a desert and call it peace” — or, in this case, adjustment. Still, this is one way the euro zone could survive intact.

Debt restructuring: At the time of writing, Irish 10-year bonds were yielding about 9 percent, while Greek 10-years were yielding 12½ percent. At the same time, German 10-years — which, like Irish and Greek bonds, are denominated in euros — were yielding less than 3 percent. The message from the markets was clear: investors don't expect Greece and Ireland to pay their debts in full. They are, in other words, expecting some kind of debt restructuring, like the restructuring that reduced Argentina's debt by two-thirds.

Such a debt restructuring would by no means end a troubled economy's pain. Take Greece: even if the government were to repudiate all its debt, it would still have to slash spending and raise taxes to balance its budget, and it would still have to suffer the pain of deflation. But a debt restructuring could bring the vicious circle of falling confidence and rising interest costs to an end, potentially making internal devaluation a workable if brutal strategy.

Frankly, I find it hard to see how Greece can avoid a debt restructuring, and Ireland isn't much better. The real question is whether such restructurings will spread to Spain and — the truly frightening prospect — to Belgium and Italy, which are heavily indebted but have so far managed to avoid a serious crisis of confidence.

Full Argentina: Argentina didn't simply default on its foreign debt; it also abandoned its link to the dollar, allowing the peso's value to fall by more than two-thirds. And this devaluation worked: from 2003 onward, Argentina experienced a rapid export-led economic rebound.

The European country that has come closest to doing an Argentina is Iceland, whose bankers had run up foreign debts that were many times its national income. Unlike Ireland, which tried to salvage its banks by guaranteeing

their debts, the Icelandic government forced its banks' foreign creditors to take losses, thereby limiting its debt burden. And by letting its banks default, the country took a lot of foreign debt off its national books.

At the same time, Iceland took advantage of the fact that it had not joined the euro and still had its own currency. It soon became more competitive by letting its currency drop sharply against other currencies, including the euro. Iceland's wages and prices quickly fell about 40 percent relative to those of its trading partners, sparking a rise in exports and fall in imports that helped offset the blow from the banking collapse.

The combination of default and devaluation has helped Iceland limit the damage from its banking disaster. In fact, in terms of employment and output, Iceland has done somewhat better than Ireland and much better than the Baltic nations.

So will one or more troubled European nations go down the same path? To do so, they would have to overcome a big obstacle: the fact that, unlike Iceland, they no longer have their own currencies. As Barry Eichengreen of Berkeley pointed out in an influential 2007 analysis, any euro-zone country that even hinted at leaving the currency would trigger a devastating run on its banks, as depositors rushed to move their funds to safer locales. And Eichengreen concluded that this "procedural" obstacle to exit made the euro irreversible.

But Argentina's peg to the dollar was also supposed to be irreversible, and for much the same reason. What made devaluation possible, in the end, was the fact that there was a run on the banks despite the government's insistence that one peso would always be worth one dollar. This run forced the Argentine government to limit withdrawals, and once these limits were in place, it was possible to change the peso's value without setting off a second run. Nothing like that has happened in Europe — yet. But it's certainly within the realm of possibility, especially as the pain of austerity and internal devaluation drags on.

Revived Europeanism: The preceding three scenarios were grim. Is there any hope of an outcome less grim? To the extent that there is, it would have to involve taking further major steps toward that "European federation" Robert Schuman wanted 60 years ago.

In early December, Jean-Claude Juncker, the prime minister of Luxembourg, and Giulio Tremonti, Italy's finance minister, created a storm with a proposal to create "E-bonds," which would be issued by a European debt agency at the behest of individual European countries. Since these bonds would be guaranteed by the [European Union](#) as a whole, they would offer a way for troubled economies to avoid vicious circles of falling confidence and rising borrowing costs. On the other hand, they would potentially put governments on the hook for one another's debts — a point that furious German officials were quick to make. The Germans are adamant that Europe must not become a "transfer union," in which stronger governments and nations routinely provide aid to weaker.

Yet as the earlier Ireland-Nevada comparison shows, the United States works as a currency union in large part precisely because it is also a transfer union, in which states that haven't gone bust support those that have. And it's hard to see how the euro can work unless Europe finds a way to accomplish something similar.

Nobody is yet proposing that Europe move to anything resembling U.S. fiscal integration; the Juncker-Tremonti plan would be at best a small step in that direction. But Europe doesn't seem ready to take even that modest step.

OUT OF MANY, ONE?

For now, the plan in Europe is to have everyone tough it out — in effect, for Greece, Ireland, Portugal and Spain to emulate Latvia and Estonia. That was the clear verdict of the most recent meeting of the European Council, at which [Angela Merkel](#), the German chancellor, essentially got everything she wanted. Governments that can't borrow on the private market will receive loans from the rest of Europe — but only on stiff terms: people talk about Ireland getting a "bailout," but it has to pay almost 6 percent interest on that emergency loan. There will be no E-bonds; there will be no transfer union.

Even if this eventually works in the sense that internal devaluation has worked in the Baltics — that is, in the narrow sense that Europe's troubled economies avoid default and devaluation — it will be an ugly process,

leaving much of Europe deeply depressed for years to come. There will be political repercussions too, as the European public sees the continent's institutions as being — depending on where they sit — either in the business of bailing out deadbeats or acting as agents of heartless bill collectors.

Nor can the rest of the world look on smugly at Europe's woes. Taken as a whole, the European Union, not the United States, is the world's largest economy; the European Union is fully coequal with America in the running of the global trading system; Europe is the world's most important source of foreign aid; and Europe is, whatever some Americans may think, a crucial partner in the fight against terrorism. A troubled Europe is bad for everyone else.

In any case, the odds are that the current tough-it-out strategy won't work even in the narrow sense of avoiding default and devaluation — and the fact that it won't work will become obvious sooner rather than later. At that point, Europe's stronger nations will have to make a choice.

It has been 60 years since the Schuman declaration started Europe on the road to greater unity. Until now the journey along that road, however slow, has always been in the right direction. But that will no longer be true if the euro project fails. A failed euro wouldn't send Europe back to the days of minefields and barbed wire — but it would represent a possibly irreversible blow to hopes of true European federation.

So will Europe's strong nations let that happen? Or will they accept the responsibility, and possibly the cost, of being their neighbors' keepers? The whole world is waiting for the answer.

Paul Krugman is a Times columnist and winner of the 2008 Nobel Memorial Prize in Economic Sciences. His latest book is "The Return of Depression Economics and the Crisis of 2008."

„Zukunftsgruppe“

Elf EU-Außenminister fordern die politische Union

18.09.2012 · Elf europäische Außenminister haben Vorschläge zur Zukunft der EU vorgelegt: Darin sprechen sie sich dafür aus, mehr Kompetenzen nach Brüssel abzugeben. So soll die EU etwa Durchgriffsrechte auf nationale Haushalte erlangen und der Europäische Auswärtige Dienst überprüft werden.

Von [Nikolas Busse](#) und [Majid Sattar](#), Brüssel / Berlin

Elf europäische Außenminister, unter ihnen der deutsche, haben sich in einem gemeinsamen Papier dafür ausgesprochen, zur Überwindung der Krise mehr nationale Kompetenzen nach Brüssel abzugeben. Sie verlangen unter anderem Durchgriffsrechte der EU auf die nationalen Haushalte, Vertragsreformen ohne Einstimmigkeitszwang sowie Mehrheitsentscheidungen in der Außenpolitik. Die Minister verstehen ihre Anregungen als „persönliche Gedanken“, die nicht unbedingt die Meinung ihrer Regierungen wiedergeben.

Außerdem teilen nicht alle beteiligten Minister alle Vorschläge.

Außenminister Guido Westerwelle, der die sogenannte „Zukunftsgruppe“ einberufen hatte, die das Papier verfasste, sagte in Berlin: „Am Ende des Weges, den wir jetzt einschlagen, muss eines Tages eine Politische Union stehen. Sie würde unsere Wirtschafts- und Währungsunion vollenden. Zugleich würde sie eine Gemeinsame Außen- und Sicherheitspolitik im vollen Wortsinn verwirklichen.“

Diese Politische Union müsse auf dem Fundament einer europäischen Gewaltenteilung stehen – „mit einem Parlament, das europäische Gesetze erlässt; mit einer Kommission, die die Arbeit einer europäischen Regierung verrichtet, und deren Präsident aus direkter Wahl hervorgeht; und mit einem Rat, der als zweite Kammer die Anliegen der Mitgliedstaaten vertritt“. Die Idee einer Direktwahl des Kommissionspräsidenten teilen allerdings nur „einige Mitglieder der Gruppe“, wie das Papier vermerkt.

An der Ausarbeitung waren neben Westerwelle die Minister Belgiens, Dänemarks, Frankreichs, Italiens, Luxemburgs, der Niederlande, Österreichs, Polens, Portugals und Spaniens beteiligt. Die Autoren fordern kurzfristige Maßnahmen zur Stärkung der Wirtschafts- und Währungsunion, die großteils ohne Änderungen der EU-Verträge möglich wären, schließen solche aber nicht aus. Sie verlangen „wirksame Überwachungsbefugnisse mit konkreten Kompetenzen für die europäischen Institutionen zur Überwachung und Umsetzung der fiskalpolitischen Maßnahmen der Mitgliedstaaten“, was nach deutscher Lesart heißt, dass etwa die EU-Kommission ein Veto gegen nationale Haushalte einlegen kann.

Das soll sich aber nur auf die Beachtung der EU-Defizitregeln beziehen; über die Zusammensetzung des Haushalts sollen weiter die nationalen Parlamente bestimmen. Westerwelle sagte, kein Mitgliedstaat dürfe durch sein Handeln die Solidität der Währungsunion gefährden. Komme es dennoch dazu, müsse die Gemeinschaft „tätig werden dürfen und können“. „Einige Mitglieder“, heißt es in dem Papier, regten hier außerdem „Schritte hin zu einer Vergemeinschaftung von Staatsschulden“ an. Es dürfte sich um Frankreich und Italien gehandelt haben, Deutschland und die Niederlande waren dagegen.

ESM soll zum „Europäischen Währungsfonds“ werden

Zu den Vorschlägen der elf Minister gehört auch der Ausbau des dauerhaften Krisenfonds ESM zu einem „Europäischen Währungsfonds“, der für den Euroraum die fachlich anspruchsvollen Dienstleistungen übernehmen können soll, die derzeit der Internationale Währungsfonds zur Verfügung stellt. Europa sei die reichste Region auf der ganzen Welt, sagte Westerwelle. „Es kann doch nicht auf Dauer so bleiben, dass wir zur Bewältigung unserer Probleme ärmeren Regionen Geld entziehen.“ Die Minister forderten außerdem, dass das Europaparlament einbezogen wird, wenn weitere Maßnahmen auf EU-Ebene zur Euro-Rettung ergriffen werden.

Die „meisten“ der elf Minister sind dafür, dass über solche Fragen künftig nur die Abgeordneten aus dem Euroraum oder aus anderen an der gemeinsamen Wirtschafts- und Währungspolitik mitwirkenden Ländern abstimmen dürfen, nicht mehr das gesamte Parlament. Das würde beim Fiskalpakt etwa britische oder tschechische Abgeordnete ausschließen, deren Länder diesem Vertrag ferngeblieben sind. Um eine weitere Blockade durch Großbritannien oder auch Länder wie Irland zu umgehen, sind die „meisten“ Minister der Meinung, dass Vertragsänderungen auch mit „super-qualifizierter“ Mehrheit möglich sein müssen, die dann in den ratifizierenden Staaten bindend wären. Außerdem finden sich in dem Papier ältere Vorschläge wie die Aufteilung der inzwischen sehr großen Kommission in Senior- und Junior-Kommissare.

„Einige“ Minister befürworten eine europäische Armee

Ein zweiter Schwerpunkt sind langfristige Maßnahmen zur Außen- und Sicherheitspolitik. Hier verlangen die Minister eine „grundlegende Überprüfung“ des erst kürzlich geschaffenen Europäischen Auswärtigen Dienstes. Sie wollen insbesondere die Nachbarschaftspolitik in den Dienst verlagert sehen, der bei der Gründung in der Kommission verblieben war. In der Außenpolitik solle es neben Mehrheitsbeschlüssen eine gemeinsame Vertretung in internationalen Organisationen geben, „wo dies möglich ist“, sowie eine europäische Verteidigungspolitik. Für „einige“ Minister könne dies eine europäische Armee sein. Alle Minister sind für einen Europäischen Grenzschutz zur Sicherung des Schengen-Raums und „mittelfristig“ für ein europäisches Visum.

Ohne im Detail darauf einzugehen, wies Westerwelle aus dem Kanzleramt kommende Kritik an seinem Vorgehen zurück: Das Nachdenken über die europäische Zukunft jenseits der Krise sei weder Luxus noch Träumerei. Es werde im Gegenteil dazu beitragen, Orientierung und Vertrauen in Europa entstehen lassen. Es sei nicht so, dass zunächst die europäische Krise gemeistert werden müsse, und erst dann die langfristige Perspektive entworfen werden könne. Bundeskanzlerin Angela Merkel hatte schon nach einem entsprechenden Vorstoß von Finanzministers Wolfgang Schäuble (CDU) mitteilen lassen, im Moment stehe anderes im Vordergrund.

Westerwelle kündigte an, die Vorschläge in den nächsten Tagen Ratspräsident Herman Van Rompuy und Kommissionspräsident José Manuel Barroso vorzulegen; im Europaparlament hatte er bereits vergangene Woche darüber berichtet. Die Minister sehen ihr Papier auch als Beitrag zu einem weitreichenden institutionellen Reformpapier, das im Auftrag der Staats- und Regierungschefs derzeit unter Van Rompuys Vorsitz in Brüssel erarbeitet wird. Es soll zu einer „echten Wirtschafts- und Währungsunion“ führen und bis Ende des Jahres fertig sein.

Welches Europa wollen wir?

FAZ 24.09.2012 · Nach fast drei Jahren Krise sind viele Politiker zu der Auffassung gelangt, dass das Herumdoktern an der Wirtschafts- und Währungsunion so wie bisher nicht reicht. Wie soll es mit Europa weitergehen? Unter Führung von EU-Ratschef Van Rompuy wird dazu gerade ein Bericht erarbeitet. Er könnte zu einem Schlüsseldokument der kommenden Jahre werden. Eine Analyse.

Von [Nikolas Busse](#)

In der Eurokrise ist es zwischen den Mitgliedstaaten bisher fast nur um Geld gegangen - die einen müssen es leihen, die anderen sollen es einsparen. Daran wird sich in den nächsten Jahren nicht allzu viel ändern, denn die Sünden der Vergangenheit lassen sich nicht so schnell abtragen, wie das viele Politiker und Bürger gerne hätten. Jetzt kommt allerdings eine Diskussion hinzu, die darauf zielt, von den Euro-Staaten noch ganz andere, auf Dauer viel einschneidendere Opfer zu verlangen: Sie sollen weitere Souveränitätsrechte nach Brüssel abgeben, vor allem in der Wirtschafts- und Finanzpolitik. Unter Führung des Präsidenten des Europäischen Rates, Herman Van Rompuy, wird dazu ein Bericht erarbeitet, der bis Dezember den Staats- und Regierungschefs in der Endfassung vorliegen soll.

Es spricht einiges dafür, dass dieser Bericht nicht in den Archiven verstauben, sondern ein Schlüsseldokument der europäischen Politik der kommenden Jahre wird. Denn viele wichtige Politiker in der EU, die Kanzlerin voran, sind nach fast drei Jahren Krise offensichtlich zu der Auffassung gelangt, dass das Herumdoktern an der Wirtschafts- und Währungsunion so wie bisher nicht reicht. Die Erfahrungen mit „Europäischem Semester“, „Euro-Plus-Pakt“ und diversen anderen neuen Verfahren, die unter dem Druck der Märkte eingeführt wurden, sind ernüchternd: Weder haben sie die Krise beenden können noch scheinen sie geeignet zu sein, eine Wiederholung in der Zukunft zu verhindern.

Das Ergebnis dieser Diskussion lässt sich natürlich nicht vorwegnehmen, sonst brauchte man sie nicht führen. Schon heute zeigen sich aber zwei Hauptstränge, um die es in den nächsten Monaten gehen wird. Der eine dreht sich um die Reparatur der Wirtschafts- und Währungsunion. Das ist ohne Zweifel der unabdingbare Teil der anstehenden Arbeit. Es wäre eine Illusion zu glauben, man könne den Euro nach ein paar Jahren Haushaltssanierung so weiter führen wie bisher. Eine verantwortungslose Haushaltspolitik, die anderen Mitgliedstaaten zur Gefahr wird, darf es in keinem Euroland mehr geben. Auf die Einsicht der Regierungen sollte man da nach den Erfahrungen der vergangenen zehn Jahre nicht zählen; deshalb wäre es eine gute Idee, die EU mit dem Recht auszustatten, einen extrem unausgeglichene nationalen Haushalt für ungültig zu erklären.

Auch die einheitliche europäische Bankenaufsicht, an der als erster Teil dieser Reformbemühungen schon gearbeitet wird, ist im Grundsatz sinnvoll - die nationalen Aufseher von Irland bis Spanien haben versagt. Bei allem anderen, von den Löhnen bis zu den Renten, ist Zurückhaltung zu üben, denn einen gesunden Wettbewerb sollte es in der EU schon geben. Forderungen, die Schulden zu vergemeinschaften, werden sicher wieder zu hören sein, sind aber im Moment nicht durchzusetzen.

Dauerschimpfen über „Brüssel“ ist noch keine Europapolitik

Die andere Frage lautet, ob die Reform darüber hinaus zu einem großen institutionellen Sprung nach vorn genutzt werden soll, zur Gründung jener „Politischen Union“, von der immer wieder die Rede ist. Außenminister Westerwelle hat kürzlich ein Papier erarbeiten lassen, das in diese Richtung weist. Von einem direktgewählten Kommissionspräsidenten, einem Europäischen Parlament mit Initiativrecht und einer europäischen Armee ist da die Rede. In Brüssel würden manche noch ehrgeizigere Wunschlisten aufstellen, die auf die Gründung eines Bundesstaats hinauslaufen.

Dafür ist aber die Zeit noch nicht reif. Die Bevölkerung in fast allen Eurostaaten ist tief verunsichert; das letzte, was Deutsche wie Griechen derzeit hören wollen, ist, dass ihre Regierung demnächst mehr oder weniger vollständig einem Brüsseler Kabinett unterstellt wird. Die europäische Einigung ist aus gutem Grund langsam

vorangeschritten; jede Generation musste sich an die Veränderungen erst gewöhnen. Früher wurde in Europa wegen Zöllen Krieg geführt, heute hat man vergessen, dass es sie je gab. Auch das Vertrauen in die gemeinsame Währung kann zurückkehren, wenn die Krise - endlich - überwunden wird. In der Zwischenzeit lässt sich ohne große Vertragsänderungen einiges tun, um die demokratische Legitimität der EU zu erhöhen. Die Aufstellung von Spitzenkandidaten für die Europawahl, zu der sich die europäischen Parteienfamilien nun durchzuringen scheinen, ist ein solcher Schritt.

Barros: Feld nicht den Skeptikern und Feinden der Integration überlassen

In Deutschland sollte man solche Debatten nicht mehr so passiv verfolgen wie früher. Daumenhalten für die Kanzlerin ist noch keine Europapolitik, ebenso wenig wie Dauerschimpfen über „Brüssel“. Noch fehlt in unserem Land eine breite politische Diskussion darüber, in welchem Europa wir in fünf oder zehn Jahren leben wollen. Dann müssten nämlich auch diejenigen, die meinen, wir könnten ohne Euro und ohne EU so gut leben wie bisher, dem Volk darlegen, wie das eigentlich gehen soll.

Kommissionspräsident Barroso hat den EU-Befürwortern, die in den Eliten fast aller Mitgliedstaaten immer noch die große Mehrheit stellen, kürzlich vorgeworfen, dass sie das öffentliche Feld den Skeptikern und Feinden der Integration überließen. Da hat er nicht ganz unrecht. Egal auf welcher Seite man steht - eine einseitige Debatte ist nie fruchtbar.

Eurokrise

Griechenland schafft die Wende nicht

25.09.2012 · Griechenland verfehlt offenbar abermals die Vereinbarungen mit seinen Gläubigern. Einem Zeitungsbericht zufolge schafft es Athen nicht, wie vereinbart ab 2015 seinen Haushalt ohne zusätzliche Hilfen finanzieren. Brüssel und europäische Notenbanken sehen demnach eine Finanzierungslücke von rund 30 Milliarden Euro.

Griechenland muss länger als geplant am finanziellen Tropf der internationalen Geldgeber hängen. Das berichtet die „Süddeutsche Zeitung“ unter Berufung auf Aussagen hoher EU-Diplomaten in Brüssel. Demnach kann das Land voraussichtlich nicht wie geplant von 2015 an seinen Haushalt ohne zusätzliche Hilfen finanzieren, hieß es weiter. Auch das Ziel, von 2020 an die Schulden wieder komplett an den Finanzmärkten refinanzieren zu können, werde verfehlt. Athen benötige „mindestens zwei Jahre“ zusätzlich Zeit, um wieder auf die Beine zu kommen, heiße es übereinstimmend in Brüssel und in europäischen Notenbanken.

Finanzierungslücke von rund 30 Milliarden Euro

Beide Seiten bezifferten die Finanzierungslücke auf „rund 30 Milliarden Euro“. Damit ist laut SZ völlig offen, ob und wann das kurz vor der Pleite stehende Land eine weitere Tranche aus dem zweiten Hilfspaket erhält. Darin stellen die Euro-Staaten und der Internationale Währungsfonds (IWF) bis zu 130 Milliarden Euro zur Verfügung. Das Geld soll allerdings nur dann gezahlt werden, wenn Griechenland seine Verpflichtungen so weit erfüllt, dass es von 2020 an wieder allein wirtschaften kann. Andernfalls muss der IWF gemäß seinen Statuten die Zahlungen einstellen.

Auch der Verbleib Griechenlands in der Euro-Zone stehe nach Einschätzung von Notenbankern weiter auf der Kippe. Die Euro-Staaten wollten Athen in der Währungsunion halten, scheuten sich wegen der Skepsis ihrer Bürger aber davor, das zusätzliche Geld aufzutreiben. Es gebe die Sorge, dass die Regierungen die Verantwortung auf die Europäische Zentralbank abschieben wollten.

Bereits am Montag hatte die Chefin des Internationalen Währungsfonds (IWF), Christine Lagarde, erklärt, Griechenland stehe vor einer Finanzierungslücke, die auch durch Haushaltsmaßnahmen nicht gestopft werden könne. Sie verwies darauf, dass die schwache Wirtschaft und die Verzögerungen bei den Privatisierungen eine schlechtere fiskale Lage mit sich gebracht hätten. Die Bemühungen der griechischen Regierung und der so genannten Troika, weiteres Sparpotenzial im Volumen von 11,5 Milliarden Euro auszumachen, würden nicht ausreichen, erklärte sie in einer Rede vor dem Peterson Institute for International Economics in Washington.

Eine „Finanzierungslücke“ sei wegen der „makroökonomischen Situation, größerer Verzögerungen bei der Privatisierung und dadurch entstehender Mindereinnahmen aus der Privatisierung“, entstanden, erklärte Lagarde. Hinzu kämen „begrenzte Möglichkeiten, Einnahmen einzusammeln“. Die Schulden des Landes müssten vor diesem Hintergrund als Teil der Lösung angegangen werden.

Oettinger: Gesamtpaket zur Euro-Rettung vor Wahl in Amerika

EU-Kommissar Günther Oettinger erwartet unterdessen ein Gesamtpaket zur Euro-Rettung noch vor der Wahl in Amerika Anfang November. „Ich bin mir sicher, es wird auf dem Gipfel am 18. Oktober zu wichtigen Entscheidungen kommen: zu Griechenland, Portugal und Spanien“, sagte der deutsche EU-Spitzenpolitiker der Nachrichtenagentur ddpd. Mit einem Scheitern der Sanierung Athens rechnet Oettinger trotz der unterbrochenen Troika-Mission nicht mehr: „Ich habe feste Anzeichen sowohl in der Kommission wie auch in der deutschen Politik, dass man Griechenland halten wird.“ Bedingung sei, dass die Regierung eine Mehrheit im Parlament bekomme und glaubwürdig ihre Verpflichtung annehme.

Eurozone I: Bail-outs are no substitute for reforms

Spring 2012

by [Leszek Balcerowicz](#)

*Reforms, not bail-outs or eurobonds, are the answer to the crisis engulfing not just the most vulnerable and indebted eurozone countries but the single currency itself, warns **Leszek Balcerowicz**. And they offer both short and long-term solutions to the crisis.*

The eurozone's fiscal problems are triggering memories of policies used to deal with similar crises in the past. In years past we have seen the IMF and comparable institutions acting as crisis lenders offering official bail-outs to distressed sovereign borrowers. We have witnessed the monetisation of public debt by central banks, and the outright reduction of this debt, either uni-laterally with defaults or through negotiation. Other crises have ended in fiscal consolidation or reforms.

The current debate on the eurozone's fiscal problems is in my view excessively focused on official bail-outs, including the proposed massive purchases of government bonds by the European Central Bank (ECB), to the detriment of fiscal consolidation and reforms. We are reminded almost every day that either the bail-out efforts must be greatly expanded or the euro will perish. The biased pressure being exerted reflects the advantages to be gained by certain parties, and the erroneous beliefs of others. As to the advantages to be gained, it is easy enough to understand why creditors should prefer bail-outs for the debtor countries. And many political leaders also welcome the way that official crisis lending can ease market pressures. The media, meanwhile, thrives on its role as bearer of bad news.

Then there are the mistaken beliefs that contribute to the bias towards bail-outs. The uninhibited use of metaphors like "contagion" or "domino effect" expresses the idea that, once disturbed financial markets become blind, violent and indiscriminating powers, so that once confidence in a given country is lost, all other governments are then in danger. On this basis, it must follow that only a formidable countervailing power like massive official intervention can break the presumed dynamics of the financial market. The widespread use of expressions like "a bazooka" or "it's them or us" show just how prevalent is this manichean view of the behaviour of financial markets vis-à-vis the sovereigns.

But the financial markets, even though disturbed, are not blind. They are capable of distinguishing, however imperfectly and belatedly, between the macroeconomic situations of various countries. That's why we can see the widening spreads on government bonds between Germany and other Nordic countries and those of the "problem" governments in the eurozone.

Another related fallacy is the assumption that reforms, although necessary, can bring benefits only in the longer run. Under this assumption, the short-term solutions (i.e. the reduction in the sharply increased yields an affected government has to pay) are reduced to bail-outs. Yet this is a misleading representation of the available policy options because properly structured reforms have both short-term and longer-term effects. One does not need, for example, to wait for the completion of a pension reform to see short-term benefits in the shape of reduced yields on government bonds. **Markets react to the credible announcement of reforms and their implementation.**

A brief look at the countries that have been especially affected by the financial crisis, and that suffered a huge increase in the yields on their government bonds in 2009, is very illuminating. One group – Bulgaria, Estonia, Latvia and Lithuania (the BELL group) – saw a surge in these yields in 2009, followed by a sharp decline. Another group – Portugal, Ireland, Italy, Greece and Spain (the PIIGS) – registered divergent developments: the yields on Greece's and Portugal's bonds have surged and so far have not declined, while those of Ireland have displayed, at least until recently, the downward dynamics.

These differences can be largely explained by the differences in the extent and structure of reforms in all these countries, because proper reforms can produce confidence and growth. Official crisis lending can at best buy time to prepare reforms, and can help to stop the banking sector crisis. But it cannot act as a substitute for reform. And all bail-outs can create moral hazard as they weaken the incentives for reforms that will avoid bad policies in the future. Official crisis lending to some extent replaces the pressure from financial markets with pressure from experts and politicians of creditor nations. It is not difficult to see that the latter form of pressure is likely to have some unpleasant consequences for European cohesion, both in creditor and debtor countries.

Among the proposed eurozone bail-outs, none has come under the spotlight as much as the idea of massive purchases of problem countries' bonds by the ECB. Three rhetorical devices are being used to press for this option:

- The concept of the “lender of the last resort” is being stretched. It’s as though the central bank’s provision of liquidity to commercial banks was the same as its funding of governments;
- The alternative to this proposed option is starkly presented as “catastrophe”;
- The policies of the U.S. Federal Reserve System, the Bank of England and the Bank of Japan are referred to as though the mere reference to past examples is enough to prove the efficacy of ECB lending.

These rhetorical devices simply cannot be allowed to overshadow careful analysis of the various options. There has been surprisingly little comparative analysis of the effects of quantitative easing (QE) that involved massive purchases of government bonds in Japan, the U.S. and Britain. **Yet what we know indicates that this operation is far from a free lunch because although potential benefits may appear in the short-run, costs and risks emerge later.** In Japan, for example, QE could actually have contributed via very low interest rates to delays in reforms and the restructuring of the economy, thus weakening the longer-term economic growth and exacerbating fiscal distress. In the U.S., the slowdown during 2008-2011 was clearly not averted, while inflation in 2011 could actually end up higher than in 2007. **QE has also contributed to the growth of asset bubbles in the world economy.** As to Britain, economic growth is even slower but inflation much higher.

I believe that massive purchases of government bonds by the ECB would be an even worse kind of bail-out. It would exacerbate the problem of moral hazard as such purchases are potentially unlimited, and would also increase the risk of inflation along with other negative economic consequences. **More generally, trust in the ECB as guardian of the euro’s stability could be undermined, and the ECB would be granted a powerful new political position with politicians attempting to influence its purchase decisions.** It would also further **undermine the rule of law in the EU** at a time when confidence in the way the treaties are respected is so crucial.

The main solution to the eurozone crisis lies in properly structured reforms in the affected countries. And experience clearly shows us that such reforms offer both a short-term and long-term solution.

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Eurozone II: The case for muddling through

Spring 2012

by [Josef Joffe](#)

As an early sceptic of the EU's economic and monetary union, Josef Joffe traces the euro's birth defects and examines its health prognoses. He favours neither a eurozone break-up nor a great leap forward to political union.

As one of the early sceptics of European monetary union, events are now proving me and other critics right. But I am not going to take a cheap, I-told-you-so shot at the most ambitious integration project in the history of Europe – especially since I hardly have an impressive record on prediction. I am right exactly half of the time, which means my forecasts are just as good as flipping a coin. **My purpose in saying so is to make the larger point that the common currency was always a political project, not an economic one.**

Fourteen years ago, in an article in The New York Review of Books, I started with a fictitious movie scene set in the library of the Elysée Palace in March 1990. Present are France's François Mitterrand and Germany's Helmut Kohl. "Mitterrand is in a melancholy mood. During the last few months, ever since the collapse of the Berlin Wall in November 1989, he has tried every conceivable diplomatic stratagem to stop, or at least break, the quickening pace of German reunification. But to no avail. Glumly, he stares into the fireplace, as his friend Helmut pleads. 'Look François, this time reunification won't be like Versailles in 1871, when the new Reich was proclaimed on the ruins of French pride. We have Franco-German friendship, we have the European Union, our forces are completely integrated in NATO.'

"Mitterrand remains glum. So Kohl continues to wheedle: 'My dear friend, this is 1990 – not 1914 or 1939. These days, my countrymen are polishing their BMWs, not their jackboots. This time, German unification will not bring down Europe. Come on, François, what do you say?' Mitterrand continues to stare into the fire. At last, he bursts out, 'Bon, Helmut, c'est ce qu'on va faire. You get all of Deutschland, if I get half of the Deutschemark.'"

The point of this imaginary scene is that the euro was born out of the abrupt transformation of world politics: Moscow's capitulation in the cold war, which suddenly revealed the true power relationships on the continent. **Germany would be united and would shed the ancient dependencies that had tied it to the West, and to France in particular.**

Helmut Kohl understood the precarious position of a reunified Germany. The Deutschemark was the very symbol of German primacy, so what better way to soften the blow than by more integration?

This was a wise but not entirely selfless move. The euro was good for Germany, as it would relieve the relentless revaluation pressure on the Deutschemark and protect Germany's export-led growth. The euro would be the D-mark writ large, administered by a European Central Bank that would be the Bundesbank writ large, totally independent of political control and the guardian of strict monetary discipline.

In the run-up to EMU, would-be members had to live up to the so-called "convergence criteria" of low national debts, low deficits and stable parities. In 1997, Germany bound the rest through the Stability Pact with its penalties to enforce fiscal discipline now and ever more. In other words, Germany would not so much sacrifice its currency as extend its sway beyond the informal zone that encompassed Austria, Denmark and the Benelux countries.

So with all this "Germanization" of the common currency, why are we in trouble now? The answer is that good politics do not necessarily make for good economics. Or bad economics will always trump the best of political intentions.

Perhaps we should think about monetary union without political union as a train of as many locomotives as there are member states, all running under their own steam. Without a lead engine – political union – each has to maintain exactly the same speed in terms of fiscal policy. If not, the couplings would break and the train would go off the rails.

There are only three ways to avoid this. First, those who put too much coal into their locomotives by spending too much and running up deficits, are forced by the virtuous rest of the train to mend their ways. They will impose fiscal discipline on themselves and balance their budgets. This would be the collective dictatorship of virtue. The second way is for those locomotives that run out of coal to be helped out by others that have fuel to spare. As good Europeans they share the wealth. This is what's being called a "transfer union". The third solution, being neither common virtue nor an "all for one" wealth sharing, is the decoupling of the locomotives that make up the train. The wastrels either withdraw from the euro or are forced out, but alas the Maastricht treaty that in 1992 set out the rules of monetary union, has no proviso for either of these decoupling options.

So once secession or expulsion are ruled out, the choice is between transfers from the outside or adjustment on the inside. This is the logic of a monetary union without fiscal or political union; either the sinners reform or their companions keep them on some form of permanent dole. Failing that, the eurozone train leaves the rails.

Today we think of Portugal, Ireland, Italy, Greece and Spain – the PIIGS – as the great sinners, yet by the middle of the last decade as many as nine eurozone members had breached the deficit criterion, among them France and Germany – France five times and Germany six. So the moral is that when it comes to the crunch, national egotism always trumps communal virtue. The drivers of those national locomotives don't observe the common good but rather their domestic electorates or the business cycle.

The euro's birth defect was that monetary union encompassed two incompatible cultures. There's "Club Med" – France, Italy, Spain, Portugal, Greece and Ireland – and then there is "Club North" – Germany, the Netherlands, Finland and Austria. Club Med is largely Catholic and Club North is generally Protestant, give or take the Austrians. And Club Med spent while Club North saved, so while the northerners' expenditures stayed more or less in line with their revenues, Club Med was always shovelling coal at a faster rate than its tenders were being replenished.

In economic parlance, too, this is called overheating, and its logical consequence is rising debt and inflation. How, then, did these countries stay competitive, given rising nominal prices for goods and wages? Before the euro, they did so by devaluing just a little faster than they were inflating, but once in the euro they could no longer use that safety valve, so inflation at home translated one-to-one into rising prices on the world market – not good for countries that sell about one-third of their GDP abroad.

Thus the Club Med countries began to price themselves out of world markets. And instead of converging economically, the eurozone's members were moving farther apart. As German exports soared to 47% of GDP – a ratio that dwarfs even China's – those of the Club Med countries fell. And not only did the euro impose virtue, it even made vice easier. Before the euro, high-spending countries were forced to pay a devaluation premium on the interest of their debt. With it, they no longer had to issue bonds denominated in devaluation-prone liras, francs and drachmas as they could issue debt in solid-gold euros. As their interest charges went down, their borrowing went up.

But of course the dream of a Germanised euro has turned into a nightmare. Instead of forcing internal reforms to make the wayward more cost-efficient and productive by liberalising labour markets and levelling privilege, the euro encouraged extravagance. Why should Club Med countries save if they can borrow, and borrow cheaply? Put in economic parlance, if you can't devalue on the outside, you have to devalue on the inside by lowering the rent-seeking of privileged groups, driving down costs, extending working weeks and working lives.

Where does the eurozone go from here? Rescue mechanisms like the EFSF and the ESM will probably work until next March, when Greece will have to pay out €16bn in interest and redemption. So there won't be a default until next spring, I presume. But Greece is insolvent, so nobody knows what will happen after next

March. Shrinking the Greek economy by about 5% through painful reforms may be a road to solvency, but not to growth.

Everybody wants to save the euro, of course, but saving it means a transfer union, and that will only last as long as the Germans are willing and able to pay. The theory of public goods says that those who have the most, and the greatest interest in preserving public good, will pay most for it, so it looks like “transfer union” as far as the eye can see.

The alternatives are either a break-up of the eurozone, or the leap into political union with a common fiscal policy and mandated revenue sharing. Because the Utopian state looks impossible for the eurozone’s 17 members, let alone the EU’s 27, it’s probably going to have to be a case of muddling through. And I myself would not recommend anything else. Europe can’t afford to let the euro train run off the rails, yet I’m very doubtful about a great leap forward into a more “perfect union”. Europe’s closer integration since 1950 has been like a slow walk through the foothills, but now we are facing the Alps of core sovereignty. The EU’s easy past doesn’t necessarily lead to the shiny future that is a United States of Europe.

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Spain

Catalonia, a new headache for the EU

24 September 2012

[El País](#) Madrid



Spanish PM Mariano Rajoy and Artur Mas, president of the Catalonia region. The red stripes on a yellow background evoke the Catalan flag.

[Kap](#)

Catalonia, Spain's wealthiest and yet most indebted region is claiming the right not to pay for a central government brought low by debt, all the while brandishing the spectre of independence under Madrid's nose. For Brussels this microcosm version of trouble the eurozone faces is the cause of much scepticism, as well as concern.

[Claudi Pérez](#)

The crises work as plotting devices: the German take on the European crisis is a morality tale, grounded in the belief that the economic fainting fit is due to the fiscal irresponsibility of sinners in the south of Europe, who must do penance. Using that erroneous script as a guide, the solutions are getting harder and harder, the mechanisms of solidarity scarcer, and the citizenry of some northern countries more suspicious.

In the south, meanwhile, an anti-German (or anti-European) mood is growing and extremists have been posting gains in many of the most recent elections. In the euro crisis, Spain is a kind of microcosm: the misunderstanding dramatised by Catalonia has odd parallels with that story of the euro.

As Brussels sees it, the direct causes of the economic problems of Catalonia lie in the deep recession following a vastly inflated housing bubble and the works of various governments over the years, and not in the more than dubious fiscal exploitation (although the funding system is imperfect and the scale of Catalonia's taxation deficit debatable) that Catalan separatism is brandishing to justify its claims. For this reason, the EU saw this controversy coming with some perplexity, which has now metamorphosed into worries that it's coming at the worst time of the Spanish crisis.

“More Catalonia and more Europe”

Catalonia, obviously, is not Germany. To start with, it is suffering the ravages of the recession and unemployment firsthand. In many other ways, though, the analogy is accurate. Once again, in the midst of the crisis, it is the rich North that wants to cut back on its transfers of solidarity.

Brussels is noting that debate with some unease: “Catalonia is an additional source of concern. Spain had already abundant problems, and now it turns out that one of the wealthiest communities must apply for a bailout from the State. Almost on the same day it threatens independence and proposes a mis-named fiscal pact, which

ultimately proposes paying in fewer resources to the coffers of the Spanish state at a time when that the health of the public accounts is raising some doubts,” said one diplomat.

The President of the Generalitat [the Catalan regional government] has paid at least a couple of visits to Brussels seeking some understanding for its demand for a financing system. Mas met with the president of the Commission, José Manuel Barroso, and with the president of the Parliament, Martin Schultz. He met with practically the entire who’s who of the European Union. Beyond the usual calculated ambiguity, however, the general consensus is that not a single reference was made to Catalonia’s secessionist aspirations.

“We will not renounce who we are... More Catalonia and more Europe is our motto,” Mas announced to the press on one of those visits. Would that, he was asked, mean ‘less Spain’? “No,” he clarified. “We are positive. We affirm. We not deny anything.” In Brussels the first reaction was disbelief, followed by a clear warning: “Some of the claims of Catalonia are seen with a certain sympathy.

Obvious legal problems

However, a dangerous frontier is being crossed. The aspiration to improve funding is understandable, but not even in Germany, with a federal tax system that can serve as a model, is it viewed as a step made ever so lightly across the line towards aspirations to independence – which,” said a European official, “is what is setting off alarms in Brussels over the risk of copycat moves elsewhere.”

The independence of Catalonia would entail obvious legal problems, to judge from the elegant wording of Article 4.2 of the Treaty on the European Union. Moreover, decision-making in the EU is heading towards qualified majorities except on one point that will always require unanimity: the entry of new states.

These barriers can act as check dams, and the President of the Commission, José Manuel Barroso, has made clear the doctrine on the subject. On one hand, this is an “internal” affair of Spain. On the other, in the event of a hypothetical secessionist process in a Member State, “the solution must be arrived at within the international legal system.”

The idea that the PP (Mariano Rajoy) government has dropped its line that the deficit problem is the fault of Spain’s autonomous regions is not true. And, using obligations imposed by Brussels as an excuse, it has threatened to begin to recentralise some powers, which is generating distrust in Catalonia and partly explains this reaction. Here again, the parallel with Europe is disturbing: the troika packs men in black off to Madrid, and in turn the Madrid government packs its own men in black off to the bailed-out regions like Catalonia.

Translated from the Spanish by **Anton Baer**

Opinion

Is federalism the solution?



"The parliament is preparing a statement on sovereignty," [headlines Barcelona daily *La Vanguardia*](#). Three nationalist parties, including the CiU (Convergència i Unió), the ruling party in the Catalan regional government, will soon issue a statement summing up the "spirit of the demonstration for Catalan independence held in Barcelona on September 11". Although early regional elections are expected this autumn and these could turn into a plebiscite on independence, the statement could include a request for a referendum on the issue.

This latest stage in the crisis between the central government in Madrid and the Catalan authorities raises the issue of the model used for attributing power to the regions and to the central government within the kingdom. Because the crisis is so deep, this is a real challenge, sums up Juan Luis Cebrián, who chairs the board of Madrid daily *El País*. [He writes that](#) –

... a State Treaty is necessary if we want to face the three crises which plague us: economic and institutional in Spain, and the construction of Europe. [...] Catalonia's uniqueness can only be built through a federal State [because] separation from Spain would lead Catalonia into sustainable decline.

Following this article and the expression by many others, including former prime minister Felipe Gonzàles, in favour of a federal model, Enric Juliana, is surprised by these "sudden demonstrations of federalism". *La Vanguardia's* deputy director and Madrid correspondent notes that –

... a spectre is racing through Spain [...] It is the attempt to formulate a rapid and intelligent response to the unclear revolt of Catalonia. The magic charm is called federalism [...] Once derided, asymmetrical federalism now is starting to have unexpected followers. [...] Fundamental positions have not shifted, but there is an adjustment in tone.

Poverty, Segregation Fuel Marseille Crime Wave

by [Eleanor Beardsley](#)

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[5 min 1 sec]



Gerard Julien/AFP/Getty Images

Police climb the stairs in a building on the north side of Marseille, southern France, as part of an operation in January against drug dealing and gun proliferation.

text size [A](#) [A](#) [A](#)

September 23, 2012

Drug and gang violence in Marseille, France's second largest city, has gotten so out of control that one local politician has called for the army to be sent in to restore order.

The proposal shocked the French and President Francois Hollande. Now, the French government is making the city a top priority.

Reporter Karim Baila spent two months in Marseille filming a documentary for French television on the city's troubles. He says he wanted to understand what was at the root of the violence stalking his native city. Since the beginning of the year, drug- and gang-related shootouts have killed 20 people, many of them cut down by automatic rifles. Marseille is also France's purse- and chain-snatching capital. Some 840 gold chains have been ripped from their wearers' necks since June.

Poverty In The Projects

Baila focused on the city's huge juvenile delinquency problem. He believes the problem starts in the isolated housing projects on the city's north side.

"There is poverty, discrimination and segregation where we've put people in these high-rise ghettos," Baila says. "And they are so overcome by unemployment and misery that a parallel economy has taken over. Drugs and gangs now rule, and they've become no-go zones for the police."

Drug running from one of the high-rise complexes can bring in anywhere from \$40,000 to \$100,000 a day, Baila says. The gangs move marijuana, cocaine, heroine and ecstasy. The dealers operate with impunity; their idol is Al Pacino's character in the film *Scarface*. And by age 30, they're often in prison or dead.



[Enlarge](#) Anne-Christine Poujoulat/AFP/Getty Images

Police officers in Marseille carry out checks on passing cars Sept. 8, two days after the French government announced an increased police presence and the creation of a security zone in the city.

Saida Hidri runs a support group for mothers living in the high-rises. She lives in one herself, in an apartment on the 15th floor, which she reaches via a ride on a dirty, graffiti-tagged elevator.

Hidri says unemployment in her neighborhood is nearly 50 percent.

"The kids drop out of school to work but there are no jobs. So they fall into the drug gangs where they can earn good money," she says. "But later, if they want to leave they'll be killed because they know the network. They're prisoners, and so are their families. That's why we live in fear."

Two Marseilles

But there's a whole other side of Marseille, one that is brimming with culture and beauty. Marseille is France's oldest city, founded some 2,500 years ago by Phoenician sailors. Along the old port people sit in cafes. The sun glitters off the sailboat masts in the harbor.

Marseille was chosen as the European capital of culture for 2013 and is undergoing beautification projects for the millions of expected tourists.

But for Sen. Samia Ghali, who was born and raised in the Marseilles projects, that's just the problem. There are two Marseilles, she says, and the line that divides them has become a chasm.

"The situation is worse and worse and is becoming extremely violent," Ghali says. "That's why I called for the army to come in. I wanted people to wake up to what's been happening here."

Gahli's cry was heard loud and clear, and Marseille is now on the front burner for the French government and the media.

Glimmers Of Hope

During a ride through Marseille's north end, police officer Kamel Bessaa tells a horror story about each housing project. He says the government's promise to bring in more cops is a good start because police in the city are underfunded and overwhelmed.

"What we need is zero tolerance," Bessaa says. "We need to follow the broken windowpane policy. If you don't fix it immediately they'll soon break the whole window. And then destroy the house. That's what's going on here."

Bessaa has a second job. He mentors teenagers as part of an association that operates out of a garage that has been transformed into a rec room with a TV, couches and computers.

The kids, who gather here after school and on weekends, clearly bond with Bessaa and the other older volunteers. Said Fassoil, who was raised by a single mother from the Comoros islands, says this center probably saved him.

He says he had no one at home to help him with his homework. But, he recalls, he could come to the center to get help. Volunteers took the kids on outings and had activities — instead of hanging around and getting in trouble.

An army recruiter came into the center last year, and Fassoil says he's proud to be starting a career in the military.

The euro crisis

Game change?

The euro zone's leaders have turned a corner. Where to, is not yet clear

The Economist Sep 15th 2012 | from the print edition



WHEN history books trace the evolution of the euro crisis, September 2012 will mark the beginning of a new chapter. Recent days have seen decisive moves from Europe's notoriously incremental policymaking machinery. On September 12th Germany's constitutional court backed the European Stability Mechanism (ESM), the euro zone's permanent rescue fund, removing the last big hurdle to its launch. The same day, the European Commission laid out a blueprint for joint European banking supervision, the first step to a banking union. Days earlier the European Central Bank (ECB) announced that, under certain conditions, it would buy unlimited amounts of the bonds of troubled euro-zone countries.

Taken together, these actions mark a big change. At best, they constitute the foundations of a more sustainable monetary union. The euro zone now has a plan for bank supervision. It will be haggled over and watered-down, but the record of European diplomacy suggests that once proposals exist, something, eventually, tends to be agreed on (see [article](#)). Most important, the euro zone now has a central bank committed to being a lender of last resort. Yes, the commitment is conditional on countries securing help from, and adhering to, a rescue plan. But the ECB has made clear, for the first time, that it is willing to intervene without limit if need be.

The hope is that this marks the beginning of the end of the euro crisis. In the best possible outcome, the ECB's pledge, by itself, will push euro-zone debt markets into a positive cycle—one where yields on sovereign debt in peripheral economies fall as investors lower the probability of the euro's collapse, and as yields fall those countries' debt dynamics and economic prospects improve. Bond yields in Italy and Spain have already plunged in recent weeks, in anticipation of the ECB's action, as investors have become leery of betting against the central bank (see [article](#)). Spain's prime minister, Mariano Rajoy, hopes to avoid even asking for a rescue package.

Given the state of Spain's banks, and the weakness of its economy and public finances, that seems implausible. But even if Spain (and later Italy) are forced to enter a rescue plan, there is now a clear sense of what that would imply, and that certainty gives optimists a second reason for confidence. The ESM would help fund any new government borrowing, while the ECB would buy bonds in the secondary market. Both routes would keep a cap on bond yields. And both vehicles would be a backdoor route to a limited form of debt mutualisation—another necessary condition for the euro zone's future. Euro-zone countries are jointly liable both for the rescue funds and the central bank's balance-sheet. It may be less elegant than Alexander Hamilton's plan for assuming the states' debts in America in 1789, but some think the ingredients of a solution to the euro-zone debt crisis are now in place.

This newspaper would be delighted if that turned out to be the case. We have long argued that the single currency needs a lender of last resort, a banking union and limited debt mutualisation. Given the costs of break-up, evidence of progress towards resolving the crisis, however inelegant, is to be cheered.

No substitute for politics

Sadly, a lot could still go wrong. When a euro-zone country falls short on reform, will the central bank stop buying its bonds? If it does, the ECB would precipitate the market panic it intends to prevent; if it doesn't, it will amass potentially unpayable debt. That dilemma plays into the tension between the ECB and the Bundesbank. Germany's chancellor, Angela Merkel, publicly supported the ECB's action. But Jens Weidmann, the Bundesbank's president, was the only person to vote against the bond-purchase plan. His public condemnation echoes widespread worries in Germany about the ECB's direction. Germans (and other north Europeans) will surely become even more worried if it starts buying boatloads of bonds. The ECB, fearing a political backlash or growing internal divisions on its own board, may shrink from the necessary boldness. Yet if it holds back from loosening monetary policy, the region's economic prospects will darken further.

These tensions are inevitable as long as the actions of the central bank are a substitute for more explicit political progress on integration. That's why Europe's politicians—led by Germany and France—must catch up with their central bank. They should quickly agree on rules for common financial supervision, and make credible plans for common deposit insurance and bank resolution. They must hash out other ways of fiscal risk-sharing (see [Charlemagne](#)). And they will need to explain the grand strategy to voters, who ought to be consulted on such a big change. In the end, the euro's survival rests on the political support for greater economic and financial union. That will be the real game-changer.

NYT September 18, 2012

Foreign Ministers Call for Stronger Ties Within Europe

By [STEPHEN CASTLE](#)

LONDON — Testing the theory that it often takes a crisis to bring Europeans together, 11 foreign ministers, led by [Guido Westerwelle](#) of Germany, have called for a big increase in economic, political, diplomatic and even military integration within the [European Union](#).

The [report](#), issued Monday by the Future of Europe Group at a meeting in Warsaw, outlines far-reaching proposals for a Europe weighed down by debt, mired in an economic slowdown and struggling to save its single currency. However, the report acknowledges that only some of the 11 ministers agreed with ideas like the eventual creation of a European army.

Nevertheless, the fact that the foreign minister of the European Union's most powerful nation, Germany, was the report's prime mover gives the nine-page document political significance.

Germany has argued consistently for a more federal Europe, a point of tension with its closest partner, France, which tends to be more protective of sovereignty and preoccupied with shorter-term measures to stabilize the euro.

Highlighting the difficulties confronting the European Union, the document notes, "In many parts of Europe, nationalism and populism are on the rise, while the feeling of solidarity and sense of belonging in Europe are dwindling."

Its answer is more, not less, Europe.

In the economic sphere, the document suggests more European oversight over the budgets of national governments, a single supervisory mechanism for euro zone banks involving the European Central Bank, and more powers for the [European Parliament](#). It adds that the euro zone's bailout fund should become a European Monetary Fund.

How seriously the specific suggestions should be taken is difficult to judge, particularly since Mr. Westerwelle comes from a minority party in the German coalition, rather than the center-right party of Chancellor Angela Merkel.

"Germany's renewal of the concept of political union reflects the fact that the German political class has become more integrationist as the euro crisis has progressed," said Charles Grant, director of the Center for European Reform. "But what their partners want to know is whether the Germans are really serious about believing in a more integrated Europe, or whether calling for more Europe is an emotional response — a sort of Pavlovian reaction — to the difficulties they are in."

The foreign ministers of all of the European Union's big members took part in the Future of Europe Group meeting, with the exception of Britain, which remains resolutely skeptical about further integration. Poland, which joined the European Union in 2004, played an active role, and the 11 participants included representatives of the six countries that started the process of European integration after [World War II](#).

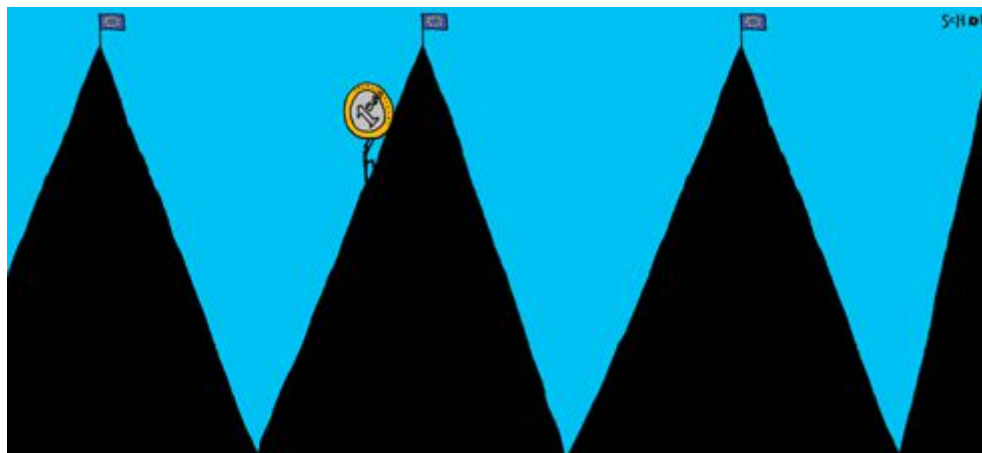
Critics believe that some countries may have participated simply to monitor what others were saying. But the report, signed by Austria, Denmark, Germany, France, Italy, Spain, Poland, the Netherlands, Portugal, Belgium and Luxembourg, reflects the rising temperature of the debate over the future of Europe.

Eurozone

Surprise — we haven't escaped the crisis

27 September 2012

[La Stampa](#) Turin



[Bas van der Schot](#)

After a period of relative truce and some optimism, the markets seem to be back in a mood to dish out more punishment to the shakiest countries in the euro zone, and social tensions are flaring up. Those who thought that the modest changes in policy would solve a structural crisis are gravely mistaken, says an economist.

[Mario Deaglio](#)

The coming of autumn, September 23, heralded the end of the summer not only for ordinary mortals, but for the financial markets too. From Tokyo to New York and across Europe, stock prices are beating a retreat almost everywhere.

What's going on? International markets are paying the price for the end of three illusions that kept them company through the summer. The first, still childish but nonetheless rather widespread, could be called "the illusion of a magic wand". This mental deformation suggests that governments and central banks are capable of reversing, in the span of a few weeks or months, negative trends that have taken root over years. They could do it, the belief goes, by adding a minor regulatory provision of just a few lines, by amending a few rather impractical laws – and everything would be as it was before: the garden of (financial) delights will go back to watching its marvellous fruit ripen.

In reality, the crisis we have been living with for five years is a much more serious phenomenon. Its bacilli have nested almost everywhere, in the economy and throughout society, and not only in share prices. And the sickness will take years to extirpate – if it even can be extirpated. The consolidation measures are no easy sprint downhill. Players on the financial markets who do not want to believe that risk ending up with burnt fingers.

Are Europeans really ready to accept these sacrifices?

The second illusion of the markets is related to the first and wants, magic wand or no magic wand, to believe that the remedy to heal the real economy has already been found – which ought to have an immediate and positive impact on the stock market. In reality, the remedies proposed are two in number, and so far, neither is any solution: the first is to inject liquidity on a massive scale, which is the solution held to by the Americans, which lets them somehow keep the U.S. economy afloat but turns out to be incapable of truly restarting it.

The second is the European blend of fiscal austerity (today) and measures to restart production through healthy public finances (tomorrow), which is a solution that, by definition, calls for plenty of time, plenty of patience and a few sacrifices. Provided, of course, that the results come in.

Are Europeans really ready to accept these sacrifices and exercise the needed patience? This question gets responses that are hesitant, to say the least. That takes us to the third illusion: that governments can choose any sort of measure taking into account solely its economic sustainability and disregarding its political sustainability – i.e, how the people will react to it.

The best example is of course furnished by Greece, where the emphasis is on the need for this or that new slash to the budget, without which the "hole" in the public finances cannot be filled in. However, each new turn of the screw seems to intensify the public pain – as made evident by the very serious protests of 26 September – and swell the ranks of those who are attracted by the idea of blowing it all sky-high and leaving the single currency. This would certainly do no good to the euro and even less to the Greeks who, given the state of their balance of payments, would undoubtedly not be able to pay for the wheat and oil they need to let them get through the winter.

Living on another planet

While the picture is not so bleak in Spain, the room for manoeuvre there is very tight. Italy seems to have more leeway, if we are to believe the declarations of characters known for their severity, like the president of the Bundesbank, on Italy's ability to cope without help from outside the country. Italy is one of the few countries where most families have substantial savings and where the fall in consumption seems related not just to a fall in the incomes of certain sectors of the population hit especially hard by the crisis, but to a widespread fear for the future.

The problem of political viability arises not just in the allegedly weak countries. It's evident in France, where news coming in almost simultaneously shows unemployment levels passing the three-million mark and a collapse in the popularity of President François Hollande, who has lost 11 points in a single month. There is also evidence, very clear today, of a slowdown in the German economy and a mood in the ranks of the ruling coalition in Berlin that is far from upbeat. There is virtually no European country that, no matter how sturdy it looks, is not worried about where its economy is headed.

That's why the markets are falling or, at best, extremely wary. After all, even if the players on the financial markets often think they are living on another planet, the stock exchange mirrors the society, with its fears and uncertainties. The world is not confined to share prices but also includes the shopping lists of ever more worried housewives. And it is an illusion to believe that the markets will recover their health in the medium to long term if the housewives continue to fare badly.

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ANALYSIS

Anger swollen by injustice

[For Süddeutsche Zeitung](#), a sense of injustice is the cause of "the citizens' anger" that has recently been expressed in Greece, Portugal and Spain –

Governments are on a state of alert, as the trend towards political extremism increases with every new demonstrator. This could be the demagogues moment of glory.

Two factors explain this anger, whether it be expressed by extremist parties in Greece, separatists in Spain, or a possible return of Silvio Berlusconi in Italy –

A society's capacity for suffering is not solely determined by the price of bread or the value of unemployment benefit. It also depends on the strength of conviction and optimism that a government can generate. In Spain and Greece this leadership has been cruelly lacking. On the contrary, these countries have been marked by a growing sentiment that people are being treated unjustly because the rich remain sheltered and the banks have yet to be affected.

NYT October 19, 2011

Euro, Meant to Unite Europe, Seems to Rend It

By [STEVEN ERLANGER](#)

PARIS — The euro was a political project meant to unite Europe after the Soviet collapse in a sphere of collective prosperity that would lead to greater federalism. Instead, the euro seems to be pulling Europe apart.

As European leaders scramble to present a united front for this weekend's critical meeting in Brussels, anxiety in Europe is growing, and not just about the euro. The assumptions of 60 years suddenly seem hollow, and the road ahead is unclear, as if the GPS system has gone out of whack.

On the surface, the [European Union](#) is an enormous success. It has nearly 500 million citizens and a [gross domestic product](#) of more than \$17 trillion, larger than that of the United States and more than three times China's or Japan's. It is America's largest trading partner by far, and together the two economies account for roughly half the world's gross domestic product and nearly a third of its trade.

But Europe is in economic and demographic decline as Asia is rising. The European Union's share of global trade is steadily dropping, especially in exports. Its aging population is placing huge strains on generous social welfare and pension programs and pumping up sovereign debt in an extended period of flat growth.

Technologically, it is behind the United States, but its pay scales are too high to be an easily competitive exporter.

The current crisis over the euro has deep roots in the imbalances between north and south, rich and poor, export-led and service-driven economies, tied together by a currency but few rules, and those are rarely enforced.

A fix will require fundamental changes in the functioning of the bloc, with more interference in the workings of sovereign states. There would need to be a fiscal union, with a treasury and a finance minister capable of intervening in national budgets, and more unified tax and pension policies. But it is far from clear that the European Union can gather itself to take these fateful steps away from nationalist identities to a truly European model.

"We are today confronted by the greatest challenge our union has known in its entire history," said José Manuel Barroso, the head of the European Commission. "It is a financial, economic and social crisis. But also a crisis of confidence — in our leadership, in Europe itself, in our capacity to find solutions."

There are many who believe that the European Union and its leaders have already been found wanting, and that the European project that brought democracy and peace to the Continent may begin to unravel.

"This crisis is threatening the benefits of 60 years of European integration," said Nicolas Baverez, a French economist and historian. "All the principles on which the euro zone was built — no state default, no monetary transfers, no bailouts and strict limits on debt — all these principles are dead, and we have no rules to make this work."

Worse, he said, political leaders underestimate the dangers. "This is not just another [recession](#), but a real and fundamental crisis," he said. "There is a tension in the political system and doubt about democratic institutions that we have not experienced since the fall of the Soviet Union."

Built from the ruins of war and expanded generously in the euphoria after the Soviet collapse, the European Union heralded itself as a model, radiating "soft power." But now the model looks tarnished and flawed.

Leaders seem diminished; local politics trump solidarity. There is a new nationalism degrading the collective responsibility and shared sovereignty that defines the European Union. Euro-skepticism runs from far-right parties that simultaneously detest immigrants, globalism and Brussels to the governing parties of Europe's most successful countries.

A European Union of 15 nations seemed coherent and manageable; the Europe of 27, soon to be 28, is almost ungovernable, even by a professional bureaucracy with little connection to voters and whose decisions cause increasing resentment, summarized in the "democratic deficit" that the European Union suffers.

The historical ironies are considerable.

[Germany](#), for example, divided and in ruins after the war it fought to dominate Europe, is reunited and dominating Europe now, but without arms and with deep reluctance.

Nothing gets done in the European Union without German agreement, commitment and money. But in Chancellor Angela Merkel, Germany has a leader who is reactive and uninspiring, while her coalition partners, the Free Democrats, are slumping into irrelevance. Her eye is on Germany's internal politics, its loose federalism and coalition government, a major contrast to France's centralized, nearly monarchical state.

France once dominated the European Union, but Paris has now fallen behind booming Germany, one reason that François Mitterrand feared German reunification. Anxious about its own debt, banks and credit rating in the midst of a nasty presidential campaign, France is having a hard time dragging Berlin along.

At the same time, the countries of Eastern Europe are more vibrant economically than many of their western partners. They share much of the German, Dutch and Finnish view about strict fiscal discipline, and are reluctant to join a shaky euro and become responsible for the failures of others.

Britain, always an outlier in the European Union, looks wise to reject the euro, and the mood now is probably more anti-European than even in the days of Margaret Thatcher.

The fundamental changes needed to cope with the euro crisis — particularly the historic step of creating a common treasury — would require a redrawing of the basic treaties, which would require the approval of the voters.

But Europe is unpopular, a local metaphor for globalization, faceless and interfering. It is by no means certain that the voters are ready to leap into a new world of economic integration. Even if they prove to be, the new treaty will be complex and take years to draft even before being put to the electorate for ratification, if there is ratification.

It is easy to say that the answer is "more Europe," not less. That can seem self-evident to Eurocrats and the political elite. But "more Europe" may not be what voters want.

"The only thing that can save the euro in its current form can't and shouldn't be done without democratic debate and support," said Simon Tilford, chief economist for the Center for European Reform, a research institution.

"You need to bring the electorate with you," he said. Of course, he acknowledged, a real democratic debate "could exacerbate the crisis." That may be the largest historical irony of all.