

12/12/2012 12:14 PM

A Cold Heart for Europe

Merkel's Dispassionate Approach to the Euro Crisis

By Konstantin von Hammerstein and René Pfister

Chancellor Merkel has more power in Europe than any of her postwar predecessors. Yet there is little passion in her relationship with the EU, preferring instead a strategy of what can only be described as pedagogical imperialism. She sees the bloc primarily in terms of euros and cents -- and worries that it is rapidly losing relevance.

The crisis has its comical sides, of course. Take, for example, the story with the submarine. Angela Merkel starts to giggle. It was lopsided. Suddenly she snorts with laughter, as tears run down her cheeks. She can't even talk anymore. Lopsided, she says, trying to pull herself together. But she can't. The chancellor of the Federal Republic of Germany has succumbed to an uncontrollable fit of laughter.

The story Merkel is having so much trouble relating goes like this: The Greeks ordered a state-of-the-art, class 214 submarine from the Howaldtswerken-Deutsche Werft shipyard in the northern port city of Kiel. But when the vessel was ready, they refused to pay. The Greek military experts who had traveled to Kiel explained that the *Papanikolis* listed even in slight swells, and they declined to take delivery of the vessel.

The Germans tested, measured and checked the sub, but found nothing amiss. The boat's lopsidedness is apparently something only Greeks, up to their eyeballs in debt, can detect -- an anecdote that still sends the chancellor into fits of laughter years later.

Oh, those Greeks. Sometimes, when things get really bad, Merkel resorts to gallows humor. But it doesn't really help. The show must go on, and in the end, it all comes back to her, anyway.

For three years now, the euro crisis has been smoldering. It has brought down governments in Ireland and Spain, in Italy and Slovenia, and has led to countless summit meetings in Brussels, at which first a temporary and then a permanent bailout fund was established.

European leaders will meet in the Belgian capital once again this Thursday and Friday, at what is expected to be the year's most important summit. The agenda consists of nothing less than the political realignment of the euro zone and the question of whether members can agree to a European banking union to save the Continent's ailing banks. In the midst of it all, as always, is German Chancellor Angela Merkel.

The Fate of Europe in her Hands

All eyes in Europe are directed at Merkel. No other politician on the Continent arouses as many hopes -- or as much hatred -- as Merkel. When she visits Greece, protesters wearing Nazi uniforms march through the streets of Athens, and yet a word from Merkel can also mean saving a euro country from bankruptcy.

She currently holds the fate of Europe in her hands. If the euro is rescued, Merkel will get most of the credit, and if it falls apart, she will be forced to shoulder the blame. No other German chancellor has had as much power on the European continent as Merkel. And yet, ironically enough, none of Merkel's predecessors were as dispassionate about the European Union as the woman currently governing from the Chancellery. Merkel is different.

Germany's first postwar chancellor, Konrad Adenauer, together with then French President Charles de Gaulle, established the foundation for the Franco-German friendship. Later, Chancellor Helmut Kohl would tear up whenever he mentioned the "House of Europe," and even his successor Gerhard Schröder, initially concerned that German money was being "frittered away" in Brussels, eventually became an ardent supporter of Europe.

National interests, of course, have always been part of European politics. After the war, Adenauer wanted to firmly anchor Germany in the West. For France, on the other hand, Europe was a means to keep its neighbor across the Rhine in check. But passion was always the fertilizer on which Europe thrived. And passion is exactly what Merkel lacks.

Her Shangri-La was not Paris or Rome, but America. The United States was the antithesis to the musty stuffiness of East Germany, and for her, Europe did not promise any deliverance. This attitude distinguished her from those members of the conservative Christian Democratic Union who came of age in the western part of Germany. They grew up with the belief that the rehabilitation of the Germans, and the recovery of Germany's national dignity and identity after the crimes of the Nazi era, could only be achieved through Europe.

For Merkel, Europe is no dream, vision or object of desire. She has since learned that it is part of the Christian Democratic etiquette to sugarcoat Europe with pathos, which is one of the reasons she traveled to Oslo on Monday for the presentation of the Nobel Peace Prize to the EU. It was, however, little more than a show for the public. In the end Europe, for Merkel, is a question of prosperity, of euros and cents -- and not a matter of the heart.

A Brief Lecture

Which begs the question: Can this woman lead Europe out of crisis? Or is a dispassionate politician like Merkel precisely what Europe needs -- someone who lacks the unrealistic emotionalism that led the euro astray in the first place?

Close observation of Merkel this year, as she travels through Europe and around the world this year, reveals a relentlessly objective woman, one who is primarily interested in key indicators like growth rates, demographic trends and debt levels. When Merkel is asked about the causes of the euro crisis, she likes to reply with a brief lecture on economics.

"Where are my beloved tables?" she asks, seated in a plane in the summer. Then she pulls out a stack of papers. On one side, they show the skyrocketing labor costs in Southern Europe. On the other side are the low interest rates that enabled countries like Greece, following the introduction of the common currency, to embark on such an unrestrained path to debt in the first place.

It isn't sentimentality that drove Merkel to make €400 billion (\$520 billion) of German money available to help prop up the euro zone. This quickly becomes clear when she speaks. She treats the debt-ridden countries of Southern Europe like unruly children that have to be brought to their senses so that Germany isn't dragged into the abyss of the euro crisis along with them.

When she flew to Greece in October, she prepared by reading an interview with the Greek prime minister in the leading German business daily *Handelsblatt*. In it, Antonis Samaras said that he now makes himself available to his ministers on weekends, and that he also has time for face-to-face meetings. The message he was trying to convey is that the era of inefficiency is finally over. But one could also interpret the premier's words differently, namely as evidence of the long road ahead for Greece. How can a prime minister, after all, believe that having to work on the weekend is even worth mentioning?

For months, Merkel wavered over whether or not Greece should remain in the euro zone. As recently as summer, she couldn't decide whether to believe in the domino or the ballast theory, as she called the two alternatives. According to the first theory, a Greek bankruptcy could drag other threatened euro countries into the abyss. Proponents of the second theory, on the other hand, believe that Greece is the ballast that the euro zone has to jettison to recover.

Most-Hated Woman

It's difficult to say why Merkel eventually chose the domino theory. Perhaps it was partly the doing of Chinese fund managers who, during her visit to Beijing in the summer, bluntly described to her what they saw as the devastating consequences of ejecting Greece from the euro zone. If that happened, they said, China would no longer have any confidence in the euro and, as a result, would stop buying bonds issued by euro-zone member states.

Perhaps it was also the warnings coming from her counterparts in Europe. The Slovenian prime minister, for instance, told her that a Greek bankruptcy would result in a 5 percent shrinkage of his country's economy. That too made an impression on Merkel.

What don't tend to make an impression on Merkel are the protests against her. She is undoubtedly Europe's most-hated woman at the moment. When she traveled to Athens in October, her motorcade quickly swept through the empty streets of the Greek capital; it felt like the setting for one of those films that depicts a world devoid of human beings.

Visiting Lisbon in mid-November, she met with her Portuguese counterpart in a centuries-old fortress on the Atlantic coast, where police officers dressed in black and carrying submachine guns were posted along the battlements. A helicopter circled overhead, while frogmen in an assault boat kept watch over the sea approach.

The chancellor's motorcade had hardly left the airport before demonstrators greeted Merkel with Hitler salutes and extended middle fingers. In the summer, *Time* ran a cover story titled "Why everybody loves to hate Angela Merkel."

The chancellor was horrified at first over the amount of aversion she encountered, say her advisors. But now she sees things in a more pragmatic light. Her confidants say that the protests do sometimes lead Merkel to wonder if she is on the right track. She usually answers the question in the affirmative.

Disney World for Tourists from China

Every morning, Berlin's Press and Information Office compiles a summary for Merkel of what the Greek press is writing about her. It often isn't very flattering. But by now Merkel finds it amusing that the proponents of austerity in Greek politics are known as "Merkelists."

On the one hand, she is of course aware that it's meant as a disparagement. On the other hand, she has no objection to her name becoming synonymous with saving money. In fact, the protests abroad benefit Merkel, because they demonstrate that she isn't simply giving away Germany's billions in aid but is instead tying them to strict conditions. She isn't losing any sleep over being regarded as the iron chancellor.

What earns Merkel's respect is discipline. When she flew to Indonesia in the summer, she lionized President Susilo Yudhoyono. He is a short, inconspicuous man, but his country has managed to reduce its deficit from 80 percent of gross domestic product to 20 percent within just a few years.

Indonesia is the kind of place she wishes Greece resembled: industrious, calm and inspired by the will to make up for the mistakes of the past. If Indonesia can get its debt crisis under control, Europe certainly should be able to do the same. That was the unspoken message of Merkel's trip.

Merkel's reality holds: Germany is strong, but not strong enough to keep a sick Europe going in the long term. "We want a European Germany, not a German Europe," author Thomas Mann said after the war. Merkel would probably subscribe to Mann's somewhat abstract statement. But in practical terms, she believes that it wouldn't hurt Europe to become a little more German, at least when it comes to incurring debt. How else is the Continent supposed to compete with the up-and-coming Asian economies?

Since becoming chancellor, Merkel has been to China six times. The only non-European country she has visited more often is the United States. She admires the efficiency with which the Chinese have managed to become

the second-largest economic power on earth in the space of three decades. But she also knows how this has shifted the balance of power worldwide -- and that it doesn't look good for the Europeans.

A Trio of Factoids

The people who work for her are familiar with Merkel's favorite trio of factoids: Europe represents only 7 percent of the world's population, it accounts for about 25 percent of global economic output but also hands out half of worldwide social expenditures. You don't have to have a Ph.D. in theoretical chemistry, as does Merkel, to understand that Europe has a problem.

It's important to prevent the worst from happening, the chancellor says sometimes, and she is quick to describe what "the worst" means for her: that Europe might eventually become a place to tour the evidence of past successes, a sort of Disney World for Chinese tourists.

For this reason, she finds trips to China instructive. For three millennia, Chinese civilization was considered the most advanced in the world. But then poor political decisions resulted in China falling behind the rest of the world and it became irrelevant.

Merkel fears that Europe could now be at a similar historical fork in the road. The financial crisis of the last few years has clearly demonstrated that the Western model of freedom isn't nearly as firmly established as it might seem.

It is a conviction that is mirrored in her conversations with counterparts around the world, many of whom view the old continent with a mix of condescension and pity. The feeling is that Europe has completely lost all momentum. Her husband Joachim Sauer, a chemistry professor, likewise tells her how Europe is talked about at international scientific conferences. The image painted is not an optimistic one.

What, then, is to be done? Merkel has opted for a policy of pedagogical imperialism. Her exports include fiscal discipline, structural reform and bank regulation. She would never expect the Germans themselves to put up with most of it. And none of her predecessors would have dared to push through his agenda in such an uncompromising fashion, if only for historic reasons. But Merkel's dominance is of the quiet and inconspicuous sort. She isn't loud like Schröder, nor is she a massive and all-encompassing presence like Kohl. This reduces resistance.

The Philosophy of Muddling Along

In Europe, she applies the same method she has already perfected in domestic policy -- a method she essentially acknowledged two years ago when she quoted Karl Popper during her New Year's address. The actual quote, "the future is wide open," was surreptitious, but it served to demonstrate that Merkel is familiar with the social philosopher, who died in 1994. And her familiarity is telling.

Popper, after all, is the great theoretician of a policy best described as muddling along. He argued that policy should not be based on visions, but instead should move forward in small, manageable steps. Popper called this approach "piecemeal social engineering," and it holds that even far-reaching social changes can only be achieved through small steps. If they prove to be flawed or wrong, they can be corrected or reversed as necessary.

Helmut Schmidt -- who once said: "People who have visions should go see a doctor" -- was the last chancellor to publicly invoke Popper. Merkel hasn't been known to make similarly categorical statements, but Popper would nonetheless be pleased.

Merkel's predecessor Gerhard Schröder was at his best when the air in the Chancellery was saturated with testosterone and a showdown was looming. He yearned for the great dramatic moment, a giant explosion or the ultimate political dispute. It's an approach that his successor finds abhorrent.

You don't solve things with grand posturing, she said this summer. She prefers to dissect problems, making them smaller and she slows things down if need be, thereby removing the tension from certain processes.

At a recent dinner at the Chancellery, Merkel reportedly worked out a simple equation: According to former Chancellor Ludwig Erhard, she said, 50 percent of the economy is psychology. Therefore, she noted, would only say nice things about Greece from then on. With regard to the remaining 50 percent, she explained there is a 50 percent chance that the right decisions have been made. Combine the two numbers and you have a 75 percent probability of success. She couldn't have put it more coolly.

Mistakes Made

"It can't be said often enough," she told delegates to the convention of her Christian Democratic Union (CDU) in Hanover last Tuesday. "The European debt crisis cannot be solved with a single stroke, a single bang, the one supposed panacea." It was a typical remark for Merkel and one that she has indeed repeated several times.

She finds visions -- and master plans -- horrifying. Who knows what the world will look like in a year? She proceeds cautiously, moving from one crisis summit to the next. If a decision proves to be a mistake, she corrects herself.

And she has made many mistakes in years gone by. For instance, it was her hesitation that led debt-ridden Greece to the brink of failure in the spring of 2010. "There are no budget resources for the Greeks," she said through her spokeswoman in March of that year, with an eye to the upcoming parliamentary elections in the western state of North Rhine-Westphalia. She knew how unpopular an aid package for the Greeks would be.

But a day before the election, the situation had evolved such that she no longer had a choice. Merkel's hesitation had exacerbated the situation in Greece to such an extent that European leaders, in a dramatic nighttime meeting, were forced to approve a European bailout package for Athens. Since then, things have only gotten worse in Greece.

It's a policy devoid of passion, one that assumes that voters should only be given the truth in homeopathic doses. She treats the Germans like children, covering their eyes when reality becomes too horrible to look at. Merkel deliberately keeps things up in the air and ambivalent, leaving room for a variety of possible outcomes.

Her opponents are clueless, not knowing how to attack Merkel and her approach. She is a moving target and therefore is rarely caught. Her Social Democratic challenger for the Chancellery in next year's general election, Peer Steinbrück, calls it a "veil dance." And it is one that completely flummoxes his Social Democratic Party. They criticize Merkel's approach to Europe only to vote in favor of it in parliament every chance they get.

A Degree in Communications?

Merkel doesn't want to alienate anyone, not the euro skeptics and certainly not the euro supporters. Everyone is taken along for the ride, and because progress only consists of small steps forward, hardly anyone knows where the journey is headed.

That's the advantage of the Merkel method. If she had announced, a year-and-a-half ago, that the Germans would soon be backing Europe to the tune of €400 billion, which is significantly more than an entire annual budget, it would likely have triggered a political earthquake. And now? Most voters have reluctantly accepted the fact that they'll eventually have to pay up, hoping merely that it might be a while longer before it happens.

Merkel spoke to the delegates for an hour at the CDU convention last week. Only after she had talked about the problems associated with the JadeWeserPort harbor project did she turn to the biggest challenge of her chancellorship. Yet only a few minutes later, she was done, having said all there was to say about Europe. What else could she have said?

Unlike her finance minister, she has no plan for Europe to announce. In an interview with SPIEGEL in June, Finance Minister Wolfgang Schäuble said that he saw the possibility of German referendum on further political integration in Europe -- and was promptly criticized by fellow CDU members.

Such a thing would never have happened to Merkel. She steers clear of sweeping ideas, knowing that they would only provoke resistance. People have supported her until now because the Germans are still the big winners in the euro crisis. They are lulled by the pleasant feeling of finally being able to set the tone in Europe. It's easy to support a Europe in which one sets the tone.

But now things are beginning to shift. Merkel has admitted, for the first time, that a debt haircut in Greece is conceivable. The crisis is about to become expensive, especially for Germany. The question will be whether the Germans will continue to support Merkel's levelheaded approach when they're being asked to fork over real money.

The chancellor senses what she could be in for. After German reunification Merkel, with her doctorate in physics, sometimes said that she wished she had studied law, because most of her counterparts in the West were lawyers. These days, though, she has changed her mind again, saying that she now wished her focus had been communications.

Translated from the German by Christopher Sultan

URL:

http://www.lemonde.fr/europe/video/2012/12/10/hollande-et-merkel-font-bonne-figure-lors-de-la-remise-du-nobel-de-la-paix-a-l-ue_1804319_3214.html

Hollande et Merkel font bonne figure lors de la remise du Nobel de la paix à l'UE

Le Monde.fr | 10.12.2012 à 17h10 • Mis à jour le 10.12.2012 à 17h19

VIDEO

Durée : 02:23 | Images : Reuters

L'Union européenne, qui traverse la pire crise de son histoire, a reçu lundi un prix Nobel de la paix contesté, l'occasion pour ses représentants de prononcer un hymne à une union "imparfaite" mais indispensable pour éviter le retour des démons du passé.

Une vingtaine de chefs d'Etat et de gouvernement européens étaient présents, dont le président français François Hollande et la chancelière allemande Angela Merkel, assis côte à côte et affichant démonstrativement leur entente.

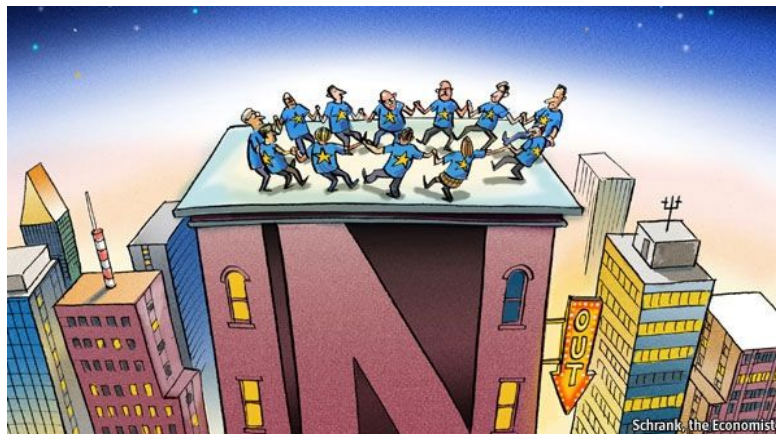
[Toutes les vidéos](#)

Charlemagne

The euro hokey cokey

The euro crisis shakes members, non-members and almost-members alike

Dec 8th 2012 | from the print edition



WHEN European Union leaders gather in Brussels on December 13th to ponder the future of their club, they will have two problems uppermost in their minds. How far do the 17 members of the euro zone, the euro “ins”, need to integrate to overcome their existential crisis? And how should the ten “outs” accommodate the emerging giant in their midst?

The first big test is the creation of a euro-zone banking union. The idea is simple enough: transfer the task of supervising banks and winding up weak ones from national to euro-zone authorities. The aim, leaders declared at a summit in June, is “to break the vicious circle between banks and sovereigns”.

Other currency unions place the main responsibility for the financial sector at “federal” level. But doing so in Europe is difficult. Even the first step, the creation of a new euro-zone supervisor based on the European Central Bank (ECB), is contentious. It fits awkwardly in a system where the financial market is integrated more broadly, across the 27 members of the EU, but the money to pay for bank failures still lies in national coffers. The debate about the essential complement to the supervisor—a single authority to close down or restructure banks (with access to pooled funds and joint deposit guarantees)—has barely started.

The televised exchanges at a meeting of EU finance ministers on December 4th made the divisions plain for all to see. Just weeks before the year-end deadline set by euro-zone leaders to agree on the legal framework, ministers are still arguing about which articles of the EU’s treaty should be used, and whether a long and risky change of the treaties would be needed.

As always, many questions revolve around Germany. Its finance minister, Wolfgang Schäuble, is not satisfied that the ECB’s hallowed independence over monetary policy can avoid becoming sullied by the murky business of delving into banks. And he says the German parliament would not accept ECB supervision of all the euro zone’s 6,000-odd banks, including myriad small German lenders. Creditor states insist that the quality of the agreement must take priority over speed, prompting an outcry from southerners about the danger that delay may stir up the markets again. As with music, says Belgium’s finance minister, “the tempo of our decision is part of the quality”.

The “outs” are far from united. The British are focused on ensuring that they will not be “systematically outvoted” within the European Bank Authority, where the EU’s supervisors set standards and resolve conflicts.

Other outs agree in principle, but their main concern is to join the euro-zone supervisory system without being treated as second-class members.

The in-out problem turns up elsewhere too. One idea for strengthening the euro zone is to equip it with its own budget. The concept appears in both the draft communiqué for the EU summit on December 13th, and in the European Commission's recent "blueprint" for the long-term future of the euro. There is much disagreement about what, precisely, such a budget would be used for. Britain might like the idea if it meant reducing the British contribution to the EU budget; Poland frets that regional aid could be diverted from eastern to southern Europe. Any integration of the euro zone raises questions of democratic accountability. The lazy assumption in Brussels is that more power should be given to the European Parliament. Even accepting that this flawed body is the answer to the EU's democratic deficit, there is now a debate over whether members from non-euro-zone states should be allowed to vote on euro-zone business.

In such questions, the EU tends not to split 17-10 along the fault line of ins and outs, but more often 26-1 or 25-2, with Britain alone, or with one or two allies at most. This is what happened when Britain last year blocked the "fiscal compact", an accord on euro-zone budget discipline, only to see almost everybody agree to near-identical provisions outside the EU treaty.

The ten outs are a disparate group. They include seven that call themselves "pre-ins", being legally committed to joining the euro. Among them, Poland is keener to be in than the Eurosceptic Czech Republic. Among northerners, Britain and Denmark have legal opt-outs from the euro, while Sweden has an unofficial one. But here too there are distinctions. The non-euro Nordics follow a policy of "stay out but stay close". Britain, by contrast, wants to distance itself from the European project and may yet leave the EU altogether. Britain resents entanglement; most other outs fear abandonment.

Out, or just far out?

Britain cannot be ignored. It is one of the four "biggs" of the EU. And any discussion of banking union must consider that Britain is home to Europe's largest financial sector. Yet Britain makes an awkward champion for the outs. Even its friends among northern liberal states, who are keen to preserve and deepen the single market, say they can no longer afford to rely on the British to fend off French pressure for a more protectionist, exclusive "core" euro zone. "We have to ask ourselves whether the UK is a stable ally for us. Being seen to be alone with Britain can be counter-productive," explains one "out" diplomat. Another adds: "The French and the Latins are building a wall around the euro zone from the inside. The British are building it from the outside."

For the moment, all sides have avoided another bust-up with the British, perhaps because they know the stakes are high. At an inconclusive summit last month on the next seven-year EU budget, Germany made sure that Britain was not isolated. Over banking union, Britain has not been too loud about threatening to use its veto. This offers some hope that, as they perform the hokey cokey over the euro zone—"in, out, shake it all about"—Europe's leaders can avoid tripping up and smashing their heads.

December 10, 2012

Euro-Skeptics Turn Up Heat on Cameron

By [STEPHEN CASTLE](#)

LONDON — Prime Minister [David Cameron](#) of [Britain](#) faced more pressure over his country's fraught relationship with the [European Union](#) on Monday when an influential former cabinet minister said Britain should threaten to quit the bloc if it cannot negotiate much looser ties.

The comments, by former Defense Secretary Liam Fox, underline the extent to which **policy toward the Union has become an ideological battleground in Mr. Cameron's Conservative Party**, where an increasing number of lawmakers want a more arms-length relationship with Continental allies.

The man seen as Mr. Cameron's main internal challenger, Boris Johnson, the mayor of London, predicted during a weekend interview that the prime minister would pledge to hold a referendum asking voters to choose either a new, looser, relationship with the Union or complete withdrawal.

Mr. **Cameron** had been expected to explain his thinking in a speech this month but may now wait until next year. So far, he **has said he wants to negotiate a looser arrangement, based on the single E.U. economic market, and seek popular approval for the outcome of those negotiations, perhaps in a referendum.**

Some politicians appear to be upping the stakes — including Mr. Fox, who was seen as a right-wing rival to Mr. Cameron until the former defense secretary had to resign last year over his relationship with a friend and lobbyist, Adam Werritty.

Speaking at a meeting in London held by Open Europe and the Royal United Services Institute, two research institutes, Mr. Fox said Britain should set out its objective — membership in a customs union and single economic market, and a timetable for negotiation, followed by a referendum.

“Unless we are willing to say that, ultimately, Britain might be willing to leave, we would have no credibility in negotiations with our European partners,” he said.

“If the choice is between the current trajectory towards ever closer union and leaving, then I would choose to leave, albeit reluctantly,” Mr. Fox said. “If the choice is between a looser, more economic relationship and leaving, then I would choose to stay.”

Britain's debate about its European destiny comes as talks have deadlocked over the next seven-year E.U. budget. **Mr. Cameron will join other European leaders in Brussels on Thursday and Friday to discuss other contentious issues, including plans to create a banking union for the euro.**

At the heart of arguments made by British euro-skeptics is the notion that, **when Britain joined the forerunner of the European Union, almost 40 years ago, voters believed they were joining a free trade area, known as the Common Market.** “I for one hope to see ‘back to the Common Market’ as the Conservative slogan on Europe at the next general election,” Mr. Fox said.

However, earlier this month former Prime Minister Tony Blair said that European leaders would be unlikely to accommodate an attempt by Britain to keep the elements of membership it likes while rejecting other obligations.

There are also signs **that business is nervous that Britain might end up leaving the bloc, thereby threatening its access to its large single market.**

A key unanswered question for the euro-skeptics is how much of a change they would need in order to recommend to voters that they stay in the Union.

The alternative might be to negotiate a relationship with the Union, like Switzerland's or Norway's, though these nations still must comply with much of the bloc's legislation. Mr. Fox said that he did not believe that the options were limited to the status quo.

He was also fiercely critical of the award of the Nobel Peace Prize to the Union. "As the unelected bureaucrats bask in their reflected glory in Oslo they might want to spare a thought for the millions of Europeans, especially young Europeans, who find themselves with no other prize to show for the E.U. project than unemployment and fear for the future," he said.

December 10, 2012

Al Qaeda in Syria

Editorial

The presence of rebel fighters in Syria that were trained and supported by Al Qaeda poses a serious problem for the United States and Western allies. The Nusra Front, an offshoot of Al Qaeda in Iraq, [has become one of the most effective forces](#) fighting against President Bashar al-Assad.

The fear is that the group could hijack the revolution and emerge as the dominant force in Syria after Mr. Assad is ousted from power. Obama administration officials have been increasingly frank about this threat, along with the possibility that sectarian conflicts among the country's Sunni, Alawite, Christian and other groups may well rage on after Assad.

There are no easy answers, and no one believes that Washington, or any external power, can dictate the outcome. But President Obama still needs to provide a clearer picture of how he plans to use American influence in dealing with the jihadi threat and the endgame in Syria.

Mr. Obama has [blacklisted the Nusra Front as a terrorist organization](#), which would make it illegal for Americans to have financial dealings with it. It makes sense to isolate the group and try to dry up its resources, but [the designation](#) by itself isn't sufficient. American officials have to make a case directly to the countries or actors that are believed to be most responsible, either directly or as a conduit, for the weapons and other assistance to the Nusra Front: Qatar, Saudi Arabia, Turkey and Iraqi Kurdistan. However much they may want to see Mr. Assad fall, they play a deadly game in empowering any affiliate of Al Qaeda, which though weakened, is dedicated to global jihad and the violent overthrow of Sunni monarchies.

The problem is that many Syrian rebel groups work closely with the Nusra Front precisely because its skilled fighters have been so effective at storming fortified Syrian positions and leading other battalions to capture military bases and oil fields.

Some say the terrorist designation could backfire by pitting the United States against the rebel forces. Others have argued that one way to marginalize the jihadi groups is for the United States to arm the moderate and secular rebel groups or even establish a no-fly zone that would forcibly ground the Syrian Air Force.

But the situation in Syria is extremely complicated, and President Obama's caution in resisting military intervention is the right approach. As we saw in Iraq and Afghanistan, even after committing tens of thousands of troops, America's ability to affect the course and outcome of armed conflict is decidedly limited.

Against the backdrop of war, the United Nations, the United States and some European officials are still promoting a negotiated deal to limit the bloodshed. Even if the warring sides were willing to abandon the fight, any deal would require Russian support, but [talks between American and Russian officials](#) over the weekend gave no sign that Moscow is prepared to abandon Mr. Assad.

The euro crisis

The political risk

Dec 10th 2012, 16:18 by R.A. | WASHINGTON

JUST over a week ago, I [wrote](#):

But complacency is the enemy, and the crisis remains dangerous. In the first act of the euro crisis, the biggest threat was a financial meltdown due to a spiraling loss of confidence in sovereign bonds and bank solvency. That threat has been greatly diminished, thanks in large part to the actions of the European Central Bank. Beginning with the implementation of the ECB's long-term refinancing operations roughly a year ago, the biggest threat to the euro zone became another nasty feedback loop: that between macroeconomic deterioration and political change.

After a tumultuous few days in Italian politics (more tumultuous than normal, I mean), it now seems that Mario Monti will [step down](#) as prime minister, throwing a cloud of uncertainty (more uncertainty than normal, I mean) around Italian reform measures. Italian markets are cratering on the developments; equities are off over 2% and Italian government bond yields are [surging](#).

A few days of chaos doesn't mean that the crisis is back in full swing. It does highlight the main risk facing the euro zone, however: that politicians across an economically struggling and politically unstable periphery may not be able to keep their countries marching to Berlin's beat until growth finally resumes. And significant unraveling of recent agreements, or of support for the euro zone itself, in any of the peripheral countries could spell the beginning of a major intensification of the crisis.

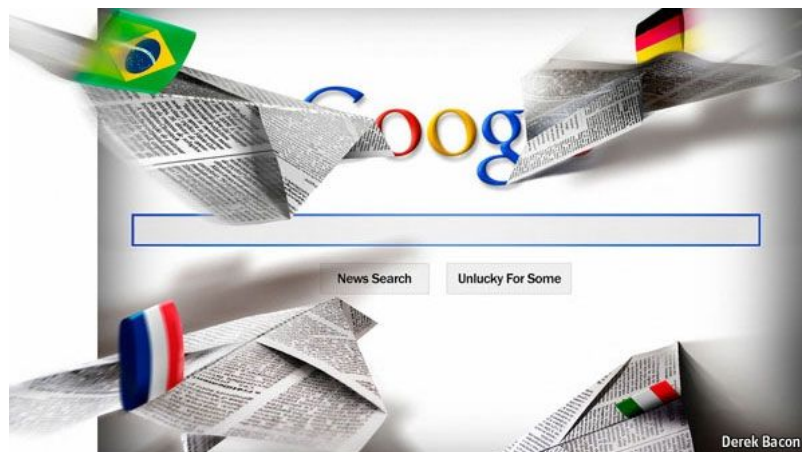
Complacency is the enemy of the euro zone. The euro-area economy is [expected to contract](#) through the first quarter of 2013 at least. That's months more of strain on sitting governments and of rising dissatisfaction among the ranks of the unemployed. That will create ever more opportunity for ascendent parties seeking advantage, whatever the bond-market cost.

Newspapers versus Google

Taxing times

As newspapers' woes grow, some are lobbying politicians to make Google pay for the news it publishes

Nov 10th 2012 | from the print edition



IN 2009 Rupert Murdoch called Google and other search engines “content kleptomaniacs”. Now cash-strapped newspapers want to put legal pressure on what they see as parasitical news aggregators.

In Germany politicians are considering a bill to extend copyright protection to excerpts of newspaper articles appearing in search engines’ results, thus enabling publishers to collect payment for them. Google is the main target: some German newspaper executives say it benefits from showcasing their material in search results on its news aggregator, Google News. A similar bill has been proposed in Italy. French newspapers want the same. On October 29th President François Hollande warned Eric Schmidt, the chairman of Google, that if French newspapers’ demands for compensation are not met by year-end, France may pass a law akin to the German one. Austrian and Swiss publishers are thinking along similar lines.

Giving away the headline and first sentence of an article supposedly dissuades readers from clicking through to the newspaper’s website to read the entire story. Critics also say that lifting even snippets of articles means Google can sell advertisements alongside them on its search platform (though Google News carries no ads).

But the benefit goes the other way, too. Google says it directs 4 billion clicks to news websites every month; perhaps as much as three-quarters of Google News users go on to read the full article. And newspapers can add a tag to their pages so that they do not appear in Google News.

German lawmakers will start to discuss the bill this month, and it could pass next spring. Newspapers will then probably join forces to set up a collecting society, rather as the music industry collects royalties on songs.

Google has said that having to pay for articles could “threaten its very existence”. But its most likely response would be to remove pages from newspaper sites in the countries concerned from its search results. That would hit media outlets that depend on search-engine traffic to boost their revenues from online adverts. Even Mr Murdoch, who pulled his newspapers from Google’s search results in 2010, decided in September that headlines and teaser text from the articles should reappear. Google News is not universally important. In October over 150 Brazilian newspapers opted out of it (although they still feature in results on Google’s main search engine), saying they should be paid for their work. Traffic dropped by only 5%.

Newspapers are also claiming that copyright law is on their side. America's laws are more relaxed than most of Europe's, so search engines' use of some material from articles qualifies there as "fair use". But in Belgium a group of newspapers sued Google for news copyright infringement and won. The company is appealing against the ruling but is likely to have to pay some damages.

The real issue behind all this, however, is the decline of traditional media. In France not a single national newspaper is profitable, despite around €1.2 billion (\$1.54 billion) in direct and indirect government subsidies, according to Olivier Fleurot, the boss of MSLGROUP, a communications firm, and a former chief executive at the *Financial Times*, part-owner of *The Economist*. Google can hardly be blamed for the recession, declining readership, and slumping advertising revenue. Online advertising has not offset the decline of print ads in newspapers. In 2011 newspaper advertising globally amounted to \$76 billion, down 41% since 2007, according to the World Association of Newspapers. Only 2.2% of newspapers' advertising revenues last year came from digital platforms, and even these are vulnerable to ad-blocking software (see [article](#)).

News sprint

Even if some countries do get Google to pay up for using their headlines and some text from articles, it will hardly plug the holes in their newspapers' revenues, or speed their restructuring. Jan Malinowski, a media expert at the Council of Europe, says trying to get Google to pay for articles "is like trying to ban Gutenberg's printing press in order to protect the scribes".

The legal pressure may in any case be overtaken by changes in business models. Newspapers have mostly avoided charging users for reading articles in the hope of boosting visitor numbers to their websites. But thinking is shifting. Many of the Brazilian papers that opted out of Google News will launch paywalls next year, says Carlos Fernando Lindenberg Neto, president of the Brazilian newspapers' association.

The emerging business model is now the metered paywall: a few free articles entice readers, but they must pay if they want more (a model used by *The Economist* and the *New York Times*, among others). Paywalls have doubled in America this year. Other outlets are banding together to charge for access. Piano Media, a Slovakian firm, lets users buy access to multiple websites, TV and radio stations in a single country for a flat fee. It pays publishers in proportion to time spent by users on their sites. Such ideas may work better than hoping for a cheque from Google.

La presse occidentale s'enfonce dans la crise

LE MONDE | 10.12.2012 à 15h15 Par Marie de Vergès



Funeste semaine pour la presse écrite. Vendredi 7 décembre, c'est paré de noir que le [Financial Times Deutschland](#) a publié son dernier numéro. Faute de rentabilité, le quotidien économique allemand disparaît, laissant 350 journalistes sur le carreau.

La veille, l'hebdomadaire américain [Newsweek](#) préparait ses salariés à des coupes féroces dans les effectifs. Lâché par la moitié de ses lecteurs en vingt ans, le journal cessera d'être imprimé fin 2012 pour ne plus [exister](#) que sur Internet.

En France aussi, les journalistes de *La Tribune* ont annoncé, le 6 décembre, l'ouverture, en janvier 2013, d'un nouveau guichet de départ. Une dizaine de rédacteurs, sur 26, devrait [quitter](#) la rédaction d'un [titre](#) qui a déserté les kiosques début 2012 pour [passer](#) sur le Web.

UNE CRISE QUI S'APPROFONDIT

Fermeture de titres, basculement vers le numérique, plans sociaux à répétition : 2012 aura été une année noire pour les journaux papier dans tout le monde occidental.

En [Espagne](#), des restructurations brutales ébranlent les plus grands quotidiens. Après *El Mundo*, c'est l'emblématique journal du centre gauche *El País* qui vient d'[annoncer](#) un plan de licenciement touchant près du tiers de ses effectifs. **Même l'Allemagne, pourtant longtemps le pays roi de la presse écrite sur le [Vieux Continent](#), n'est donc plus épargnée.** Avant le *FTD*, le quotidien de centre gauche [Frankfurter Rundschau](#) a déposé le bilan mi-novembre. La crise de la presse fait aussi des ravages aux États-Unis. Pas un mois ne passe sans qu'un journal n'y annonce son passage au tout numérique, souvent dernière étape avant la disparition. Un site Internet, [Newspapers Death Watch](#), recense les fermetures...

DES BOULEVERSEMENTS STRUCTURELS

"La crise n'est pas cyclique, elle est vraiment structurelle", souligne [Bertrand Pecquerie](#), patron du [Global Editors Network](#), un réseau mondial de rédacteurs en chef. *"Les journaux des pays développés ne retrouveront jamais les niveaux de lectorat et de publicité d'autrefois"*, poursuit-il, prédisant une année 2013 *"encore bien pire"*.

Les causes sont connues mais gagnent en puissance depuis plusieurs mois. La concurrence d'Internet, la démultiplication de l'offre d'information gratuite, ont profondément modifié les habitudes des lecteurs.

Aujourd'hui, 46,6 % des Français sont équipés d'un smartphone. Plus d'un milliard de téléphones intelligents et de tablettes devraient être vendus dans le monde en 2013, selon le cabinet Gartner. Une révolution numérique qui bouleverse le modèle économique de la presse traditionnelle, dont les revenus publicitaires s'effondrent au profit d'Internet.

En France, au premier semestre 2012, les recettes publicitaires des journaux ont baissé de 8,1 %, bien plus que pour les autres [médias](#), d'après l'Institut de recherches et d'études publicitaires (IREP). Pour se défendre, les éditeurs de presse en France, en Allemagne, en [Italie](#), en [Suisse](#), réclament une "taxe [Google](#)". Leur objectif : [faire](#) payer les [moteurs de recherche](#) - en première ligne, le géant américain - pour la reprise de leurs contenus.

LA FIN DU PAPIER COMME MÉDIA DE MASSE

Le journal imprimé est-il donc voué à disparaître ? La plupart des spécialistes continuent de lui [voir](#) un [avenir](#) mais dans un cadre profondément renouvelé. "*Le papier passera de média de masse à média de niche*", prédit M. Pecquerie.

Pour celui-ci, seule une poignée de journaux pourront s'en [sortir](#). Une presse quotidienne élitiste vendue, d'ici cinq ans, à 3-4 euros l'exemplaire, ciblant un lectorat haut de gamme lui permettant d'[attirer](#) les annonceurs. "*La presse papier n'est pas condamnée à mourir, à condition de développer une vraie stratégie multi-écrans et de se diversifier*", estime [Eric Hazan](#), directeur associé du cabinet de conseil McKinsey.

UN MODÈLE À BÂTIR SUR LE WEB

A la recherche d'un nouveau modèle pour [exister](#) sur la Toile, les journaux n'ont pas trouvé la martingale. Comme le rappelle Vincent Peyrègne, patron de la Wan-Ifra (Association mondiale des journaux et des éditeurs de médias d'information), "*les revenus d'un journal sont encore essentiellement tirés du papier*". La stratégie "100 % numérique" reste un pari hasardeux, comme en témoignent les déboires de *La Tribune*. Le [titre](#), fondé au milieu des années 1980, n'a quasiment jamais gagné d'argent, et le passage en ligne n'a pas inversé cette tendance.

Avant d'en [arriver](#) à cette extrémité, les journaux testent des solutions mixtes. Le *Guardian*, au [Royaume-Uni](#), publie ses informations en libre accès sur son site avant d'en [livrer](#) une version plus détaillée sur le papier. Mais s'il touche une large audience, le journal ne parvient pas à la monétiser et perd de l'argent. Le *New York Times*, le prestigieux quotidien américain, essaie la formule "au compteur" : le lecteur peut [consulter](#) gratuitement une dizaine d'articles sur son site, au-delà, il doit s'[abonner](#). Le système remporte un certain succès mais ne permet pas encore de [compenser](#) le manque à [gagner](#) publicitaire. En France, le quotidien *Les Echos* a lancé un modèle similaire.

UNE DIVERSIFICATION INDISPENSABLE

Pour l'instant, les groupes de presse qui se sont le mieux adaptés sont allés [chercher](#) de nouveaux revenus dans des activités purement Internet. Ainsi de l'allemand [Axel Springer](#) (*Bild*, *Die Welt*) et du norvégien Schibsted (*20 minutes*) qui ont mis la main sur des sites Web de petites annonces et réalisent une bonne part de leur chiffre d'affaires hors presse.

Dans cette logique, de plus en plus de journaux se diversifient en nouant des partenariats dans des activités en ligne avec leur "ADN". *Le Figaro* a son club de vin, le *Times* et le [Sunday Times](#), outre-Manche, leur "club de whisky" avec, au menu, dégustations et [e-commerce](#).

Ein Rücktritt und seine Folgen

Italienische Farce

10.12.2012 · Mit dem vorzeitigen Abgang des weithin geschätzten Mario Monti fällt Italien in Zeiten zurück, die mancher schon als überwunden glaubte: Das Land erweist sich wieder einmal als politisch instabil, mit einem mangelhaften Wahlgesetz, einem schwachen Parteiensystem und gebrechlichen Institutionen.

Von [Tobias Piller](#), Rom



© dapd Am Ende? Mario Monti in der vergangenen Woche in Rom

Italiens Ministerpräsident Mario Monti, der über viel Talent für formvollendete Auftritte verfügt, hat sich fraglos mehr Glanz für seinen Abgang aus dem Regierungsamt gewünscht. Nun hat Silvio Berlusconi seine Unterstützung aufgekündigt, um sich von Monti, seinen Steuererhöhungen und seiner Europa-Politik zu distanzieren. Dagegen wollte Monti nicht als wohlfeile Zielscheibe für Berlusconis Populismus dienen. Den wird Berlusconi nun gegen die Währungsunion und gegen Deutschland richten, mit Forderungen nach einer Zentralbankgarantie für die Staatsschulden, nach mehr Inflation und neuen Defiziten. Da sich Deutschlands Kanzlerin Merkel und die Bundesbank gegen solche - klar vertragswidrigen - Ideen stellen, werden sie schon jetzt von Berlusconi verteufelt. Die Mär vom deutschen Hegemoniestreben garnieren Berlusconi und seine Helfer mit weiteren verleumderischen Behauptungen wie Italiens angeblich erzwungenem Beitritt zur Währungsunion zum ungünstigen Wechselkurs oder gar der vermeintlich aufopferungsvollen Finanzierung der deutschen Einheit durch Italien.

Der von Ministerpräsident Monti erzielte Gewinn an internationalem Ansehen ist damit schnell wieder verspielt. Italien erweist sich wieder als politisch instabil, mit mangelhaftem Wahlgesetz, schwachem Parteiensystem und gebrechlichen Institutionen. Damit lassen sich schwerlich all die Reformen durchsetzen, die das Land und Europa brauchen. Es rächt sich nun, dass Monti nicht zu Beginn seiner Amtszeit, als ihn die Krise zu allen Reformen legitimierte, mit mehr Mut auf die wichtigsten Schwachstellen zusteuerte: die lahme Justiz und Verwaltung, die Stagnation der Kleinunternehmen und die konfliktreichen Arbeitsbeziehungen.

Monti ordnete die Finanzen mit Steuererhöhungen, reformierte die Renten und verzettelte sich dann in vielen Reförmchen. Damit Italien nicht doch noch zum Krisenland und wieder konkurrenzfähiger wird, sind noch viel mehr Veränderungen nötig, als sie die bisherigen Kandidaten anstreben wollen.

Berlusconis Rückkehr in die Politik und seine Wende zum Anführer einer polemischen rechten Protestpartei eröffnen aber auch neue Chancen: Monti hat nun die Gelegenheit und die Legitimation, die enttäuschten Wähler von Mitte-rechts hinter sich zu sammeln und damit die Farce von Berlusconis Wiederkehr zu beenden.

The European Union budget

Too timid by half

Rather than squabble over details, Europe's leaders should rethink the entire EU budget

Dec 1st 2012 | from the print edition



PROTRACTED budget rows have been blowing up in the European Union ever since Margaret Thatcher first wielded her handbag almost 30 years ago. The EU summit on November 22nd-23rd honoured this burdensome tradition by failing to fix the EU budget for 2014-20. Instead of seeking to restore growth to Europe or designing permanent repairs to the euro in place of sticking-plasters for Greece (see [article](#)), the EU's leaders once again worked themselves into a lather over not very much at all.

Although the headlines screamed about a budget worth a whopping €1 trillion (\$1.3 trillion), this is actually spread over seven years. In fact, the entire EU budget takes only around 1% of the block's annual GDP, compared with almost 50% for total national public spending. Furthermore, the gap between the most austere and the most extravagant proposals that were on the table in Brussels was a lot smaller than this. At the end of the day, only a little over €30 billion a year separated the two—or about 0.05% of government spending, a margin that in the context of national budgets most political leaders would not even bother to debate.

That the EU managed to fall out over such piddling sums is embarrassing, especially for a club already held in low esteem by most Europeans and by the rest of the world. It does not help that the annual budget for 2013 is also in dispute. But far worse, if less noticed, was the politicians' failure, yet again, to re-examine the real purpose and scope of the EU budget.

Although relatively small, the EU budget matters to some groups of people, most obviously poorer net recipients and vested interests like agriculture. The budget also has to be agreed on unanimously (including with the European Parliament), giving everybody at the table a veto. The combination of these two factors tends to favour the status quo: poorer countries can keep their "cohesion funds", France protects subsidies under the common agricultural policy (CAP), Britain preserves its special rebate and big net contributors such as Germany hold down total spending.

The EU budget has therefore turned into a shameful anachronism. When social-welfare budgets are being slashed everywhere and Europe is crying out for policies that boost growth, it is wrong to devote 40% of EU spending to farmers—especially because much of the money goes to the best-off. It is also wrong that almost two-fifths of the cohesion funds, which take another 40% of the budget, should go to countries with a GDP per head above 90% of the EU average.

Spend better with less

The budget should be redesigned from scratch, making it smaller and more focused on promoting economic growth. The CAP has already largely shifted away from trade-distorting production subsidies towards direct income payments. These should be phased out, and until they are gone they should be financed half by national governments, half by Brussels. Cohesion funds should also be cut and directed solely at countries with a GDP per head well below the EU average. That would make them a better model for the kinds of transfers that are likely to become necessary between richer and poorer members of the euro zone.

Some of the money saved by these two changes would be better used to support cross-border infrastructure and large R&D projects that might actually raise long-term growth in Europe. It would also mean that the present convoluted system of special budget rebates, which are now paid to Austria, Germany, the Netherlands and Sweden as well as to Britain, could be junked. Administration should be cut, not just by reducing the excessive pay and pensions of Eurocrats but also by scrapping advisory bodies, like the Committee on Regions and the Economic and Social Committee, which serve no useful purpose. Ending the European Parliament's monthly travelling circus to Strasbourg would alone save some €180m a year.

These changes would cut EU spending by more than a quarter, make its distribution fairer and do a lot more than the current budget to promote growth. If Europe's crisis-weary leaders want to show the world that they are serious about reform, what better place to start?

German elections

Politicians in proportion

How Germany, seeking the best of all worlds, fiddles with its voting rules

Dec 1st 2012 | *BERLIN* | from the print edition

DEMOCRACY, as Winston Churchill said, is “the worst form of government, except all those other forms that have been tried from time to time.” But what is the least-worst form of democracy? In the 1950s Germany’s answer was an election law that combined bits from all systems. But it is fiendishly complex. And the constitutional court has ordered parliament to tweak the rules before the federal election due next September.

One option for post-war Germany would have been to copy its Anglo-Saxon occupying powers. In the majoritarian systems of Britain and America, winners of districts take all, with a plurality of votes. The advantage is that one party usually achieves a clear majority in parliament. The disadvantage is that votes for the losers in effect count for nothing.

Or Germany could have followed France, the other democracy among the Allied victors. It practises an absolute-majority version of a winner-takes-all system. Because it takes more than 50% of votes to win, two rounds are usually needed.

The third option was pure proportional representation. In such a system no votes are “lost”, because seats are allocated in proportion to votes. A drawback is that governing majorities must then be created from party coalitions. Another risk is political fragmentation, with many tiny and ineffectual parties—as happened in the Weimar Republic. The big advantage, however, is that all voters feel fairly represented.

Post-war Germany chose a compromise, giving voters two boxes on each ballot. The first is for individuals: candidates who win a plurality of votes get seats. The second vote is for a party, and this is meant to decide final shares in the Bundestag. To prevent Weimar-style fragmentation, a rule was added that parties must get at least 5% (or three direct mandates) to enter the Bundestag at all.

In theory, voters pick roughly half the representatives in the Bundestag with their first votes, and the parties fill the rest from internal lists until their shares reflect the more important second votes. If the system had worked as intended in the 2009 election, the Bundestag would have had 598 members. In fact it has 620. The 22 “overhangs” got in because Germans split their votes, electing more members with their first votes than their party was supposed to win based on second votes. The beneficiaries from this were Angela Merkel’s Christian Democratic Union (CDU) and its Bavarian sister party, the Christian Social Union (CSU).

The new rules are meant to compensate for the first-vote bias. In a simple example, suppose the CDU gets 200 seats from second votes and an opposition party gets 100, but the CDU also gets 20 overhangs from first votes. To preserve the 2:1 ratio of second votes, the opposition party will then be awarded ten extra seats.

In 2013 this will hurt the CDU and CSU. It could also swell the Bundestag to 700 members. That is too big, says Emmanuelle Auriol at the Toulouse School of Economics, who studies the optimal size of national parliaments. Indeed, the only bigger one is China’s National People’s Congress, with 2,987 members. When looking for the least worst form of democracy, that is not usually where the search leads.

December 9, 2012

Next Steps for Italy Uncertain After Departure of Euro Zone Power Broker

By [STEPHEN CASTLE](#) and [JACK EWING](#)

LONDON — Cerebral, bespectacled and more at home at a seminar than in the bear pit of Italian politics, Prime Minister [Mario Monti](#) for the last year has quietly restored [Italy](#)'s weight in European diplomacy while helping mend its battered credibility with the financial markets.

So Mr. Monti's announcement over the weekend that he intends to stand down from his job running the euro zone's third-largest economy poses a worrying question: is Italy about to go back to its bad old ways?

To be sure, Mr. Monti, a polished university professor and former top European commissioner for competition, is an unelected caretaker who always said he would serve only until elections that were scheduled for next spring but are now expected in February.

But in his year in power he has embarked on economic reforms and calmed jittery financial markets, aided by a late-summer pledge by another Mario — Draghi, head of the European Central Bank — to help tamp down the borrowing costs of euro zone governments by standing ready to buy their bonds in unlimited amounts. That pledge so far has been enough to help reverse a summer run-up in the interest rates on the bonds of Italy, as well as Spain.

And as a result, the market interest rate for 10-year Italian bonds now stands at only 4.5 percent, compared with more than 7 percent at the beginning of the year. Italy's financial and economic problems, though, have not magically disappeared. It continues to stagger under a debt load of around 125 percent of gross domestic product, suffers acute problems of competitiveness and youth unemployment, and its economy is expected to contract this year and next.

It will bear watching how the bond markets respond on Monday, in the first day of trading since Mr. Monti announced his planned exit.

"This is the first test of the externally driven resilience of the Italian bond markets, because they have been buttressed by the E.C.B.'s bond-buying program," said Nicholas Spiro, the managing director of Spiro Sovereign Strategy in London.

"Do I expect a massive sell-off?" Mr. Spiro added. "No. Do I expect that this will jolt the market out of its complacency? Yes."

Mr. Monti's grasp of economics and experience in European politics has made him a power broker who took regular calls from the White House and aligned with France and Spain to wring euro-zone concessions from a reluctant German chancellor, Angela Merkel.

"He's ushered in a turning point in Italian politics and has been a major influence in Europe," said Thomas Klau, head of the Paris office of the European Council on Foreign Relations. "He has helped turn Italy into a serious country again, in the eyes of foreign investors and also many of its own citizens."

Part of the reason for Mr. Monti's reception lies in the contrast between his leadership and that of his predecessor, [Silvio Berlusconi](#), the man now trying to make a political comeback

Mr. Berlusconi, a flamboyant billionaire media boss prone to scandal, never hit it off with the most powerful leaders in the European Union, particularly Ms. Merkel, who heads the country with the single biggest

influence on euro zone policies. Last year Italian newspapers reported that wiretaps had recorded Mr. Berlusconi referring to her in sexist and insulting terms.

European leaders became accustomed to his antics. At a summit meeting in 2003, for example, Mr. Berlusconi declared, “Let’s talk about football and women” before turning to the German chancellor at the time, Gerhard Schröder, who had been married four times, and suggesting he take up the conversation.

But the euro crisis raised the stakes. Soon after the European Central Bank intervened in August 2011 to buy Italian bonds and reduce Italy’s inflated borrowing costs, Mr. Berlusconi appeared to backtrack on reform pledges he had made to obtain that support.

When asked at a summit meeting later that year whether Mr. Berlusconi’s pledges could be believed, Ms. Merkel and Nicolas Sarkozy, who then was the French president, smirked, highlighting that by then not even his fellow leaders took him seriously.

By contrast, the technocratic and professorial Mr. Monti, who speaks fluent English and French, is a natural on the Brussels circuit. And he has been committed to Germanic-style budgetary rigor — making him, in Mr. Klau’s words “a very Prussian sort of Italian.”

The economic changes introduced by Mr. Monti, including steps to reduce the deficit and encourage entrepreneurship, created space for the central bank to use its financial resources more aggressively in ways that helped Italy as well as other stricken countries.

For example, beginning in December 2011 the E.C.B. allowed banks in the euro zone to borrow as much money as they wanted for three years at the central bank’s benchmark interest rate, which is currently 0.75 percent, the lowest in the euro zone’s history.

Banks drew some €1 trillion, or \$1.3 trillion, and Italian ones were among the heaviest borrowers. The infusion of cash probably prevented a severe credit crunch in Italy and other countries. It is questionable whether the central bank would have been willing to risk so much money on the Italian economy if Mr. Berlusconi had still been presiding in Rome.

Mr. Draghi has avoided commenting publicly on Mr. Monti or any other politician, but there is an obvious affinity between them. Both are Italians who trained as economists and have pursued careers in public policy. Both have worked for Goldman Sachs and both have been nicknamed “Super Mario.”

Yet, while Mr. Monti will be a hard act to follow, Italy’s road ought to remain easier than it was when he took over last year.

“It is extremely unlikely that we will see a dynamic unfolding which would bring Mr. Berlusconi back to power,” Mr. Klau said, “so, even if Mr. Monti were to leave the political stage for good, we would not go back to the political situation we were in before.”

For one thing, the European Central Bank’s pledge to buy bonds has, according to Mr. Spiro, been a “game-changing event, the most important development in euro zone bond markets since the euro zone crisis.” Most analysts believe that even if there is a rise in the Italian borrowing costs, Mr. Draghi’s plan is unlikely to come unstuck in the short term.

For another, Mr. Monti has already succeeded, along with France’s new president, François Hollande, in persuading Germany to temper its insistence on austerity budgets, given the evidence that such an emphasis risks pushing the euro zone into years of stagnation.

Optimists argue that political uncertainty in Italy might even have a positive side effect if it pushes euro zone leaders to compensate by making tough decisions to repair some of the structural weaknesses in the single currency.

On past evidence, the lack of market pressure usually means leaders delay difficult decisions. So a little instability might prompt European Union leaders, who meet in Brussels this week, to break the deadlock over a crucial plan to create a banking union.

Nevertheless the likely departure of Mr. Monti is a setback for Europe, which will lose a heavyweight leader, and for Italy, which has experienced a year of unaccustomed influence inside the bloc. It will also deprive the southern economies of the euro zone, including Spain, Portugal and Greece, of a leader with real credibility.

“While there is no reason to assume that his departure will trigger a descent into a measure of chaos and instability, it is still bad news,” Mr. Klau said, “because he is a competent interlocutor with real intellectual and moral authority in a small, informal steering group in the club of leaders.”

Jack Ewing reported from Frankfurt.

12/10/2012 01:03 PM

He's Baaaack

Europe Frets over Italy's Return to Political Chaos

Voices across Europe warned on Monday that the euro crisis could return to Italy after the resignation announcement by Prime Minister Mario Monti was followed by news that his predecessor Silvio Berlusconi would attempt a comeback. Italy must stick to its economic reforms, critics say.

Italy faces a return to political chaos after Prime Minister Mario Monti announced at the weekend that he will resign, prompting his notorious predecessor Silvio Berlusconi to say he would attempt a comeback.

The renewed uncertainty sent European shares into a slump as trading for the week began on Monday morning. Investors aren't the only ones worried, either.

German Foreign Minister Guido Westerwelle told SPIEGEL ONLINE on Monday that the situation in Italy threatened to spark renewed financial problems in the euro zone. "Italy can't stall at two-thirds of the reform process," he said. "That wouldn't cause turbulence for just Italy, but also for Europe."

Westerwelle's concerns were echoed by Klaus Regling, the head of the permanent euro-zone bailout fund, the European Stability Mechanism (ESM), who told German daily *Süddeutsche Zeitung* on Monday that he feared the heavily indebted country could abandon necessary reforms. "In the last year Italy has pushed through important reforms," he told the paper. "So far, the markets have honored that, although they have reacted with concern to the developments of recent weeks."

The reform process must continue for the sake of both Italy and the entire currency union, Regling said.

Widespread Worry About Italy's Future

After a crisis meeting with Italian President Giorgio Napolitano on Saturday, Monti, a well-respected economist who is largely seen as responsible for restoring trust in the country's ability to weather the euro crisis, announced that he would step down before the end of his term, pending parliamentary approval of next year's federal budget. This is expected to occur before Christmas.

Until recently, technocrat Monti had governed with the broad support of the country's different political parties, including Berlusconi's right-wing People of Freedom (PdL) party and the center-left Democratic Party (PD). But after PdL, the biggest party in parliament, withdrew its support last week, Monti said he could no longer govern the country.

In response, 76-year-old [Berlusconi](#), who is embroiled in a sex scandal, said he would pursue a fifth term as prime minister. The election was scheduled for March or April, but is now likely to be brought forward to February.

Many fear that Berlusconi could send [Italy](#) spiraling into ruin if he is re-elected. "It is pure madness," said Pier Ferdinando Casini, head of the country's Union of Christian and Center Democrats (UDC), referring to the former prime minister's plan to run again. Meanwhile Pier Ferdinando Casini, leader of the PD and a favorite for the upcoming election, called Berlusconi "irresponsible."

Meanwhile, European Commission President José Manuel Barroso warned on Sunday that the euro zone's third-largest economy cannot be allowed to turn its back on reforms. "The next elections must not serve as a

pretext for putting in doubt how indispensable these measures are," he told business daily *Il Sole 24 Ore*. "The relative calm on the markets does not mean we are out of [the crisis](#)."

European Central Bank executive board member Jörg Asmussen told German newspaper *Bild* that Monti's government had "achieved great things in a short amount of time," including the return of investor trust and budgetary consolidation. "Whoever governs Italy -- a founding member of the EU -- after the election, must continue this course with the same seriousness," he added.

Will Monti Run Too?

But Berlusconi, who was [sentenced to jail time for tax fraud](#) in October, seems determined to fight his way through his upcoming trial -- over paying for sex with an underage prostitute -- and back to the top of the country's political world.

The billionaire media tycoon has his popularity measured by polls on weekly and sometimes even daily basis. And these have recently shown that the time may be ripe for a comeback, with Monti's government no longer as popular as it once was thanks to drastically rising taxes, a tough fight against tax fraud in the sports world and the loss of thousands of jobs through austerity measures.

Berlusconi, by contrast, has promised to save Italy and defend it from the "diktat" of German Chancellor Angela Merkel that he alleges was followed dutifully by Monti. Berlusconi's campaign promises to be heavily populist, and with his party on the verge of falling apart, the media mogul has little to lose.

At this point, no one can predict who will lead Italy after the election. Until then, the uncertainty is likely to drive up the yields on Italian government bonds and depress Italian share prices, not to mention the euro's exchange rate.

But a vague statement by Monti does offer a glimmer of hope. He is considering running in the election, he said over the weekend.

Peer Steinbrück Hausse à la SPD

09.12.2012 · Der Bürger registriere genau, wenn Schulden sozialisiert und Gewinne privatisiert würden, sagt Peer Steinbrück. Da hat er recht! Doch warum unterstützt die SPD dann den „Euro-Rettungskurs“?

Von [Holger Steltzner](#)

Plakate mit der Aufschrift „Genug Kohle gescheffelt?“ brachten Peer Steinbrück zum Auftakt seiner Bewerbungsrede als Kanzlerkandidat der SPD nur kurz aus dem Tritt. Fast wäre er auf seine Vortragsmillion eingegangen, doch er hielt sich lieber ans Drehbuch. Marktgesellschaft statt Marktwirtschaft, forderte Steinbrück auf dem Parteitag der SPD, ohne zu sagen, was das sein soll. Dann wollte Steinbrück auch noch Ludwig Erhard, den Vater der Sozialen Marktwirtschaft, als eine Art Ehrenmitglied der SPD eingemeinden. Was Erhard mit seinem Ideal vom „Wohlstand für alle“ wohl von Steinbrücks Forderung nach noch mehr Sozialstaat gehalten hätte? Erhard hätte wohl daran erinnert, dass eine Politik nicht sozial ist, bei der einer seine Hand immer in der Tasche des anderen hat.

Einsatz und Gegenleistung müssten wieder stimmen, denn der Bürger registriere genau, wenn Schulden sozialisiert und Gewinne privatisiert würden, sagte Steinbrück. Da hat er wohl recht. Aber was folgt für die SPD und die Grünen als Wunschpartner daraus? Sie rufen zum Kampf gegen die Macht der Banken auf und verteufeln den Finanzmarkt. Tatsächlich aber befeuert der von Rot-Grün verfolgte „Euro-Rettungskurs“ das Geschäft derjenigen Banken und Spekulanten, die sie zu bekämpfen vorgeben. Das zeigt der gelungene, weil teure [Schuldenrückkauf von Griechenland](#).

Da sich mit geschenktem Geld gut eigene Schulden abbauen lässt, hat Griechenland mit dem Einsatz von 10 Milliarden Euro eigene Staatsanleihen im Nominalwert von etwa 30 Milliarden Euro zurückgekauft. Dadurch sinkt der Athener Schuldenstand ein wenig, so dass die Bedingung für weitere Finanzhilfen erfüllt ist. Natürlich helfen die Geber den Griechen. Sie hauen aber auch Banken und Hedge Fonds raus. Die konnten jetzt ihre schon abgeschriebenen Griechenlandanleihen zu Preisen losschlagen, von denen sie bis vor kurzem nicht einmal träumen durften.

Ausgerechnet die von der SPD als Heuschrecken verunglimpften Hedge Fonds machten den besten Schnitt. Denn viele dieser Fonds sind erst nach dem erzwungenen ersten Schuldenschnitt zu Tiefstkursen eingestiegen und freuen sich nun über die Vervielfachung ihres Einsatzes in kürzester Zeit. Der Kleinanleger ging übrigens mal wieder leer aus. Man kann sich ausmalen, was die Großfinanz für ein Kursfeuerwerk abbrennen würde, wenn ein Bundeskanzler Steinbrück mit einem Finanzminister Trittin das Füllhorn des deutschen Steuerzahlers über Banken und Hedge Fonds ausschütten dürften.

<http://www.telegraph.co.uk/news/politics/conservative/9721253/EU-Boris-attacks-Government-for-morally-wrong-policies.html>

EU: Boris attacks Government for 'morally wrong' policies

Boris Johnson has criticised David Cameron and George Osborne for pursuing "morally wrong" policies on Europe.

12:44PM GMT 04 Dec 2012

+ 2 VIDEOS

<http://www.telegraph.co.uk/comment/columnists/borisjohnson/9721006/Boris-Johnson-Euro-is-a-calamitous-project.html>

London Mayor Boris Johnson set himself on collision course with Prime Minister [David Cameron](#) and Chancellor George Osborne over their support for closer fiscal union within the eurozone, after he denounced the policy as "anti-democratic and therefore intellectually and probably morally wrong".

Britain should negotiate a return to a "single market" relationship with the [European Union](#), and then put it to a referendum, [Mr Johnson](#) said today.

"If people don't think the new relationship is an improvement, then they will exercise their sovereign right to leave the EU," he said.

Eurozone will continue to muddle through

The eurozone may be in crisis but there are still signs of hope, argues Huw Pill, Goldman Sachs' chief European economist.

+ VIDEO

By Huw Pill 3:15PM GMT 08 Dec 2012

Over the coming 18 months, prospects for economic activity in the euro area are bleak. Within the recently published Goldman Sachs Euro Area Outlook note, we forecast that the current recession will extend well into next year, with at best sub-trend growth envisaged for 2014.

Deleveraging and fiscal consolidation are the immediate causes of this economic weakness. By reducing spending, both weigh heavily on real activity but both are also elements of a necessary adjustment.

The euro area entered the [financial crisis](#) needing to correct significant financial and economic imbalances: in this context, acting to strengthen both public and private balance sheets via consolidation and savings is necessary, not optional. At stake is the pace and efficiency of the unavoidable adjustment process.

The resulting “growth vs austerity” debate is not unique to the euro area: it is familiar across advanced economies, not least here in the United Kingdom.

Indeed, if treated as a single consolidated entity, the fiscal and external imbalances faced by the euro area are (in general) smaller than those seen in the US, the UK or Japan. Other things being equal, the challenge of adjustment should be more manageable.

But treating the euro area in such a consolidated way is, at least at the moment, merely a statistical exercise. It has no basis in economic or political reality. Rather than benefiting from its (relative) collective strength, the euro area is only as strong as its weakest link. And, on various dimensions, that weakest link is weak indeed.

What's more, these weaknesses have proved to be self-reinforcing. Where euro area countries have accumulated large macroeconomic imbalances, the viability of their continued use of the euro as their currency has come into question.

Once financial markets entertain doubts over whether membership of the euro area is sustainable, default and redenomination risks emerge, a country's borrowing rates rise, markets segment and a vicious self-sustaining cycle of weaker growth and tightening financing conditions is set in train, which serves only to validate concerns about sustainability. The Greek experience illustrates as much.

In these circumstances, the painful but necessary adjustment at the area-wide level can become a catastrophic dislocation in vulnerable participating countries, threatening both social cohesion in the nation concerned and the integrity of the system as a whole. Finding the means to correct macroeconomic imbalances is therefore crucial if the euro is to become a workable currency.

And countries' external balances – the current account and external debt – are central in this respect.

Why did these imbalances emerge in the periphery? Conventional wisdom emphasises the loss of price competitiveness over the first decade of monetary union. In this period, Germany kept its unit labour costs stable: wages rose in line with workers' improvements in productivity.

By contrast, elsewhere – and especially in the periphery – unit labour costs increased, as shown in Chart 1. With the price of goods produced in the periphery rising relative to those produced in Germany, the periphery's share of the European market contracted. And intra-euro area trade imbalances grew as a result.

This diagnosis leads to a clear remedy: to correct its external imbalances, the periphery must regain price competitiveness. In the GS European Economics team, we have estimated the real depreciation required to do so. The results of our base case analysis (which assumes a return to full employment with no structural change to the economy) are shown in Chart 2.

The striking thing about these results is the magnitude of the real depreciations required. For the small and vulnerable peripheral countries (Greece and Portugal), a real depreciation of at least 50pc is needed relative to [Germany](#) to re-establish external sustainability. And even for larger, richer countries (Spain and France), we look for real depreciations of 30pc plus.

Within monetary union, the nominal exchange rate is no longer available as an adjustment mechanism. Real depreciations therefore require “internal devaluations”, that is, deflationary measures to drive down wages.

We view relative wage cuts of the magnitude implied by our base case as unfeasible. It is difficult to imagine either France accepting a one-third fall in living standards relative to Germany, or Germany accepting the sustained higher inflation that would allow France to regain competitiveness without wage cuts.

With wage and price adjustments of sufficient magnitude to correct imbalances seemingly impracticable on political grounds, does that imply that the euro area is doomed?

To avoid this conclusion, we need to identify alternative adjustment mechanisms that do not require wage adjustments of such a magnitude.

First, real depreciation could be effected through nominal exchange rate changes. This is the eurosceptic solution: it implies exit from the euro area and the re-introduction of national currencies. Rather than a recipe for how to save the euro, it is a description of how to dissolve it.

Second, uncompetitive economies could suppress domestic demand to contain imports and run with mass unemployment on an ongoing basis.

British experience in the 1920s (after Churchill's decision to return Britain to the gold standard at its pre-war parity) suggests this will ultimately prove futile. Perpetual deflation is a prelude to dissolution of the euro area, rather than a means to avoid it.

Third, the uncompetitive peripheral countries could be subsidised on an ongoing basis by the more competitive surplus countries via a system of fiscal transfers. Such mechanisms are quite normal in continental monetary unions: witness the transfers from wealthy New York to poorer West Virginia via the federal government in the United States.

Finally, countries can make structural changes to their economies, by shifting resources among sectors to produce a more balanced structure of production and spending.

The alternative estimates of the required real depreciation shown in Chart 2 illustrate this point. For example, were France to replicate the economic structure of the “best performers” among its European partners (admittedly, a big ask), a wage cut of less than 10pc relative to Germany would be sufficient to re-establish external sustainability.

Of course, in a market economy, this restructuring is prompted by relative price changes. But an ability to restructure will help to reduce the required internal devaluation to politically feasible levels.

With the institutional capacity to implement sufficient structural changes absent, in the smaller peripheral countries membership of the euro area is maintained at present via a combination of mass unemployment and

continuing subsidisation. But with social cohesion under threat and the institutional mechanisms and political support for a euro area-wide fiscal redistribution (as yet) lacking, the possibility of an exit in the future remains alive.

Turning to the larger countries, here options are more limited. A euro area without [France](#) would cease to be meaningful: de facto, we would see a reversion to a “greater Deutsch- mark”. Just as in the smaller peripheral countries, the politics of perpetual mass unemployment are unfeasible. And France and Spain are just too large to subsidise on an ongoing basis – Germany is neither able nor willing to do so.

So there is no alternative but to implement a restructuring of these larger economies to reduce the needed real depreciation to a plausible level. But the nature of the restructuring needs to be tailor-made for the country concerned.

Spain’s problems stem from its property bubble: it borrowed too much from abroad to build houses that it did not need. (It is estimated that more than 700,000 properties are empty in Spain.)

Simply put, [Spain](#) needs to stop building houses and divert the resources released from residential construction to manufacturing and exports. Export proceeds can then be used to pay down external debt.

The good news is two-fold: Spain has largely stopped building houses, and its exports are growing rapidly. But the bad news is that the adjustment costs associated with this economic restructuring are substantial.

[Spanish unemployment is the obvious manifestation of this.](#) While labour market reforms introduced earlier this year offer the prospect of less costly adjustment over time, experience elsewhere demonstrates that such reforms take several years to have an effect. And with the banking sector under stress and euro securities markets segmented and underdeveloped, the required sectoral shift of capital remains problematic.

Reflecting these adjustment costs and their macroeconomic implications, Spain’s economy is weak and vulnerable at present. But, although it is scant consolation to the unemployed, there is a silver lining to this weakness: it is associated with a necessary restructuring that offers hope of a more balanced and competitive Spanish economy in the future.

But, thus far, the adjustment required in France is less well advanced.

Like Spain, France needs to shift resources into the tradable sector in order to address its chronic external deficit. But the French economy is subject to a different distortion: its public sector is too big.

Public expenditure in France is 56pc of GDP, compared with 47pc in Germany. The inherently domestic-oriented nature of government spending implies that France produces too few tradable goods relative to Germany, and therefore its external position is chronically weak.

In Spain, a spontaneous bursting of the housing bubble initiated the necessary restructuring of the economy.

But in France, a conscious political decision is needed to cut public expenditure if the required transformation is to be set in train. And the political obstacles to that decision are high.

The French authorities increasingly recognise the need to improve French competitiveness and a number of policy initiatives have recently been launched to address the issue. But, as yet, the deep restructuring of the economy and commitment to reduce the size of the state that are required to effect a fundamental change remain elusive.

Over the next year or so, France is unlikely to be subjected to the economic, financial and political pressures that have ultimately forced reform on Spain and the rest of the periphery.

While weak, our economic outlook for France does not imply a recession of the magnitude seen in Spain and Italy over the past year. With the government sector so large, the French economy is less cyclical than elsewhere – government spending continues regardless, serving to stabilise the economy.

Domestic political pressure for change is therefore muted, especially as politically influential interest groups – including pensioners and public-sector unions – have a vested interest in the status quo.

France also benefits from current easy financing conditions. While France continues to be seen as part of “safe Europe” by asset managers, French government bonds will be supported and the banking system funded.

Holders of the ample liquidity currently available in the euro area seek assets with risk characteristics close to German Bunds, but offering a higher yield. French government bonds fit the bill. As 10-year yields fall below 2pc, the French authorities are under little market pressure to pursue structural reform.

And in the shorter term – as the European Central Bank stands ready to inject further liquidity into the market via its new “outright monetary transactions” programme – we do not expect this situation to change dramatically.

Pressure from France’s European partners is also muted. With Germany politically hamstrung by the prospect of Federal elections next year, the last thing it needs is a financial and economic crisis in France. Germany is unprepared and unwilling to take the decisions required to stabilise the euro area in those circumstances. And Italy and Spain are too preoccupied with their own challenges to make demands for reform in France.

Over the coming 18 months, we therefore do not expect France to shift decisively towards the structural reform agenda required to make its position in the euro area sustainable over the medium term.

As a result, the euro area cannot move towards a more definitive resolution of its institutional, governance and economic problems. Rather, with help from the ECB’s financial support measures, the European authorities will continue to buy time over the coming quarters, in an attempt to retain the option of seeking resolution in the future.

A combination of economic, financial and political factors therefore serves to reinforce our expectation that the euro area will continue to muddle through, rather than progress towards resolution. Given the impact of the resultant uncertainties on confidence and spending, our macroeconomic forecasts consequently remain weak.

<http://www.bruegel.org/publications/publication-detail/publication/758-on-the-effectiveness-and-legitimacy-of-eu-economic-policies/>

On the effectiveness and legitimacy of EU economic policies

by [Mark Hallerberg](#), [Benedicta Marzinotto](#), [Guntram B. Wolff](#) on 9th November 2012

For markets, European economic governance faces a crisis of policy effectiveness, while for citizens the European Union faces a democratic legitimacy crisis. The introduction of the European Semester economic policy surveillance system has not resolved these problems. Policy guidance deriving from the Semester is not focused enough on areas of significant spillovers and on problem countries, and national compliance is often procedural rather than actual. This brings into question both the Semester's effectiveness and the democratic legitimacy of the EU's new intervention rights, which allow intrusion into national policy-making.

Anleihen-Rückkauf

Der Trick der Griechen

08.12.2012 · Griechenland kauft seine Staatsanleihen zurück. Und senkt so den Schuldenstand. **Das Geschäft klappt nur, weil kein Anleger mehr an das Land glaubt.**

Von [Christian Siedenbiedel](#)

Es klingt verflucht nach wundersamer Geldvermehrung. Die Griechen haben es tatsächlich geschafft, sich zehn Milliarden Euro zu leihen und damit Schulden in Höhe von 30 Milliarden Euro zu begleichen. Man stelle sich vor: Wir als Hausbauer könnten das machen. Wir zahlen die Hypothek bei unserer Bank über 300000 Euro ab, indem wir uns einfach woanders 100000 Euro leihen. Das wäre doch zauberhaft!

Wie ist das möglich? Der Mechanismus funktioniert so: Länder verschulden sich, indem sie Staatsanleihen an Anleger ausgeben. Sie versprechen, dafür Zinsen zu entrichten und das Geld am Ende der Laufzeit zurückzuzahlen. Wenn ein Land nun aber besonders hoch verschuldet ist, werden diese Anleihen am Kapitalmarkt unter ihrem Ausgabepreis, mit einem sogenannten Abschlag, gehandelt. Der Grund dafür ist, dass die Anleger sich nicht sicher sind, ob sie ihr Geld am Ende wiedersehen.

Lieber billig Geld leihen

Das hat sich Griechenland nun zunutze gemacht. Ähnlich wie Bolivien auch schon im Jahr 1988. Wenn so ein übermäßig verschuldetes Land irgendwie an frisches Geld kommt, kann es seine eigenen alten Staatsanleihen zu dem niedrigen Preis ausgesprochen günstig zurückkaufen und so seine Staatsschulden verringern. Denn die Griechen müssen jetzt nur zehn Milliarden Euro zahlen statt 30 Milliarden am Ende der Laufzeit.

Das Vorgehen ist ungewöhnlich, aber es gibt Parallelen. Auch Unternehmen und Privatleute kaufen bisweilen eigene Schulden zurück. Allerdings gibt es dabei einen entscheidenden Unterschied: Wenn ein Unternehmen sich heute billiger verschulden kann als vor drei Jahren, weil die Zinsen gesunken sind, dann ist es sinnvoll, dass es sich heute billiger Geld leiht und damit die alten Schulden zurückzahlt. Zumindest dann, wenn diese vorzeitige Rückzahlung nicht mit hohen zusätzlichen Kosten verbunden ist.

Das Risiko steigt

Bei Griechenland ist das anders. **Das Land kann sich ohne fremde Hilfe praktisch gar kein Geld mehr leihen. Schon gar nicht besonders günstig. Das Geschäft funktioniert nur, weil der europäische Rettungsfonds sich das Geld gleichsam im Namen der Griechen leiht.** Für den Rettungsfonds aber haften alle Euroländer. Darum leihen die Anleger dem Fonds das Geld lieber und viel billiger als den Griechen. Die hohe Kreditwürdigkeit der anderen Euroländer wird also ausgenutzt, um den Schuldenstand der Griechen zu senken. Zugleich steigt das Risiko für die anderen Euroländer. Aber das würde es natürlich auch tun, wenn sie Griechenland einfach so mehr Geld leihen würden. Was bedeutet das nun für Griechenland, die Anleger und die Zukunft des Euro?

Schon die Tatsache, dass dieses Projekt geklappt hat, ist einer Paradoxie zu verdanken, die bedenklich stimmt. Der Schuldenrückkauf soll schließlich dazu führen, dass Griechenland wieder auf einen grünen Zweig kommt. Aber er hat nur deshalb funktioniert, weil die Anleger nicht glauben, dass Griechenland auf einen grünen Zweig kommt.

„Der Erfolg der Aktion zeigt, wie kritisch die Anleger Griechenland beurteilen“, sagt Kai Konrad, Geschäftsführender Direktor am Max-Planck-Institut für Steuerrecht und Öffentliche Finanzen in München. „Ein Anleger nimmt ein solches Angebot ja nur an, wenn er damit rechnet, dass er andernfalls noch weniger zurückbekommt.“

Schuldentragfähigkeit soll wieder hergestellt werden

Nur weil die Anleger davon ausgehen, dass früher oder später doch noch ein weiterer Schuldenschnitt für Griechenland kommt und sie dann noch viel stärker zur Kasse gebeten würden, waren sie bereit, ihre Anleihen für weniger Geld zurückzugeben, als sie bekommen hätten, wenn sie bis zum Laufzeitende gewartet hätten.

„Der Schuldentrückkauf soll die Schuldenfähigkeit Griechenlands wiederherstellen. Aber damit er gelingt, müssen die meisten Anleger davon ausgehen, dass die Schuldenfähigkeit nicht erreicht wird“, formuliert es Jörg Krämer, der Chefvolkswirt der Commerzbank.

Wegen dieser paradoxen Situation mussten die Politiker auch immer abwechselnd öffentlich gegenteilige Nachrichten streuen: Sie mussten auf der einen Seite verkünden, Griechenland brauche den Schuldentrückkauf, um wieder Hoffnung schöpfen zu können. **Schließlich mussten die Staaten Europas bereit sein, die zusätzlichen Kredite über immerhin zehn Milliarden Euro bereitzustellen. Wenn offen gesagt worden wäre, dass man lediglich Geld in ein Fass ohne Boden steckt, wären die Widerstände vielleicht stärker gewesen. Zugleich mussten alle Politiker - bis hin zu Bundeskanzlerin Angela Merkel - über einen später vielleicht doch noch notwendigen nächsten Schuldenschnitt für Griechenland spekulieren.**



© F.A.Z.

Damit die Anleger sich - bei aller Unsicherheit - bewusst sind, dass so etwas drohen kann. Und es ihnen daher attraktiv erscheint, ihre Anleihen unter Nennwert zurückzugeben. Ohne ein solches Erpressungspotential wäre die Aktion vermutlich nicht möglich gewesen. Banker nennen den Schuldentrückkauf deshalb „pseudofreiwillig“.

Das Kalkül der unterschiedlichen Gläubiger des griechischen Staates war dabei sehr verschieden. **Anders als zu Beginn der Krise sind die meisten griechischen Anleihen längst nicht mehr in privater, sondern in öffentlicher Hand.** Papiere im Wert von etwa 62 Milliarden Euro waren laut Commerzbank bei privaten Gläubigern verblieben, davon etwa 17 Milliarden bei griechischen Banken und Pensionskassen. Anleihen über 45 Milliarden Euro hielten Gläubiger außerhalb Griechenlands - Versicherungen, Banken, Privatleute und Hedgefonds.

Für die griechischen Banken ging das Kalkül so: Der Internationale Währungsfonds hatte weitere Unterstützung für Griechenland davon abhängig gemacht, dass bei dem Schuldentrückkauf genug herauskommt. „Wenn die griechischen Banken komplett nicht mitgemacht hätten, wäre ihre eigene Finanzierung gefährdet gewesen“, sagt Hans-Peter Burghof, Bankenprofessor in Stuttgart. „Das wäre kaum denkbar gewesen.“ Schon vor Ablauf der Frist gaben deshalb einige der größten griechischen Banken ihre Beteiligung bekannt. „Einzelne Banken konnten ausscheren und nicht mitmachen, zugleich aber davon profitieren, dass alle anderen dabei sind“, meint Bankenprofessor Burghof. Sie sind „free rider“ - Trittbrettfahrer. Auf jeden Fall reichte die Zahl der Mitmachenden offenkundig.

Viele Gläubiger gehen hohes Risiko ein

Bei den auswärtigen Gläubigern Griechenlands - Banken, Versicherungen, Hedgefonds, Privatanlegern - gab es offenbar vor allem zwei Gruppen, die sich in ihrem Kalkül grundsätzlich unterschieden. Die eine Gruppe hatte schon vor dem ersten Schuldenschnitt im Frühjahr die griechischen Staatsanleihen gekauft. Diese langfristigen Anleger hatten schon beim vergangenen Mal kräftig Geld verloren und hätten das jetzt noch mal getan. „Von ihnen sagen sich vielleicht einige, ich sitze das jetzt aus und warte bis zur Fälligkeit meiner Anleihen“, meint Bankenprofessor Burghof.

Wenn diese Gläubiger jetzt die Anleihen an den griechischen Staat verkauft hätten (oder an der Börse, weil sie unter der von Griechenland vorgegebenen Mindestgrenze von 1000 Euro lagen), hätten sie Verluste realisiert. „Das wollten viele nicht“, meint Burghof. Die andere Gruppe von Gläubigern sind die, die erst nach dem ersten Schuldenschnitt im Frühjahr die Anleihen gekauft haben. Sie haben viel weniger gezahlt. Das waren oft Hedgefonds, die sich mit den hochspekulativen Anleihen billig eingedeckt haben und darauf wetteten, dass die Staatengemeinschaft Griechenland schon nicht fallenlassen wird. „Dazu gehörte damals viel Mut“, sagt Commerzbank-Chefvolkswirt Krämer. „Das hätte auch gründlich schiefgehen können.“ Die Kurse waren damals schließlich auch deshalb so niedrig, weil zumindest ein Teil der Anleger fest damit rechnete, dass Griechenland vor dem Euro-Rauswurf stehe - und sie ihr Geld dann nicht wiedersähen.

Das änderte sich zumindest ein wenig, als Mario Draghi, der Präsident der Europäischen Zentralbank, im Juli ankündigte, die EZB werde „alles Notwendige tun, um den Euro zu erhalten“. Die Anleger interpretierten das so, dass die Notenbank notfalls Preise über dem Marktniveau für griechische Staatsanleihen zahlen würde. Das trieb die Kurse in die Höhe.

Finger weg von griechischen Staatsanleihen!“

Für die Hedgefonds war damit schon klar, dass sie ein gutes Geschäft gemacht hatten. „Wer in der Zeit gekauft hat, als der Grexit, der Austritt Griechenlands aus der Währungsunion, unmittelbar bevorzustehen schien, und jetzt verkauft hat, konnte sein Geld locker verdoppeln“, sagen Händler.

Viele der privaten Gläubiger, die in der vergangenen Woche beim Schuldentrückkauf mitgemacht haben, sind wohl solche gewesen, die billig gekauft und längst einen Gewinn gemacht hatten. „Den konnten sie jetzt komfortabel realisieren“, sagt Bankenprofessor Burghof. Einige Hedgefonds, vor allem solche aus dem amerikanischen Rechtsraum, spekulierten hingegen wohl noch darauf, vor Gericht gegen den ersten Schuldenschnitt der Griechen vorzugehen - und später am Schadensersatz zu verdienen.

Was aber bedeutet der Schuldentrückkauf für den Euro? „Kurzfristig ist die Euro-Krise durch die verschiedenen Maßnahmen ein wenig in den Hintergrund geraten“, sagt Andreas Höfert, der Chefökonom der Schweizer Großbank UBS. Davon werde auch der Euro profitieren. Mittelfristig sei die Krise aber noch längst nicht ausgestanden. Höfert rät deshalb: „Finger weg von griechischen Staatsanleihen!“ Die Politik werde auch weiter versuchen, die privaten Gläubiger „auszupressen, so weit es geht“.

Die nächste Schuldenschnitt kommt

Auf dem Papier sei die Schuldentragfähigkeit Griechenlands zwar wiederhergestellt, resümiert Commerzbank-Chefvolkswirt Krämer. Nicht aber in Wirklichkeit. Krämer warnt, die Annahmen der Politik für die künftigen Haushaltssalden und das Wirtschaftswachstum in Griechenland seien zu optimistisch. „Es ist etwa unrealistisch, dass die griechische Wirtschaft von 2016 an in jedem Jahr real um 3,5 Prozent wächst.“

Viele Ökonomen erwarten stattdessen, dass am Ende auch die öffentlichen Gläubiger auf einen Teil ihrer Ansprüche werden verzichten müssen. „Die griechische Schuldendynamik ist weiter auf einem explosiven Pfad“, formuliert es UBS-Chefökonom Höfert. „Ohne einen signifikanten Schuldenschnitt des öffentlichen Sektors dürfte dies auch weiterhin so sein.“

Vieles spricht also dafür, dass dieser nächste Schuldenschnitt kommt - wenn auch vielleicht nicht gleich. Nach zwei kräftigen Einschnitten in diesem Jahr könnten die Politiker eine Pause verordnen, schließlich stehen in

Deutschland Bundestagswahlen an. Aber wenn alle anderen Instrumente ausgeschöpft sind, so sagen die Ökonomen, dann sei der „Haircut“, der Schuldenschnitt für die öffentlichen Gläubiger, einfach der nächste logische Schritt.

Wirtschaftsprofessor Kai Konrad ist sich aber sicher, dass es dabei nicht bleiben wird. „Die Politik hat einen Weg eingeschlagen, bei dem Griechenland zu dem werden wird, was für Deutschland das Bundesland Bremen ist: ein dauerhafter Sanierungsfall.“

Ich darf nicht verkaufen

F.A.S.-Redakteur Patrick Bernau hat seit April 2010 eine Griechenanleihe. Der Schuldentrückkauf bringt ihm nichts.

Nie hätte ich gedacht, dass ich noch mal über dieses traurige Kapitel meiner Geldgeschichte schreiben würde: die Griechenland-Anleihen, die ich einst gekauft hatte. Griechenland wollte ich helfen und selbst dabei verdienen: sechs Prozent an Zinsen. Ich hatte Herrn Schäuble geglaubt, der eine Pleite Griechenlands ausgeschlossen hatte – und musste am Ende doch auf mein Geld verzichten. Ich dachte, ich wäre raus. Meine Anleihe hat Griechenland zurückgeholt, stattdessen bekam ich 20 neue. Gesamtwert: nicht mal die Hälfte, und selbst das stand nur als Nominalwert auf dem Papier. 20 neue Anleihen, das komplette Anleihenangebot Griechenlands, lagen also in meinem Depot, die Rückzahlungsdaten säuberlich gestaffelt bis 2042. Da liegen sie, dachte ich, und erinnern mich an meine Fehlinvestition – bis kurz vor der Rente.

Doch jetzt sollte sich das ändern. Rund ein Drittel vom Nominalwert sollte ich bekommen, beim Schuldentrückkauf der Griechen – so hieß es. Die Griechen zahlen mir ein Drittel vom Nominalwert. Ich erhalte also mehr, als die Anleihe an der Börse wert ist – dafür müssen die Griechen den Nominalwert der Zinspapiere nicht mehr als Schulden verbuchen. Das wäre doch mal ein Geschäft für alle! (Sogar für Herrn Schäuble, denn wenn ich noch mal verzichte, dann muss er nicht auf sein Geld verzichten, sagt der IWF.)

Aber ich musste schnell feststellen: Zum Zahlen war ich Kleinanleger gut genug, für den Schuldentrückkauf aber nicht. 1000 Euro muss man mindestens in einer Anleihe haben, damit man sie zurücktauschen darf. So viel Geld hatte ich den Griechen nun auch wieder nicht geliehen, dass nach der Teilung 1000 Euro pro Anleihe übrig blieben. Zum Glück!

Macht nix, denkt sich da der Investor, zum Glück ist ja der Kurs gestiegen, dann kann ich meine Anleihen ja auch an der Börse verkaufen. Aber selbst da hatte ich Pech. Erst war die Aktie vom Handel ausgesetzt, dann war der Kurs wieder unten. Und ein Blick ins Depot zeigt für alle 20 Anleihen ungefähr dasselbe. Kurswert der Anleihe: 7,70 Euro. Gebühren für den Verkauf: 9,90 Euro.

Wir lesen dann wieder voneinander im Jahr 2042.

Quelle: F.A.S.

Streit um Steuererhöhungen

Geteiltes Frankreich

07.12.2012 · Die französischen Unternehmen fühlen sich in ihrer Heimat zunehmend schlecht behandelt. Dafür ist vor allem die Regierung verantwortlich. Im Zeichen der Krise wachsen die Spannungen täglich.

Von [Christian Schubert](#)



© dapd Proteste: Im Stahlwerk Florange überlegen Gewerkschafter, die abgeschalteten Hochöfen zu besetzen

„Jeder Mensch von Kultur hat zwei Vaterländer: das seine - und Frankreich.“ Das hat einst Thomas Jefferson, der dritte Präsident der Vereinigten Staaten, gesagt. Heute dagegen fällt selbst etlichen Franzosen die Vaterlandsliebe schwer, denn es geht ihnen ans Geld. Der Unternehmer Pierre Kosciusko-Morizet beispielsweise fühlt sich als Paria im eigenen Land. Der Abkömmling einer bekannten Politikerfamilie mit Wurzeln in der französischen Résistance verdiente 2010 rund 40 Millionen Euro durch den Verkauf seines Internetunternehmens, einer Art französisches Ebay. In diesem Jahr aber bringen ihn die Steuerpläne der sozialistischen Regierung und die verbalen Angriffe auf Wohlhabende in Rage. „Früher holte man die Juden, heute sind es die Reichen“, soll er laut der Tageszeitung „Le Monde“ kürzlich geschimpft haben. Kosciusko-Morizet dementierte dies umgehend. „So etwas habe ich nie gesagt.“

Wie auch immer, der Ausfall beleuchtet die Zerrissenheit der einst so geschlossenen Nation Frankreichs. Kosciusko-Morizet etwa steht zu seinen anderen Worten: „Man sieht die Titelseiten der Magazine: ‚Wozu dienen die Reichen?‘ Es wäre schön, wenn sich jemand mal bedanken würde, dass wir mehr Steuern zahlen, anstatt uns immer nur als Schurken hinzustellen.“ Das Land verlassen will der 35 Jahre alte Franzose nicht. Er verurteilt sogar jene, die es tun. „Doch es gibt immer weniger Argumente, um sie vom Bleiben zu überzeugen“, sagt Kosciusko-Morizet. Von einer Welle von Wegzügen kann zwar keine Rede sein, doch erfahrene Beobachter wie der französische Ökonom Patrick Artus befürchten einen „Investitionsstreik der Unternehmen“. Als Zeichen des Wandels sehen manche auch den Antrag des französischen Luxuswarenunternehmers Bernard Arnault auf die belgische Staatsbürgerschaft, auch wenn dieser fiskalische Gründe dafür dementiert. Die Pariser Tageszeitung „Libération“ titelte daraufhin: „Hau’ ab, reicher Idiot“.

Vorläufiger Gewinner des Tauziehens

So ziehen sich in diesen Tagen tiefe Gräben durch Frankreich. Der Grenzsteuersatz in der Einkommensteuer von 75 Prozent ab einer Million Euro für Angestellte ist als Symbol in der Masse der Bevölkerung populär, doch bringt sie die Wohlhabenden gegen die Regierung auf. Zudem fühlen sich die ohnehin oft nicht geschätzten Unternehmer zu Unrecht an den Pranger gestellt. Denn führende Politiker wie der französische Industrieminister Arnaud Montebourg machen Stimmung gegen Einzelne wie den indischen Stahlbaron Lakshmi Mittal. „Wir wollen Mittal nicht mehr, denn er respektiert Frankreich nicht“, diktierte der erklärte Globalisierungsgegner Journalisten in die Blöcke, obwohl dessen Konzern Arcelor-Mittal 20.000 Arbeitsplätze in Frankreich hält.

_ 1/2 _



Gegenspieler: Frankreichs Industrieminister Arnaud Montebourg ...

Im gleichen Atemzug drohte Montebourg mit [Verstaatlichung des Mittal-Werkes in Florange](#). Selbst Präsident Hollande und Teile der Regierung weckten tagelang den Eindruck, dass sie diese Drohung umsetzen könnten. Erst am vergangenen Freitag einigten sie sich mit Mittal auf einen Kompromiss. Doch der Streit schwelt weiter, denn Mittal hat sich aus einem öffentlich geförderten Innovationsprojekt zur Auslastung des Werkes zurückgezogen. Dieses Programm zur modernen Stahlherstellung bei Abscheidung von Kohlendioxid ist ausdrücklich in der Vereinbarung mit der Regierung erwähnt. Mittals Rückzug ist daher Wasser auf die Mühlen seiner zahlreichen Gegner; sie werfen ihm einen weiteren Vertragsbruch vor. Präsident François Hollande und seine Regierung sind dabei in Erklärungsnot geraten, weil sie auf eine Verstaatlichung verzichteten. Eine Mehrheit der französischen Bevölkerung hätte diese laut Umfragen gutgeheißen.

Vorläufiger Gewinner dieses Tauziehens ist der Provokateur Montebourg. In der Gebärde eines Robin Hood hatte er auch gegenüber der Familie Peugeot und dem Vorstandsvorsitzenden des Autokonzerns PSA, Philippe Varin, Drohungen ausgesprochen und ihre Konzernstrategie als verfehlt befunden. Die Schließung des PSA-Werkes in Aulnay bei Paris konnte er damit nicht verhindern. Doch allein sein Einsatz im Kampf mit „den Patrons“ rechnen ihm viele Franzosen hoch an.

Mit jedem Tag steigt der Reformdruck

Gegen diesen politischen Druck kämpft jeder Wirtschaftsvertreter auf seine Weise. Ein Kreis von Jungunternehmern im Internet ging im Herbst unter dem unschuldigen Namen „die Tauben“ auf die Barrikaden, denn die Regierung will die Besteuerung von Kapitalgewinnen in der Spitze von 34 Prozent auf 62 Prozent anheben. Wie soll man Privatinvestoren für die Gründerphase finden - „Business Angels“, wie auch die Franzosen sagen - wenn bei dem ohnehin hohen Investitionsrisiko der Staat auch noch mehr als die Hälfte des Gewinns eines Beteiligungsverkaufs wegnimmt? Innerhalb von wenigen Tagen gewann die Facebookseite der

„Pigeons“ 66.000 Anhänger. Ihr Aufstand fand in den Medien viel Sympathie, denn hier handelte es sich nicht um Manager und Unternehmer des Feindbildes aus Klassenkampfzeiten. Die Regierung konnte die Proteste nicht ignorieren und reagierte mit Zugeständnissen. Doch diese sind eng gefasst.

So wird ein Unternehmer von der Steuererhöhung verschont, wenn seine Firma mindestens zehn Jahre alt ist und er Anteile von mindestens zehn Prozent gehalten hat. Für „Business Angels“, die oft kleinere Anteile kaufen und im Unternehmen nicht aktiv sind, ist bisher keine Erleichterung vorgesehen. „Eine Steuererhöhung von 80 Prozent - so etwas gibt es ja nicht einmal in Nordkorea“, schimpft Jean-David Chamboredon, Mitgründer der „Tauben“-Initiative und Chef der Beteiligungsgesellschaft Isai. Vorerst haben die „Tauben“ ihre Kommunikation als Interessenvertretung eingestellt. „Wir wurden zum politischen Spielball, man warf uns vor, eine rechtsstehende Organisation zu sein. Unser Kampf wurde kontraproduktiv“, sagt Chamboredon. Er und seine Mitstreiter stehen mit der Regierung weiter in Kontakt. „Das Problem ist, dass die Parlamentarier in der Nationalversammlung ziemlich links stehen.“ Wie viel Zugeständnisse die Regierung noch durchsetze, sei völlig offen. „Dabei hatten wir vorher schon die höchste Kapitalbesteuerung Europas“, klagt der Unternehmer.

Mit jedem Tag steigt der Reformdruck. Doch die sozialistische Regierung begnügt sich bislang mit einem Steuersenkungspaket von 20 Milliarden Euro über mehrere Jahre, das aufgrund vorheriger Steuererhöhungen im Saldo nur eine kleine Vitaminspritze ist. Strukturreformen im Arbeitsrecht und im sozialstaatlichen Netz sowie eine drastische Kostensenkung im öffentlichen Dienst lassen auf sich warten.

Forderung nach Einschnitten in das Sozialnetz

Als „Desaster“ hat der Vorstandsvorsitzende des französischen Versicherers Axa, Henri de Castries, diese Politik von Präsident François Hollande in dieser Woche bezeichnet. Der Chef des zweitgrößten Versicherers Europas ist einer der mächtigsten und erfolgreichsten Manager des Landes. Weil er nur 20 Prozent seines Geschäftes in Frankreich macht, kann er es sich leisten zu poltern. Die ausufernden Staatsausgaben würden nicht gesenkt, sondern ihr Wachstum lediglich gebremst. Den Haushalt nur über Steuererhöhungen zu sanieren vernichte den letzten Rest von Wettbewerbsfähigkeit.

De Castries, ein Nachfahre des Marquis de Sade, schreckt auch nicht davor zurück, die in Frankreich äußerst unpopulären Einschnitte in das enggeflochtene Sozialnetz zu fordern. Dabei bekommen auch die Spitzenverdiener ihr Fett weg: 6000 Euro Arbeitslosengeld pro Monat kann ein Sozialversicherungspflichtiger zwei Jahre lang in Frankreich beziehen, wenn er zuvor mindestens das Doppelte verdiente. Das sei heutzutage nicht mehr haltbar; die Obergrenze sollte so wie in Deutschland gesenkt werden.

Aber auch von den Niedrigverdienern verlangt de Castries Opfer. Rund ein Drittel des Defizits der staatlichen Arbeitslosenkasse geht auf die sogenannten „intermittents du spectacle“ zurück. Das sind Künstler, Bühnenarbeiter, Kameraleute und sonstige Mitarbeiter des Kulturbetriebs. Dabei stellen sie nur drei Prozent der Arbeitslosen. Aufgrund ihrer saisonal schwankenden Tätigkeit etwa während der Theater- und Musikfestivals sind sie zwischendurch oft arbeitslos und beziehen üppiges Arbeitslosengeld - in der Spitze bis zu 40.000 Euro im Jahr.

„Es gibt keinen Anlass, optimistisch zu sein“

Die Kosten für solchen Luxus tragen weitgehend die Unternehmen. Sie werden in Frankreich selbst mit Abgaben für den sozialen Wohnungsbau und den öffentlichen Transport belegt. Hinzu kommen das starre Arbeitsrecht und die geringen Arbeitszeiten. Hugues Souparis, Chef von Hologram Industries, ist mit diesen Hürden täglich konfrontiert. Der Hersteller von Hologrammen für Reisepässe und Banknoten beschäftigt rund 300 Mitarbeiter, drei Viertel davon in Frankreich. Der Anteil der höheren Angestellten ist in seinem Technologieunternehmen hoch.

Sie arbeiten die Woche über nicht nach dem sonst üblichen 35 Stunden-Schema, sondern bekommen über das Jahr zu ihren fünf Wochen Urlaub zwölf weitere Freitage als Ausgleich. Nach Abzug der Feiertage bleiben durchschnittlich 218 Arbeitstage im Jahr pro Angestellten. „In den Vereinigten Staaten arbeiten unsere Leute im Schnitt rund vier Wochen mehr pro Jahr, und in Deutschland sind es etwa zehn Tage mehr als in

Frankreich“, berichtet Souparis. Mit einigem bürokratischen Aufwand und unter Aufsicht der strengen „Inspection du travail“ (Arbeitsinspektion) könnten die Angestellten dazu gebracht werden, sich die Freitage auszahlen zu lassen. „Doch sie haben sich an die viele Freizeit gewöhnt, zumal sie gut verdienen. Die Einführung der 35-Stunden-Woche hat die Arbeit in Frankreich ein Stück weit entwertet“, klagt Souparis.

Derzeit laufen auf nationaler Ebene Verhandlungen zwischen Arbeitgebern und Gewerkschaften über mehr Flexibilisierung. Doch Souparis erwartet nicht viel, denn die Gewerkschaften seien weiterhin nicht kooperativ genug, und der federführende Arbeitgeberverband Medef denke nur an die Belange der börsennotierten Konzerne. „Es gibt keinen Anlass, optimistisch zu sein.“

Quelle: F.A.Z.

Plus que jamais, l'Europe

LE MONDE | 04.09.2012 à 12h55 • Mis à jour le 04.09.2012 à 12h55 Par Peter Bofinger, Jürgen Habermas, Julian Nida-Rümelin,

La [crise de l'euro](#) reflète l'échec d'une [politique](#) européenne dépourvue de perspectives. Le gouvernement allemand n'a pas le courage nécessaire pour [venir](#) à bout d'un état des choses devenu insupportable. Malgré d'impressionnants plans de sauvetage et de nombreux sommets de crise, la situation de la zone euro depuis deux ans n'a cessé de se dégrader.

La conjoncture défavorable qu'affichent les pays en difficulté aggrave la situation fragile des banques, et les incertitudes croissantes quant à l'[avenir](#) de l'union monétaire font que les investisseurs sont de moins en moins disposés à acquérir les obligations des pays en difficulté. La hausse des taux pour les emprunts d'Etat et la situation économique compliquent les processus de consolidation.

Or la cause de cette déstabilisation qui s'amplifie est à [rechercher](#) dans le fait que les stratégies de maîtrise des crises se sont arrêtées au seuil d'un renforcement des institutions européennes sans le [franchir](#).

La crise de la zone euro n'est pas seule à [justifier](#) qu'un pas décisif soit accompli vers l'intégration ; un tel pas s'explique tout autant par la nécessité politique de [trouver](#) les ressources qui montrent que la zone euro fait front face au fléau qu'est devenu cet univers fantomatique bâti par les banques d'investissement et les fonds spéculatifs de l'économie productive réelle des biens et des [services](#).

Les mesures de régulation ne peuvent cependant pas se concrétiser ; d'une part, parce que leur mise en place dans un cadre strictement national serait contre-productive ; d'autre part, parce que les mesures de régulation envisagées lors du premier G20, à Londres en 2008, nécessiteraient une action concertée au niveau mondial. Or celle-ci a, jusqu'ici, échoué du fait de la fragmentation politique de la communauté internationale.

Une puissance économique de la taille de l'[Union européenne](#) (UE) pourrait, à cet égard, [jouer](#), au moins à l'échelle de la zone euro, un rôle d'avant-garde. Seul un renforcement en profondeur de l'intégration peut [permettre](#) de préserver la monnaie commune sans que soit nécessaire une suite sans fin de mesures d'[aide](#) qui ne manqueront pas, à longue échéance, de [mettre](#) à rude épreuve la solidarité des peuples nationaux européens. Pour cela, un transfert de souveraineté vers des institutions européennes serait inévitable, à la fois pour [imposer](#) une discipline fiscale et pour [garantir](#) la stabilité du système financier.

L'aggravation de la crise montre que la stratégie jusqu'ici imposée à l'UE par l'[Allemagne](#) repose sur un diagnostic erroné. La crise n'est pas une crise de l'euro, qui s'est au contraire révélé une monnaie stable. La crise n'est pas non plus une crise de la dette spécifique à l'[Europe](#). Comparativement, l'UE et la zone euro sont bien moins endettées que les Etats-Unis ou le [Japon](#). La crise est une crise du refinancement des Etats individuels de la zone euro dont l'origine est à [rechercher](#) dans une protection institutionnelle insuffisante de la monnaie commune.

L'escalade de la crise illustre l'insuffisance des ébauches de solution esquissées. C'est pourquoi l'union monétaire ne pourrait [survivre](#) sans un changement radical de stratégie. L'Allemagne semble [partir](#) de l'idée que les problèmes tiennent à un manque de discipline fiscale à l'échelle nationale et que la solution doit donc être recherchée dans la mise en place, par chaque pays, d'une politique d'austérité cohérente.

Dans les faits, cette politique mine le potentiel économique et fait croître le chômage. Malgré une politique d'austérité, les pays en difficulté n'ont pas réussi à [limiter](#) leurs coûts de refinancement. Le diagnostic et la thérapie préconisés par Berlin ont été élaborés de manière unilatérale. Or la crise est due à des problèmes systémiques. Les astreintes au niveau national n'y changeront rien. La seule solution pour éliminer ou, du moins, [limiter](#) le risque qu'un pays soit menacé par l'insolvabilité serait de [mutualiser](#), pour les emprunts d'Etat, la responsabilité au sein de la zone euro.

Il n'existe que deux stratégies cohérentes pour [surmonter](#) la crise : le retour aux monnaies nationales dans l'UE, ce qui laisserait chaque pays [faire](#) face seul aux fluctuations imprévisibles du marché des [devises](#), hautement spéculatif, ou la protection institutionnelle d'une politique fiscale, économique et sociale commune, ayant pour objectif plus ambitieux de [faire](#) qu'à un niveau transnational la politique regagne sa capacité d'action sur les impératifs du marché perdue au niveau national. A quoi est attachée aussi, au-delà de la crise, la promesse d'une "Europe sociale".

Ne serait-ce que parce qu'elle ouvre cette perspective, la seconde option l'emporte sur la première. Si l'on veut éviter à la fois le retour au monétarisme national et une crise de l'euro, il faut que le pas qui n'a pas été franchi à l'introduction de la monnaie commune le soit désormais : à [savoir mettre](#) en place les dispositifs conduisant à une union politique, et d'abord au sein des dix-sept membres qui constituent l'union monétaire.

Nous plaidons pour que l'on ne cache rien : on ne peut pas [souhaiter maintenir](#) l'union monétaire sans [combler](#) le déficit institutionnel dont elle souffre. Il serait plus conséquent de [mutualiser](#) la dette à chaque fois dans les limites des critères de Maastricht, et donc à hauteur de 60 %. En ne disant pas ce qu'ils entendent [faire](#) dans les faits, les gouvernements ne font que [saper](#) les bases démocratiques fragiles de l'UE.

Souvenons-nous cependant de l'unification de l'empire allemand, qui s'annexa certaines régions de manière dynastique ; l'Histoire doit sur ce point nous [mettre](#) en garde. Il ne s'agit pas seulement d'[apaiser](#) les [marchés financiers](#) au moyen de constructions compliquées et opaques tandis que les gouvernements s'accommoderaient que leurs peuples respectifs soient mis sous le couvert d'un exécutif centralisé sans [avoir](#) été consultés.

A ce stade, les peuples ont leur mot à [dire](#). Si les référendums débouchaient favorablement, alors les peuples de l'Union retrouveraient au niveau européen la souveraineté qui leur a été dérobée par les "marchés". La stratégie de modification des traités vise à [fonder](#) un espace monétaire autour d'un noyau européen politiquement uni, ouvert à l'adhésion des autres pays de l'Union - en particulier la [Pologne](#). Cela exige que l'on ait une idée claire, du point de vue de la politique constitutionnelle, de ce qu'est une démocratie supranationale permettant un gouvernement commun sans que soit pour autant adoptée la [forme](#) de l'Etat fédéral.

Dans le contexte européen, l'Etat fédéral n'est pas le bon modèle, ne serait-ce que parce qu'il requiert une forme de solidarité à laquelle les pays européens, historiquement autonomes, ne sont pas disposés.

Pour [renforcer](#) ses institutions, la manière qui conviendrait à l'Europe serait peut-être de se [laisser](#) guider par l'idée que le noyau européen démocratique doit représenter la totalité des citoyens des Etats membres de l'union monétaire, mais de manière que chaque citoyen soit représenté en sa double qualité de citoyen de l'Union réformée et de citoyen d'un peuple associé à l'Union - ce qui, sous le premier aspect, l'impliquerait individuellement de manière directe et, sous le second, de manière indirecte.

Cette crise qui dure depuis quatre ans a provoqué un changement des thèmes à l'ordre du jour qui a attiré comme jamais l'attention des opinions nationales sur les questions européennes. Une prise de conscience a eu lieu quant à la nécessité de réguler les marchés financiers et de [surmonter](#) les déséquilibres structurels au sein de la zone euro. Pour la première fois dans l'histoire du capitalisme, une crise déclenchée par les banques n'a pu être amortie que parce que les gouvernements ont fait en sorte que leurs citoyens paient, en tant que contribuables, pour les dommages occasionnés.

Or, une barrière entre les processus systémiques et ceux du monde de la vie a été du même coup rompue. Les citoyens s'en sont indignés. Si le sentiment d'injustice s'est propagé, c'est que les processus anonymes du marché ont revêtu aux yeux des citoyens une dimension politique. Ce sentiment est lié à la rage, plus ou moins contenue ou ouverte, qu'a fait naître en eux leur impuissance. Et c'est à cette rage qu'une politique prétendant [reprendre](#) la main devrait s'[affronter](#).

Une discussion sur la finalité du processus d'union offrirait l'occasion d'élargir le champ de la discussion publique, jusqu'ici confiné aux questions économiques. Etre conscient du glissement qui s'opère au niveau politique mondial et voit la puissance [passer](#) de l'Occident à l'Orient et être réceptif au changement des rapports avec les Etats-Unis sont des ressources qui peuvent [placer](#) les avantages d'une unification européenne sous un autre jour. Dans ce monde postcolonial, le rôle de l'Europe a beaucoup changé.

Les [analyses](#) prospectives prédisent à l'Europe une [population](#) en déclin, un poids économique moindre et une importance politique réduite. Les Européens doivent [apprendre](#) que, ensemble, ils peuvent encore [porter](#) haut leur modèle de société fondé sur l'Etat [social](#) et leur diversité nationale et culturelle. Mais s'ils veulent encore [peser](#) sur l'ordre du jour de la politique mondiale et [influer](#) sur les solutions qu'il faudra [trouver](#) aux problèmes de la [planète](#), il faut qu'ils unissent leurs forces. [Renoncer](#) à l'intégration européenne serait [prendre](#) congé de l'histoire du monde.

[Peter Bofinger](#), économiste

Jürgen Habermas, philosophe

[Julian Nida-Rümelin](#), philosophe, ancien ministre de la culture

Traduit de l'allemand par [Christian Bouchindhomme](#)

Only deeper European unification can save the eurozone

62,45

Europe needs a new direction. A restructuring of the eurozone, including a transfer of sovereignty, is essential to end the crisis

- [Jürgen Habermas](#), [Peter Bofinger](#) and Julian Nida-Rümelin for [Social Europe](#), part of the [Guardian Comment Network](#)
- [guardian.co.uk](#), Thursday 9 August 2012 14.24 BST



'The people of Europe can only preserve their welfare-state model of society and their nation-state cultures by working together.' Photograph: Yves Herman/Reuters

The [euro crisis](#) reflects the failure of a dead-end policy. The German government lacks the courage to move beyond a status quo that has become untenable. This is why, despite extensive rescue programmes and countless crisis summits, the situation of the eurozone has steadily deteriorated over the last two years. In the wake of its economic crash, [Greece faces the prospect of leaving the eurozone](#), which would have incalculable knock-on effects for the other member countries. Italy, Spain and Portugal are all in the grip of a severe recession, which is driving up unemployment.

The economic downturn in these problem countries is making the fragile situation of the banks even more precarious, and the growing uncertainty about the future of monetary union is undermining the confidence of investors, who are increasingly reluctant to buy bonds issued by the problem countries. Rising interest rates for government bonds, coupled with the steadily deteriorating economic situation, are hampering the processes of consolidation – which were never going to be easy in the first place.

This self-reinforcing destabilisation is largely the product of ad hoc crisis management strategies, which have barely begun to address the challenge of consolidating the European institutions. The fact that the attempts to deal with the crisis over the years have been characterised by a hand-to-mouth incrementalism that has only made things worse serves to highlight the lack of political creativity.

However, the justification for taking a major step forward on European integration does not derive solely from the current eurozone crisis, but also from the need to curb the evil practices of the shadowy parallel universe that the investment banks and hedge funds have built up alongside the real economy of goods and services. This requires our politicians to [get a grip and take control again](#).

The measures needed to bring back proper regulation are obvious enough. But they are not being applied, firstly because an implementation of these measures at a national, state level would have counterproductive consequences, and secondly because the regulatory agenda that emerged from the first London G20 summit in

2008 would require globally coordinated action, which for the present is rendered impossible by the political fragmentation of the international community.

A major economic power like the EU, or failing that the eurozone, could become a standard-bearer for the way forward here. Only a significant consolidation of European integration can sustain a common currency without the need for a never-ending series of bailouts, which in the long term would strain the solidarity of the European national populations in the eurozone on both sides – donor countries and recipients – to breaking point. This means, however, that a transfer of sovereignty to European institutions is unavoidable in order to impose effective fiscal discipline and guarantee a stable financial system. At the same time we need closer coordination of financial, economic and social policies in the member countries, with the aim of correcting the structural imbalances within the common currency area.

The escalation of the crisis shows that the strategy previously pushed through by the German government in Europe is based on a false diagnosis. The current crisis is not a crisis of the euro. The euro has shown itself to be a stable currency. Nor is the current crisis a debt crisis specific to Europe. Compared with the US and Japan, the EU – and within the EU the eurozone – has the lowest level of debt of all three economic regions. The crisis is a crisis of refinancing affecting individual countries within the eurozone, and is primarily due to an inadequate institutional underpinning of the common currency.

The deepening of the crisis makes it clear that the solutions tried so far have all been found wanting. So the fear is that monetary union in its present form cannot survive much longer without a fundamental change of strategy. The starting point for a change of direction in our thinking is a clear diagnosis of the causes of the crisis.

The German government seems to assume that the problems have basically been caused by a lack of fiscal discipline at the national level, and that the solution is primarily to be sought in a rigorous policy of spending cuts by individual countries. At the institutional level the Germans want this approach to be underpinned by stricter fiscal rules in the first instance, supplemented by bailout funds that are quantitatively limited and subject to conditions – thereby forcing the countries concerned to adopt policies of extreme austerity, which have weakened their economies and driven up unemployment.

In actual fact the problem countries have so far failed to limit their refinancing costs to a manageable level, despite extensive structural reforms and a policy of spending cuts that are unusually severe by international standards. The events of the last few months point to one conclusion: that the German government's diagnosis and therapy have been too one-dimensional in conception from the beginning. The crisis has not come about just because individual countries have behaved badly, but is due in large measure to systemic problems. These cannot be solved by greater efforts at the national level; they require a systemic answer.

The current instability of the financial markets is driven by the risk that an individual country might become insolvent, and that risk can only be eliminated, or at least limited, by collective guarantees for government bonds issued within the eurozone. There are concerns that this could create disincentives, and these should be taken very seriously. The only way to allay these concerns is to ensure that collective guarantees are combined with strict collective control over national budgets. This means, however, that the degree of fiscal control necessary to underpin collective guarantees is no longer achievable within the context of national sovereignty via contractually agreed rules.

There are only two coherent strategies for dealing with the current crisis: a return to national currencies across the EU, which would expose each individual country to the unpredictable fluctuations of highly speculative foreign exchange markets, or the institutional underpinning of a collective fiscal, economic and social policy within the eurozone, with the further aim of restoring to policymakers their lost capacity for action in the face of market imperatives at a transnational level. And looking beyond the current crisis, the promise of a "social Europe" also depends upon this.

Only a politically united core Europe offers any hope of reversing the process – already far advanced – of transforming a citizens' democracy built on the idea of the social state into a sham democracy governed by

market principles. For this reason alone – because it leads on to this broader perspective – the second option deserves preference over the first.

If we wish to avoid both a return to monetary nationalism and a permanent euro crisis, then we need to do now what we failed to do at the time of the euro's launch: we need to begin the process of moving towards political union, beginning with the core Europe of the 17 EMU member countries.

We believe that we should be entirely open about this process. It is simply not possible to retain the common currency without also espousing the idea of collective responsibility and redressing the institutional deficit in the eurozone. The proposal by the Council of Economic Experts to set up a collective debt redemption fund has been rejected by the German government, but its appeal lies precisely in the fact that it puts an end to the illusion of continuing national sovereignty by openly establishing the principle of collective responsibility. It would, however, make more sense to mutualise eurozone debt within the Maastricht criteria – so up to the 60% threshold, rather than above that level.

As long as European governments fail to state clearly what they are really doing, they will continue to undermine the already weak democratic foundations of the European Union. The battle cry of the American war of independence – "No taxation without representation" – has a new and unexpected resonance today: once we create scope in the eurozone for policies that result in redistributive effects across national boundaries, European legislators who represent the people (directly through the European parliament and indirectly through the European Council) must be able to decide and vote on these policies. Otherwise we would be violating the principle that the legislator who decides how public money is to be spent is one and the same as the democratically elected legislator who raises taxes to fund this spending.

Nevertheless the historical memory of a unification of the German Reich that was forced upon many parts of the country for dynastic reasons should serve as a warning to us. The financial markets must not now be pandered to with complicated and untransparent structures, while governments meekly accept the imposition on their peoples of a centralised executive power that takes on a life of its own above their heads. Before it comes to that, the people themselves must have their say. As the representative of the biggest donor country in the European Council, the federal republic should take the initiative and table a resolution for summoning a constitutional convention.

This is the only way to bridge the unavoidable time gap between the immediate economic measures that are due to be put in place, but which can still be revoked in the meantime, and the retrospective legitimation that may be required. If the results of the referenda are positive, the peoples of Europe could regain, at a European level, the sovereignty that was stolen from them by "the markets" a long time ago.

The strategy of treaty change is designed to bring about the establishment of a politically unified core European currency area, which other EU countries – in particular Poland – would be allowed to join. This calls for clear thinking about the political make-up of a supranational democracy that would allow collective government without assuming the form of a federal state.

The European federal state is the wrong model, demanding more solidarity than the historically autonomous European nations are willing to contemplate. The consolidation of the institutions that is now required could be guided by the principle that a democratic core Europe should represent the totality of citizens from the EMU member states, but each individual citizen in his or her twin capacity as a directly participating citizen of the reformed union on the one hand, and an indirectly participating member of one of the participating European nations on the other.

It is not out of the question that the federal constitutional court will seize the initiative from the political parties and announce a plebiscite to amend the constitution. That would mean that the parties could no longer avoid taking a position on the choice of options that has been kept in the dark until now. A joint initiative backed by the SPD, CDU and Greens to set up a constitutional convention, the results of which could be voted on at the same time as the plebiscite on the constitution (but not before the end of the next parliamentary term), would not then be an unrealistic prospect. This would be the first time that Germany has conducted a public debate of this kind, in which opinions are formed and decisions taken about the different political options for Europe's

future: and we believe there is a good chance that in the course of this debate an alliance of political parties would be able to persuade a majority of the electorate of the advantages of a political union.

The four-year crisis has brought all kinds of issues to the fore and focused the attention of national publics on European questions as never before. One result has been the awakening of an awareness of the need to regulate the financial markets and correct the structural imbalances within the eurozone. For the first time in the history of capitalism a crisis triggered by the most advanced sector, the banks, could only be resolved by governments getting their citizens, in their capacity as taxpayers, to stump up for the losses incurred. At this point a barrier between systemic processes and real-life processes was broken down. The citizens are rightly outraged.

The widespread feeling of injustice derives from the fact that faceless market processes have assumed a directly political dimension in the popular perception. This feeling is combined with a sense of rage, suppressed or otherwise, at one's own impotence. To counteract this we need a new politics of self-empowerment.

A discussion about the purpose and aim of the unification process would present an opportunity to broaden the focus of public debate, which has hitherto been confined to economic issues. The awareness that global political power is shifting from the west to the east, and the sense that our relationship with the US is changing, combine to present the synergetic benefits of European unification in a new light. In the postcolonial world the role of Europe has changed, and not just with reference to the dubious reputation of former imperial powers, to say nothing of the Holocaust. Future projections backed by statistical data indicate that Europe is headed for further change, destined to become a continent of shrinking population numbers, declining economic importance and dwindling political significance. The people of Europe must learn that they can only preserve their welfare-state model of society and the diversity of their nation-state cultures by joining forces and working together. They must pool their resources – if they want to exert any kind of influence on the international political agenda and the solution of global problems. To abandon European unification now would be to quit the world stage for good.

05. Dezember 2012, 17:01 Uhr

Interview mit Peter Bofinger

"Die Deutschen sparen sich zu Tode"

Die anhaltenden Niedrigzinsen werden zur Bedrohung für die Altersvorsorge. Ob Lebensversicherung oder Sparbrief - die meisten Anlagen werfen kaum mehr etwas ab. Die Deutschen sparen einfach zu viel, meint der Ökonom Peter Bofinger - und plädiert für ein Comeback der staatlichen Rentenversicherung.

SPIEGEL ONLINE: Herr Bofinger, seit Beginn der Finanzkrise sind die Zinsen im Dauertief. Lebensversicherungen oder andere private Vorsorgemodelle [werfen immer weniger ab](#). Viele Menschen in Deutschland fürchten um ihre Altersvorsorge. Zu Recht?

Bofinger: Ja. Die Menschen in Deutschland suchen bevorzugt sichere Anlagen für ihre Altersvorsorge: Lebensversicherungen, Bausparverträge, Sparbriefe. Die meisten dieser Anlagen haben eins gemeinsam, sie hängen letztendlich vom Angebot sicherer Staatsanleihen ab - und dieses Angebot ist in den vergangenen Jahren dramatisch geschrumpft.

SPIEGEL ONLINE: Durch die Staatsschuldenkrise gibt es weniger solvente Schuldner.

Bofinger: Das wird zumindest so wahrgenommen. Anleihen von Ländern wie Spanien, Italien oder Portugal gelten heute nicht mehr als sichere Investments. Das engt das Angebot deutlich ein. Die Nachfrage nach sicheren Anlagen ist aber gleichzeitig sehr hoch. Das bedeutet: Der Preis dieser Papiere steigt und die Verzinsung sinkt. Das sehen wir ja gerade bei Bundesanleihen. Der deutsche Staat kann sich Geld quasi zum Nulltarif besorgen.

SPIEGEL ONLINE: Wird das zum Dauerzustand oder werden die Zinsen wieder steigen, wenn die Krise vorbei ist?

Bofinger: Am geringen Angebot sicherer Anlagen wird sich wohl nicht so viel ändern. Die Krise hat das Grundvertrauen zerstört, wonach Staatsanleihen per se sicher sind. Und dieses Vertrauen wird so schnell nicht wieder zurückkommen. In Ländern wie Italien oder Spanien wird der Schuldenstand hoch bleiben, selbst wenn die Wirtschaft sich wieder erholt.

SPIEGEL ONLINE: Wenn die Zinsen niedrig sind, sollen Unternehmen und Verbraucher eigentlich mehr Geld investieren und konsumieren. So sagt es zumindest die ökonomische Theorie. Das funktioniert derzeit aber nur bedingt. Die Menschen sparen einfach weiter.

Bofinger: Die Deutschen sparen sich zu Tode - und bekommen immer weniger dafür. Wenn jemand selbständig ist und eine Million Euro fürs Alter zurückgelegt hat, dann hat er bisher gedacht, er bekommt vier Prozent Zinsen darauf, also 40.000 Euro im Jahr. Jetzt stellt er fest: In zehn Jahren sind es vielleicht nur noch 15.000 Euro. Und was macht er? Er spart noch mehr. Das ist ein Teufelskreis.

SPIEGEL ONLINE: Was könnte die Politik tun, um den Menschen wieder eine vernünftige Altersvorsorge zu bieten?

Bofinger: Eine Möglichkeit wäre, dafür zu sorgen, dass es wieder mehr sichere Anleihen gibt. Das wäre zum Beispiel durch eine gemeinsame europäische Haftung möglich - ein [Schuldentilgungspakt, wie wir ihn im Sachverständigenrat vorgeschlagen haben](#). Damit würde man einen großen Pool sicherer Anleihen schaffen, die

höher verzinst wären als Bundesanleihen. Der Anlagenotstand würde erheblich reduziert. Eine andere Möglichkeit wäre die Stärkung der gesetzlichen Rentenversicherung.

SPIEGEL ONLINE: Warum?

Bofinger: Es war ein Fehler, dass wir in Deutschland jahrelang so massiv auf den Ausbau der privaten Altersvorsorge gesetzt haben. Heute haben wir dadurch ein fundamentales Problem. Einerseits fördern wir die private Vorsorge, andererseits darf durch die Schuldenbremse das Angebot an sicheren Staatsanleihen nicht mehr ausgeweitet werden. Besser wäre es deshalb, die gesetzliche Rente zu stärken. Denn die basiert auf einem Umlageverfahren. Das Geld muss nicht an den Finanzmärkten angelegt werden wie bei der privaten Vorsorge.

SPIEGEL ONLINE: Wie ließe sich das machen?

Bofinger: Zum einen darf bei der Betriebsrente die sogenannte Entgeltumwandlung nicht mehr sozialabgabenfrei sein. Es ist absurd, dass man die betriebliche Altersvorsorge fördert, indem man die gesetzliche Rente schwächt. Da muss man ran. Ein zweiter Punkt wäre, alle Selbständigen, die nicht einer berufsständischen Alterssicherung angehören, in die gesetzliche Rentenversicherung zu zwingen. Wir haben fast zweieinhalb Millionen Solo-Selbständige, die bisher keiner Versicherungspflicht unterliegen. Drittens könnte man überlegen, ob man nicht auch die Mini-Jobs rentenversicherungspflichtig macht.

SPIEGEL ONLINE: Sollten die Rentenbeiträge generell erhöht werden?

Bofinger: Im Augenblick gibt es keine Notwendigkeit. Mittelfristig sollte man darüber aber schon nachdenken.

SPIEGEL ONLINE: Warum sollten die Menschen ausgerechnet dem Staat vertrauen, der seine Rentenversprechen der vergangenen Jahrzehnte immer wieder gekippt hat?

Bofinger: Teilweise war das natürlich notwendig wegen der demografischen Entwicklung. Aber man müsste die Rente trotzdem sicherer machen. Vertrauen könnte man durch eine Rentenverfassung schaffen, indem man den Eckpunkten der gesetzlichen Rentenversicherung Verfassungsrang gibt. Die Menschen könnten sicher sein, dass ihre Ansprüche nicht irgendwann vom Bundestag abgesenkt werden, nur weil die Regierung gerade Geld braucht.

Das Interview führte Stefan Kaiser

Germany and the euro crisis

Slow, but popular

Angela Merkel's cautious response to the euro crisis is backed by most Germans and by her party, which has just re-elected her almost unanimously as leader

Dec 8th 2012 | *BERLIN* | from the print edition



TWO duelling German metaphors capture the strategy of Angela Merkel, Germany's chancellor, in the euro crisis. The pejorative version is that she is using "salami tactics", cutting off the thinnest possible slice of any rescue sausage being negotiated so as to make it more digestible for the German public. She has just done it again by belatedly accepting the latest support package for Greece and manoeuvring it through Germany's parliament.

As with votes on earlier packages, Mrs Merkel needed the backing of the Social Democratic Party (SPD) and the Greens, the two opposition parties that hope jointly to defeat her in next September's election. The two parties cannot risk appearing irresponsible, so they grudgingly support her policy. But they feel they must simultaneously attack her. So they accuse her of salami tactics to persuade voters that Mrs Merkel is not being forthcoming about how much sausage (ie, German commitment) remains to be sliced.

The more positive metaphor is that Germany's government is "driving by sight" (*auf Sicht fahren*). This is the term Germans use for safe driving in fog, when cars must slow down enough to be able to stop for any object that suddenly appears out of the mist. It is the metaphor preferred by Mrs Merkel herself and her lieutenants, notably the finance minister, Wolfgang Schäuble. Its message is that, even in the fog of crisis, Germans are in safe hands.

The voters seem to accept this fog-driving metaphor. In polls, Mrs Merkel remains the most popular politician and her Christian Democratic Union (CDU) and its Bavarian sister, the Christian Social Union (CSU), still lead the other parties. On December 4th CDU delegates re-elected Mrs Merkel as party leader with an almost East German 97.94% of their votes.

But the southern countries in the euro zone, many Eurocrats in Brussels and bond traders in London and New York might agree more with the salami metaphor. In their view, Germany has repeatedly resisted rescue initiatives over the past three years for as long as possible, only to join a compromise in the nick of time.

Her continuing popularity at home means that Mrs Merkel could now afford to go slightly faster. From one Brussels summit to the next, she concedes slightly more, while toning down demands she was making as recently as this summer. Largely gone from German rhetoric, for instance, is talk of passing fiscal sovereignty from euro-zone governments to a more democratic and more powerful European Parliament and Commission. What could account for this softer turn?

The first explanation is a shift in the intellectual debate that shapes the views of Germany's policy elite. Most German economists come from a tradition called Ordoliberalism, sometimes translated as "new classical economics" and historically close to the famous Austrian school of economics. It is based on a small set of strict rules by government (the "ordo", or order) within which markets operate freely. Proponents today include Jens Weidmann, head of Germany's central bank, and Hans-Werner Sinn, president of Munich's Ifo Institute. They represent the hawks in the euro debate.

Thus Mr Weidmann, criticising the November package for Greece, cited Walter Eucken, the titan of Ordoliberalism in the early 20th century. The "precedent" of transfers to Greece undermines the Ordoliberal premise of liability, and thus credibility, that markets need to function, Mr Weidmann argued. Mr Sinn, in a bestselling book "*Die Target-Falle*", blames the euro crisis on lack of competitiveness in Mediterranean countries, shown by the huge current-account imbalances within the euro-zone. He thinks euro rescues are a "bottomless barrel" and believes a temporary exit by Greece would cost less.

Mr Weidmann, however, has become isolated within the European Central Bank, where he sits on the governing council. And Mr Sinn has fallen out of favour in Berlin, where Mr Schäuble allegedly refers to him in private as *Professor Un-Sinn* ("Mr Nonsense"). In the ascendant instead are economists like Peter Bofinger, one of Germany's "five wise men" advising the government. Mr Bofinger argues that Germany is a prime beneficiary from the euro and must show solidarity in preserving it.

A second factor is to be found in the politics of the euro zone. For the first two years of the crisis, Mrs Merkel had a tactical ally in France's former president, Nicolas Sarkozy. Now, however, she must deal with his successor, the Socialist François Hollande. Mrs Merkel is keen not to be isolated, should Mr Hollande try to build a Mediterranean coalition against her.

But the most important reason may be found in Germany's peculiar style of consensus politics. As Gero Neugebauer, a professor at Berlin's Free University, explains, policy changes in Germany have the best chance of success when they are revealed incrementally and long in advance of actual implementation. The critics and protesters then have time to exhaust themselves. This is how Mrs Merkel's predecessor, Gerhard Schröder, got through a controversial labour-market reform in 2003.

Mrs Merkel's personal style is well suited to this culture. Her critics and allies alike speculate that she learnt during her youth in East Germany to keep her own views opaque until a consensus materialised. As chancellor, she often lets deputies float trial balloons, committing her own support only once these prove popular. In the euro debate, she is observing how the discussion will develop on plans to introduce a common euro-zone budget that might become a vehicle for transfers by another name. In recent comments, she has also seemed to be opening the door to a haircut on Greek debt. Yet even if she is doing this, she will wait until after the election—and still drive slowly enough through the fog to brake at any time.

Comments by readers:

[Lalu12](#) Dec 7th, 10:56

Sry economist, but you slightly misunderstood the metaphor "auf Sicht fahren". It is first an foremost an admission that you do not really know what will happen in the future. In a fog u don't know what lies 500 m ahead and in the case of the crisis you do not know exactly what will happen in the next 2 years in countries like greece or the EU as a whole. So by using the metaphor "auf Sicht fahren" Schäuble and Merkel admit that they don't have a perfect and 100% working longterm plan to solve the Euro crisis. They admit that it will be necessary to adjust this plan from time to time when something unforeseeable happens.

[Adam Onge](#) Dec 7th, 03:36

Erich Kästner: „Was auch immer geschieht, nie dürft Ihr so tief sinken, von dem Kakao, durch den man Euch zieht, auch noch zu trinken.“
(do I have to translate?)

[Nautor](#) Dec 6th, 18:37

This article offers a good explanation of how a government gets its populace to accept a turn of events which would have been considered unsavoury if not outright impossible shortly before. Early on in the Euro crisis, had Germans learned the truth about the price they were about to pay for the defence of the euro even they would have surely balked at the prospect. Years and months on, the cost has gone up, but they are accepting without much demur to pay up, and most likely into a bottomless pit. The metaphor of the slowly heated fog readily comes to mind to explain this dull acceptance.

Germans have been told ad nauseam that their country's wealth depends on its industrial excellence, and that the unconditional support of the euro is the price to pay to continue this export championship. Explaining away, against this backdrop, the perennial underfunding of its essential infrastructure, the pitiful state of its schools and social facilities is a political masterpiece of macchiavellian dimensions. Ms Merkel has managed to guide an otherwise unwilling electorate into sheeplike acceptance defending at a huge cost a eurozone status-quo which its many of its topmost economists reckon to be an impossibility.

The salami tactics the article describes surely is a factor in this, another is the simple weariness that has set in after what seems like years of hearing the same bad news, and endless talkshow debates of how/not to solve the crisis. Deep down, Germans seem to accept that their economic success, seen in their relative prosperity, will never deliver to them any palpable wealth. No serious political party offers the slightest hint of protest against the project of bailing out the ailing parts of Europe, and any opponents of the impending wealth transfer have no voice.

The fear is that Germans, lulled into all of this, might wake up and realise that all their hard-won gains have been squandered for a political chimera. The much-touted fear of extreme parties reaping success from the confusion, say in Greece, may be nothing when compared to what Germans might feel once they realise onto what empty road they have been taken.

Britain's future

Goodbye Europe

A British exit from the European Union looks increasingly possible. It would be a reckless gamble

Dec 8th 2012 | from the print edition



“BRITAIN does not dream of some cosy, isolated existence on the fringes of the European Community,” asserted Margaret Thatcher in 1988. Now, increasingly, it does. Opinion polls show that most Britons are in favour of leaving the European Union. Baroness Thatcher’s Conservative Party, which took Britain into Europe four decades ago, is divided between those who long for an arm’s-length relationship and those who want to walk out. The second camp is swelling.

Even the fiercest British critics of the EU are astonished by the speed at which things are moving. Parliamentary rebellions over Europe are becoming easier and easier to organise. Euroscepticism is hardening in the Conservative Party, in much the same way as social conservatism has gone from being a powerful current in America’s Republican Party to an intolerant orthodoxy. The United Kingdom Independence Party (UKIP), which wants to leave the EU, has abruptly moved from the political margins to the mainstream. A referendum on Britain’s membership of the EU now seems a matter of timing.

Continental Europeans are surprised too—and annoyed. They are bewildered that the British should be talking of leaving a club that many believe has shifted decisively in a free-trading, Anglo-Saxon direction in the past two decades. They also resent the way Britain seems to be using the threat of an exit as a bargaining tool, especially at a time when the euro is in crisis. As they see it, Britain wants to carve out a privileged place for itself in the European club, where it can enjoy free trade without any of the other membership rules. In Berlin and Rome, political leaders argue that Britain needs to make up its mind once and for all: does it want to be in or out?

Oops!

For an economically liberal newspaper that has been sceptical of much that Brussels does, a British exit would be a double tragedy. Britons would suffer far more than they currently realise, as we explain in detail in our briefing this week (see [article](#)). Europe would be damaged too. Britain has stood for free trade and low regulation, so without it the union would be more lethargic and left ever further behind by America and the emerging world.

The speediest way for Britain to tumble out would be an “In or Out” referendum called by a prime minister frightened by rising anti-Europe feeling in Parliament and the country as a whole. David Cameron, Britain’s prime minister, has tried to resist this, hinting instead that Britons would be given a choice between the status quo and a more detached relationship. But few are satisfied with that. Conservative MPs look over their right shoulders at UKIP and clamour for a sharper choice.

Another route out involves a diplomatic slip. The cleverer Eurosceptics, including Mr Cameron, do not want Britain to leave; they just want to bring back some powers from Brussels. But their efforts to do so are making things worse. Last year almost all other EU members lined up against Mr Cameron, who was trying to block a fiscal compact to help resolve the euro crisis. The British now hope that tightening euro-zone integration provides a chance for Mr Cameron to negotiate looser ties. They could be wrong. Other countries are tiring of British demands. Many, including Germany, would prefer to avoid a British exit, but they are not so desperate to keep Mr Cameron in that they are prepared to concede much in the way of social and labour-market regulation. And some, such as France, might positively welcome the departure of the club's most awkward member. Bad-tempered negotiations would increase the likelihood of an "out" vote in a British referendum.

Little sovereignty, large cost

And what if Britain left? It could grab a few benefits quickly. The nation would save about £8 billion (\$13 billion) a year in net budget contributions. Freed of the common agricultural policy, its food could become cheaper. If it pulled out of the single market, it could do away with annoying labour directives. The City would not have to worry so much about a financial-transaction tax and creeping European finance rules.

Yet these gains would be greatly outweighed by the costs of a British exit, which would dent trade with a market that accounts for half of Britain's exports. The carmakers that use Britain as their European operations base would gradually drift away, along with large parts of the financial-services industry. Britain would have to renegotiate dozens of bilateral trade deals from a much weaker position than it enjoyed as a member of the EU. It would cut a greatly diminished figure on the world stage. It would have bought some sovereignty, but at an extraordinary cost to Britain—and its partners.

Among those who want out, there is talk of finding an accommodation by which Britain would leave the EU but still trade freely with it (the equivalent of eating in a restaurant but not paying the cover charge). Some Eurosceptics suggest Britain could join Norway in the European Economic Area. That would leave it bound by EU regulations that it would be almost powerless to shape—a situation many Britons, especially Eurosceptics, would find intolerable. Others hope Britain might get the same deal as Switzerland, which is a little further removed but gets good access to the single market. It wouldn't: the EU already regrets giving Switzerland the Swiss option, so it is scarcely likely to give bigger, more troublesome Britain the same deal. Again, disappointment and a referendum beckon.

Can anything be done to prevent this slow-motion disaster? Quite possibly, it can. Oddly, Mr Cameron should try emulating Baroness Thatcher. She is remembered today as a handbag-swinging who commanded Brussels to retreat, but she also knew how to make common cause with other European leaders. Unfortunately, the quality of British EU diplomacy has deteriorated in recent years. Obsessed with repatriating powers and with appearing tough to their domestic audience, Britain's current leaders seem to have forgotten the art of dealmaking. Mr Cameron has a good case to make, especially when he argues for extending the single market to promote growth. He also has powerful sympathisers in Europe, including Germany's Angela Merkel, but they seldom become useful allies because Britain is seen as a blackmailing zealot.

The other priority should be educating Britons about what exactly a British exit would really involve. Big business and the City, whose interests lie solidly inside the EU, need to take a stand. The Labour Party, which has been playing a cynical and dangerous game, also needs to change its line. In October Labour MPs voted with anti-European Tories over the EU budget, handing the government its first major defeat. By strengthening those who want to leave Europe, Labour is making it more likely that a Conservative government will have to promise an in-or-out referendum. If it does, Labour may be bounced into promising the same.

Most of the heavy lifting, at home as well as in Brussels, will have to be done by Mr Cameron and his chancellor, George Osborne. They need to remind Britons of the victories that have been won within the EU and of the dangers of falling out of it. And above all, they need to rediscover the virtues of muddling along and keeping options open. The referendum is a good example. Rushing to hold a simple in-or-out vote sounds clear and decisive. But stalling for time is wiser. The government should resist demands for a vote at least until it becomes clear what sort of Europe Britain would be voting to remain in or leave. This sort of wait-and-see approach may feel unsatisfactory, but it is what kept Britain out of the euro.

Britain's position in Europe may become untenable, if the resolution of the economic crisis binds the countries of the euro zone ever closer and all other EU countries join. But that is not a certainty, and nor is Britain's steady marginalisation. Difficult and often humiliating as it may be, the best course is to stick close to Europe, and try to bend it towards Britain.

NYT December 7, 2012

An Enemy of Brussels, and Not Afraid to Say So

By [LONDON THOMAS Jr.](#) STRASBOURG, France



THE floor of the [European Union](#)'s cavernous and mostly vacant parliamentary chamber here is hardly known for its lively debates. At least not until **Nigel Farage**, the Brussels-bashing leader of [Britain](#)'s fastest growing political party, gets up to speak.

The vast majority of the [European Parliament](#)'s 754 members, as they process the torrent of rules and regulations that Europe bestows upon them, are not inclined to question why they are here. The pay and perks are generous for those elected to five-year terms in low-turnout elections throughout the European Union's 27 member countries. And the mission — to extend the sweep of European federalism — is for most a shared one.

But for Mr. Farage, who has waged a 20-year campaign to get Britain to leave the [European Union](#), Strasbourg has become the perfect stage to disseminate his anti-European Union message by highlighting the bloc's bureaucratic absurdities and spendthrift tendencies as well as by mocking with glee the most prominent proponents of a European superstate: the head of the European Commission, José Manuel Barroso, and the European Council president, Herman Van Rompuy. "I said you'd be the quiet assassin of nation-state democracy," Mr. Farage has declared, as his target, Mr. Van Rompuy, squirmed in his seat just opposite, "and sure enough, in your dull and technocratic way, you've gone about your course."

His speeches mix the pitch-perfect timing of a stand-up comedian — [he once told](#) Mr. Van Rompuy that he had the charisma of a damp rag and the appearance of a bank clerk — with a populist passion that critics say approaches demagoguery, and they have become wildly popular on YouTube.

Now, his [United Kingdom Independence Party](#) is on the verge of replacing the Liberal Democrats as the country's third-largest political party behind the Conservatives and Labour. All of which heaps more pressure on Prime Minister David Cameron, whose ability to effectively negotiate in Brussels has been compromised by rising anti-European Union sentiment within his own Conservative Party and the country at large.

"All of us are selling a product," said Mr. Farage, who before turning to politics worked as a commodities trader. He swallowed from his glass of Rioja, on his way to putting a sizable dent in the bottle, during a lunchtime interview this fall in the parliamentary dining room here. "But neither of these guys ever worked in the commercial sector where they had to sell something," he continued. "They are ghastly people, and neither pass the Farage test: Would I employ them or would I want to go have a drink with them?"

The very thought of raising a pint with either Mr. Barroso or Mr. Van Rompuy elicits a cigarette-scarred chortle from Mr. Farage. With his dapper suits, cuff links and love of a wine-soaked lunch, Mr. Farage can come across

as a caricature of a past-his-prime City of London financier — a loudish type that one frequently encounters in pubs in the wealthy suburbs, sounding off on cricket and the latest bureaucratic atrocity in Brussels.

BUT as politicians in Europe and Britain are now realizing, Mr. Farage's "damn the technocrats" rallying cry — raw, profane and born of genuine conviction — is not so easily dismissed. At least not when officials from the International Monetary Fund and the European Central Bank are calling the shots in Greece, Portugal and Ireland. Not when a former European commissioner is [prime minister of Italy](#). And not when bland, increasingly ineffectual career politicians in France, Spain and Britain are struggling to connect with angry, austerity-weary voters.

"What I did not understand was the sheer fanaticism behind the project — there is nothing that will stop these guys," Mr. Farage said, drawing deep on one of the countless Rothmans cigarettes he will polish off during the day. "But what they have completely missed is the rise of identity politics."

That, he said, can manifest itself in the form of his Independence Party. Or, he continued, can result in "desperate people doing desperate things," like the extreme nationalism of Greece's neo-fascist party Golden Dawn, which has ridden a tide of anger against immigrants and a worsening economy.

There is no disputing the Independence Party's rise in Britain under Mr. Farage. In the 2009 election for the European Parliament, the Independence Party came in second to the Conservatives, taking 16 percent of the vote, and in 2014 many expect it to become the No. 1 vote-getter. In British elections, the Independence Party's vote share is smaller, because of its narrow focus on leaving the European Union. It tallied just 3 percent in 2010, not enough to secure a seat in Parliament. In recent polls, however, the party's support has shot up, putting it on a par with the government's much-maligned coalition partner, the Liberal Democrats.

For Mr. Cameron, currently under attack from the potent European Union-skeptic flank of his Conservative Party, which is pushing him hard to reduce what the country pays to the European Union each year, the trend is a disturbing one. Last month, a senior party official [called](#) for the Conservatives to enter an electoral pact with the Independence Party before the next election in 2015, in return for a referendum on whether Britain should remain in the European Union.

Mr. Farage, who is 48, and Mr. Cameron, two years younger, share common origins.

Both sons of stockbrokers, they grew up in prosperous villages in the heart of Tory England, where skepticism toward Brussels runs deep. But as their later paths diverged, so did their views toward Europe. Mr. Cameron went off to Eton and Oxford, and then to the Conservative Party, where he rose to the top as a smooth conciliator, pledging to halt the party wars over Europe that ended Prime Minister Margaret Thatcher's political career and plagued the Conservatives throughout the Labour ascendancy from 1997 to 2010.

MR. FARAGE spurned college for a trader's life in the City of London in 1982, and 10 years later became radicalized when he witnessed the ejection of the pound from the Europe-imposed [system of fixed exchange rates](#) that was a precursor to the euro. He concluded that any power ceded to Brussels, about monetary policy or anything else, would be sheer folly.

Now, with Mr. Farage on the rise and Mr. Cameron struggling to keep his party united, the question of how much Britain gains from being part of Europe has again come to the fore.

Last year, in net terms, Britain paid \$16 billion to the European Union. But according to [a recent study](#) by the economist [Tim Congdon](#), himself an Independence Party member, if the cost of regulation, waste and misallocated resources is included, the annual cost of membership rises to \$238 billion a year, or about 10 percent of Britain's economic output.

Perhaps the most egregious example of this profligacy is the spot where Mr. Farage has found fame: the European Parliament. As most of the legislative work is done in Brussels, the building is in use just three days each month. Analysts estimate that it costs taxpayers about \$250 million a year to transport each month 754 members of Parliament, several thousand support staff members and lobbyists to this French city.

Mr. Farage lights another cigarette and shakes his head. "I just would like for my grandchildren to read some day that I did my part in saving my country from this lunacy," he said with a sigh.

Institut Turgot

Zone euro : comment la BCE organise l'inévitable faillite souveraine

Par Jacques Delpla le lundi 3 décembre 2012, 00:20 - [Note de synthèse](#) - [Lien permanent](#)

Jacques Delpla n'est pas un adepte de la langue de bois. Dans deux interventions au ton très direct - l'une sur l'antenne de [Radio classique](#), l'autre sur le blog [Les Echoclastes](#) des Echos - il esquisse le scénario des événements qui, sans que ce soit nécessairement l'apocalypse, vont encore secouer la zone euro.

La restructuration (i.e. le défaut) des dettes souveraines est-elle inévitable en zone euro ? Oui, c'est évident aujourd'hui.

Le FMI l'a implicitement admis dans son dernier [rapport semestriel](#): historiquement, les pays développés avec une dette supérieure à 100% du PIB n'ont pu la réduire qu'avec de l'inflation (surtout) et de la croissance (souvent engendrée par une forte dévaluation).

Une étude récente de la Banque de France (cf. [éditorial de J-M Vittori](#) du 29 octobre) va dans le même sens pour la France : jamais la France n'a réduit une forte dette par la seule austérité.

La restructuration des dettes souveraines excessives en zone euro est donc pour bientôt : c'est la Banque Centrale Européenne qui va la déclencher. Comment ? Avec son programme de rachat de dettes souveraines (OMT – Outright Monetary Transactions) annoncé le 6 septembre.

Les tentatives de réduction de la dette par la seule austérité ont en général échoué, car elles dépriment l'activité et engendrent de la déflation par la dette à la Irving Fischer, ce qui augmente d'autant la charge de la dette. Or, les pays en difficulté de la zone euro (la périphérie) ne peuvent compter ni sur l'inflation (cf. stabilité des prix de la BCE), ni sur la dévaluation (ils veulent demeurer dans l'euro), ni sur la croissance (ils doivent au contraire faire une dévaluation interne pour restaurer, ce qui équivaut à une baisse du PIB).

Il ne reste donc que le défaut (appelé pudiquement « restructuration » des dettes). Les dirigeants de l'euro refusent (jusqu'ici) de reconnaître qu'en monnaie unique, sans inflation, la restructuration des dettes est, pour les pays avec forte dette et manque de compétitivité, le seul moyen de réduire des dettes. Mais, le défaut des dettes est inhérent à la construction de l'euro, ce n'est pas un accident. Aujourd'hui, c'est la BCE qui enclenche le mécanisme.

L'OMT est officiellement un mécanisme destiné à renforcer la liquidité des dettes souveraines via des rachats de dettes (de moins de 3 ans) par la BCE sur les marchés. Mais, et c'est très important, l'OMT est assorti d'une conditionnalité forte : le pays bénéficiaire doit signer un accord de réformes avec l'Union Européenne (MES, Mécanisme Européen de Stabilité) et, éventuellement, avec le FMI. Or, c'est la signature d'un tel accord qui déclenche la restructuration des dettes.

Pour comprendre cela, il faut revenir à l'histoire et à la jurisprudence des restructurations des dettes souveraines depuis soixante ans. Quand un pays pauvre fait appel au FMI et aux Etats riches pour traverser une crise financière grave, il signe un accord avec le FMI qui stipule les mesures correctrices à entreprendre. En échange, le FMI et les Etats riches lui prêtent des fonds en urgence. Si quelques années après, il apparaît que le pays en détresse est incapable de rembourser ses dettes, alors sa dette souveraine est traitée au sein du Club de Paris. Là, les Etats créanciers coupent en deux la dette souveraine du pays en détresse : celle émise après la signature de l'accord FMI est considérée comme senior, intouchable et ne sera pas restructurée, celle émise avant l'accord FMI est considérée comme junior, restructurable et sera restructurée -en général avec une très forte perte. La ligne de partage des eaux entre dette senior et dette junior est, ici, la signature de l'accord FMI : toute dette émise avant est restructurable, celle émise après ne l'est pas. La logique est simple : on ne demande pas aux pompiers de payer les dégâts des eaux, sinon ils ne viendraient jamais.

Un point important dans cette jurisprudence : tant que la dette n'est pas restructurée toutes les créances sont égales (pari passu), la différenciation des dettes n'intervient qu'après leur émission, lors du constat d'insolvabilité du pays en crise : il y a une redéfinition ex post de la nature des dettes et c'est accepté par tous, même si cela déroge au droit commun des dettes.

C'est la même histoire qui commence en zone euro, il suffit de changer les noms : l'accord FMI devient l'accord MES avec l'Europe, le FMI devient la BCE et le pays pauvre en détresse devient l'un des pays périphériques de la zone euro avec trop de dette et un défaut de compétitivité (Espagne, Italie...).

Prenons le cas de l'Espagne. Supposons qu'elle signe un accord ESM avec l'Europe le 1er janvier 2013. La BCE va lui prêter des fonds sous forme de rachat de dette souveraine sur le marché. En cas de constat d'insolvabilité de l'Espagne dans trois ans, on appliquera la jurisprudence du Club de Paris : on considérera que toutes les dettes émises après le 1er janvier 2013 seront seniors et ne seront pas touchées. En revanche, les dettes émises avant seront restructurées (i.e. seront mises en défaut et leur valeur fortement diminuée). Cette démarche serait d'une part complètement conforme à la jurisprudence internationale du Club de Paris.

Ensuite, elle permettrait à la BCE d'éviter toute restructuration de ses créances sur l'Espagne au titre de l'OMT : c'est essentiel car tout abandon de créance de la BCE sur l'Espagne serait considéré comme un financement par la BCE du déficit espagnol, ce qui est littéralement interdit par le Traité Européen (d'où l'insistance de Mario Draghi pour que l'Espagne signe officiellement un accord MES avec l'Europe avant tout rachat de dette).

On m'objectera que cette démarche viole la clause de pari passu proclamée par la BCE. Pas du tout : la BCE a simplement dit qu'elle accepte d'être traitée comme tous les autres détenteurs de dette souveraine(1). Et c'est bien ce qui se passerait : elle serait traitée de manière identiques à celle des créanciers qui ont acheté de la dette émise après le 1er janvier 2013. C'est la signature de l'accord MES qui définira le partage des eaux.

L'Espagne est très probablement insolvable : son immense bulle immobilière n'est pas encore purgée, ses banques sont au bord de la faillite, le taux de chômage est à 25% et la dette publique va bientôt atteindre les 100% du PIB. Sachant que l'Espagne ne peut ni utiliser l'inflation pour réduire ses dettes, ni dévaluer pour retrouver de la croissance (elle doit au contraire réduire ses coûts et son PIB pour restaurer sa compétitivité), le défaut et la restructuration de sa dette souveraine sont inéluctables.

En pratique, dans deux ou trois ans, la BCE constatera que la dette souveraine espagnole émise après la signature du programme MES approchera bientôt la limite des 60% du PIB (maximum du Traité de Maastricht). Pour protéger ses propres créances, elle signifiera qu'elle n'achètera plus de cette dette « senior » au-delà de la limite des 60%. A ce moment-là, le gouvernement espagnol fera défaut sur sa dette « junior », en restructurant sa dette émise avant la signature de l'accord MES. Pour cela, il changera la loi qui gouverne ses obligations souveraines émises en droit espagnol (ce qui est son plein droit). L'Espagne pourra toujours émettre de la sa dette « senior » jusqu'à 60% du PIB ; les investisseurs en dette espagnole « junior » n'auront plus que leurs yeux pour pleurer.

Il se peut que la BCE n'envisage pas aujourd'hui la restructuration des dettes souveraines, mais, nolens volens, elle conduit l'ensemble de la zone euro vers ce résultat.

Quels seront les pays restructurés ? Au-delà de la Grèce, il est assez évident que le Portugal et l'Espagne devront restructurer leur dette souveraine : le Portugal a une dette extérieure colossale, renforcée par un déficit de croissance. En Espagne, l'implosion de la bulle immobilière, un taux de chômage à 25% et la nécessité de prolonger la dévaluation interne, ne laissent que peu de doutes. Quant à l'Italie, ses dirigeants espèrent éviter la restructuration, mais l'étude du WEO du FMI laisse peu d'espoir : comme la Grande-Bretagne de 1918-1939, l'Italie, même avec un large surplus budgétaire primaire, ne pourra pas réduire sa dette, à cause d'un potentiel de croissance proche de zéro et de la nécessité de restaurer une compétitivité dégradée.

Cette stratégie masquée de restructuration des dettes souveraines excessives entraînera plusieurs conséquences :

- Les investisseurs seraient bien avisés d'acheter de la dette espagnole ou italienne de moins de trois (qui sera senior), mimant ainsi la stratégie d'investissement de la BCE en cas de programme MES, et d'éviter leur dette plus longue.

- Contrairement à ce que disent les journaux allemands, le programme OMT ne sera pas inflationniste. Bien au contraire, les restructurations de dette auront un impact déflationniste (la BCE devra alors assouplir encore plus sa politique monétaire). Nos amis faucons allemands devraient être rassurés.

- En revanche, l'Europe va devoir se préparer à de fortes recapitalisations supplémentaires de ses banques. Et les assurances vont devoir constater de nombreuses pertes dans leurs investissements. Ce sont les institutions financières d'Allemagne et de France qui vont écopier le plus. Ce que les Allemands ne veulent pas payer par l'inflation (à bon droit), ils le paieront par des pertes majeures dans les investissements de leurs banques et assurances dans les pays périphériques de la zone euro.

- Après ces restructurations, les pays périphériques ne pourront plus emprunter par eux-mêmes sur les marchés.

- La dette Bleue que je préconise depuis longtemps se profilera alors : elle sera constituée, pour les pays périphériques, des emprunts auprès du MES/FESF, ainsi que des dettes « seniors » décrites ici (ainsi que des achats antérieurs de la BCE au titre du SMP). Elle sera le seul moyen pour les pays périphériques de continuer à emprunter (et de rester dans l'euro).

Cette stratégie implicite permet une restructuration « civilisée » des dettes souveraines de la périphérie : en effet, un défaut total de l'Espagne ou de l'Italie les forceraient à quitter l'euro, faisant ainsi s'effondrer la zone euro elle-même, mais une absence de défaut est économiquement impossible. La dette « senior » sera appelée à devenir ma dette Bleue et la dette « junior » ma dette Rouge. Aussi, pour éviter la faillite de l'Europe, organisons les faillites en Europe.

Jacques Delpla

NOTE :

(1) La BCE annoncé le 6 septembre, lors du lancement de l'OMT : « *The Eurosystem intends to clarify in the legal act concerning Outright Monetary Transactions that it accepts the same (pari passu) treatment as private or other creditors with respect to bonds issued by euro area countries and purchased by the Eurosystem through Outright Monetary Transactions, in accordance with the terms of such bonds* ».

La version originale de ce texte de [Jacques Delpla](#) a été publiée sur le [site web des Echos](#) en date du 31 octobre 2012.

A Golden Opportunity

Mises Daily: Monday, October 22, 2012 by [Patrick Barron](#) and [Godfrey Bloom 101](#)



The euro debt crisis in Europe has presented Germany with a unique opportunity to lead the world away from monetary destruction and its consequences of economic chaos, social unrest, and unfathomable human suffering. The cause of the euro debt crisis is the misconstruction of the euro that allows all members of the European Monetary Union (EMU), currently 17 sovereign nations, to print euros and force them on all other members. Dr. Philipp Bagus of King Juan Carlos University in Madrid has diagnosed this situation as a tragedy of the commons in his aptly named book [The Tragedy of the Euro](#). Germany is on the verge of seeing its capital base plundered from the inevitable dynamics of this tragedy of the commons. It should leave the EMU, reinstate the deutsche mark (DM), and anchor it to gold.

The Structure of the European Monetary Union

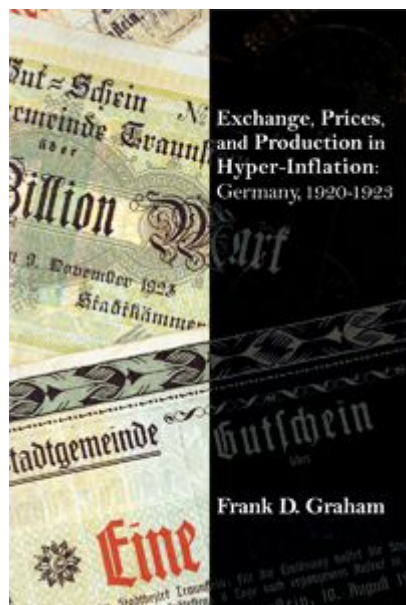
The European System of Central Banks (ESCB) consists of one central bank, the European Central Bank (ECB), and the national central banks of the EMU, all of which are still extant within their own sovereign nations. Although the ECB is prohibited by treaty from monetizing the debt of its sovereign members via outright purchases of their debt, it has interpreted this limitation on its power *not* to include *lending* euros to the national central banks taking the very same sovereign debt as collateral. Of course this is simply a backdoor method to circumvent the very limitation that was insisted on when the more responsible members such as Germany joined the European Monetary Union.

Corruption of the European Central Bank into an Engine of Inflation

When the ECB was first formed around the turn of the new millennium, the bond markets assumed that it would be operated along the lines of the German central bank, the Bundesbank, which ran probably the least inflationary monetary system in the developed world. However, they also assumed that the EMU would not allow one of its members to default on its sovereign debt. Therefore, the interest rate for many members of the EMU fell to German levels. Unfortunately, many nations in the EMU did not use this lower interest rate as an opportunity to reduce their budgets; rather, many simply borrowed more. Thus was born the euro debt crisis, when it became clear to the bond market that debt repayment by many members of the EMU was questionable. Interest rates for these nations soared.

Over the past few years the European Union itself has established several bailout funds, but the situation has not been resolved. In fact, things are even worse, for it now appears that even larger members of the EMU succumbed to the debt orgy and may need a bailout to avoid default. Thus we have arrived at the point predicted by Dr. Bagus in which the euro has been plundered by multiple parties and the pot is empty. The ECB and many sovereign members of the EMU want unlimited bond buying of sovereign debt by the ECB. Only Germany opposes this plan, but it is the lone voice against this new bout of monetary inflation.

The Historical Context of German Antipathy to Monetary Inflation



[\\$19.00](#) [\\$16.00](#)

In 1923 Germany experienced one of the world's worst cases of hyperinflation and the worst ever for an industrialized nation. The reichsmark was destroyed by its own central bank, plunging the German people into misery and desperation. Now, after only a dozen years of relative monetary discipline, the euro faces the same fate as country after country demands to be bailed out of its mounting debts by unlimited printing of money by the ECB. Because Germany is part of the EMU, it must accept these newly printed euros. This threatened monetary inflation of unlimited amounts has shaken German bankers to the core. It is the nightmare scenario that they feared when, against their better judgment, the German politicians agreed to give up their beloved deutsche mark and place the economic fate of the nation in the hands of a committee of foreigners not as concerned about monetary inflation. But Germany can put a stop to this destruction and save the world while it saves itself. It can leave the EMU, reinstate the deutsche mark, and tie it to gold.

A Golden Deutsche Mark Is Possible and Desirable

Despite the haughty pronouncements of EU officials, there is nothing that can stop a sovereign country from leaving the EMU and adopting a different monetary system. The most likely scenario would be a one-for-one redenomination of German banks' euro-denominated accounts for deutsche marks. Thereafter, the DM would float freely in currency markets in the same way as British pounds and American dollars. The Bundesbank would be responsible for monetary policy just as it was before Germany joined the EMU. By leaving the EMU Germany would insulate itself from the consequences of the euro as a tragedy of the commons; i.e., monetary inflation by third parties would end, Germany would not experience higher prices due to the actions of third parties, and the capital-destroying transfers of wealth would end.

Yet Germany should go one step further. It should anchor the DM to gold. Germany is the world's fourth-largest economy, behind only the United States, China, and Japan. Furthermore, Germany owns more of the world's gold than any other entity except the United States, more than either China or Japan and more than any other European country. A prerequisite to market acceptance of any gold money would be confidence in the integrity of the sponsoring institution. Not only is the Bundesbank known for its integrity and reverence for

stable money; Germany itself has a worldwide reputation for the rule of law, advanced financial architecture, and a stable political system. For these reasons, Germany would prove to the world that a gold-backed money is not only possible but desirable. Expect a cascade of similar pronouncements once Germany's trading partners realize the importance of settling international financial transactions in the best money available — which initially at least would be a golden DM.

Germany Should Seize the Moment!



[\\$15.00](#) [\\$12.00](#)

Of course the beneficial consequences of tying money to gold go beyond ending price inflation and capital-destroying wealth transfers. We can expect all the beneficial consequences of a return to limited government, for government could no longer fund itself through the unholy alliance with an inflationary central bank that creates fiat money in order to monetize government's profligate spending. The people would no longer be so subservient to government, pleading and begging for special interests at the expense of the rest of society, for government would be forced to go to the people for approval to increase its budget. The list of benefits goes on and on. Suffice it to say that it all begins with truly sound money, money anchored in gold. Germany can lead the way and earn the just respect of a grateful world. It is in the right place at the right moment in history. It should seize the moment!

German Gold

Mises Daily: Friday, December 07, 2012 by [Godfrey Bloom](#) and [Patrick Barron](#)



The greatest threat to worldwide prosperity is the collapse of what remains of free-market capitalism. Not depletion of scarce natural resources. Not environmental degradation. Not global warming (or is it "climate change" now?) No, the greatest threat to worldwide prosperity is the complete collapse of what little remains of free-market capitalism. Throughout the world, and not just in totalitarian countries, the state has been advancing at the expense of economic liberty. The indispensable tool that enables the modern state to usurp our liberties is its access to unlimited amounts of fiat money controlled by central banks — i.e., the unholy alliance of the state with the central bank.

Fiat-money expansion has made the advance of statism possible through its ability to thwart the wishes of the people as the final arbiters of state spending. The state can obtain an almost limitless amount of fiat money from its central bank. It need not increase taxes or borrow honestly in the bond market, so it need not fear a tax revolt or high interest rates respectively. All it needs to do is convince the central bank to buy its debt. The state then takes control over more and more resources, squandering them on war and welfare, depriving the free-market economy of its capital base. Once the capital base has been depleted, the economy will go into a steady decline.

The poster child of this phenomenon is the (former) Soviet Union. *Yes, total collapse is a real possibility — for us too.* The Russian people may have believed that economic decline would reach a plateau, stop, and then reverse. As explained in stark terms by Dr. Yuri Maltsev, former economic advisor to Mikhail Gorbachev, in [Requiem for Marx](#), the Soviet economy deteriorated into one of subsistence. The capital base of Russia had been destroyed, and collapse soon followed.

The monetary printing press is seen as an alternative to saving and investing as the means to grow the capital base. Monetary stimulus attempts to generate economic recovery mainly through exports.

If a nation can increase its exports, so the logic goes, it can increase employment, pay off debts, etc. So, rather than properly reforming the economy, monetary authorities engage in a destructive "race to the bottom" through competitive debasement of their currencies. First one country then another intervenes into its own currency markets to cheapen its currency against all others. But currency devaluation will not work, as explained in ["Value in Devaluation?"](#)

What is desperately needed is for one country to break from this failing and ultimately disastrous model of fiat-money expansion and its horrific effects. This one country must be in a special position whereby it is readily apparent that it is being harmed by currency debasement over which it has no control. Fortunately for the world there exists such a country: Germany.

The Intolerable Monetary Position of Germany Creates a Unique Opportunity

Germany is the fourth-largest economy in the world, behind only the United States, China, and Japan. Amazingly, it does not control its own money supply, because it is a member of the European Monetary Union (EMU), composed of 17 nations using a common currency — the euro. Each member, regardless of size, has an equal vote over monetary policy, administered by the European Central Bank (ECB). Increasingly Germany's is the lone voice for monetary restraint — recently it was outvoted 16 to 1 over an ECB plan to print euros in greater numbers in order to bail out bankrupt members of the EMU. This is a situation that would be intolerable for any other country; however, due to Germany's history, it is reluctant to be seen as "anti-Europe" and instead has tried to work within the EMU framework to force bankrupt countries to reform their economies. But this is a hopeless exercise, as explained by Dr. Philipp Bagus of King Juan Carlos University, Madrid, in his brilliant book *Tragedy of the Euro*. All the benefits flow to the irresponsible countries, so there is little incentive and no enforcement mechanism for meaningful reform. Therefore, in a previous article ("[A Golden Opportunity](#)"), your authors have called for Germany to leave the EMU, reinstate the deutsche mark, and anchor it to gold.

Most recently there have been [calls within Germany](#) to repatriate substantial gold reserves held overseas. The Bundestag — federal Germany's legislature and, as such, representing all diverse elements and factions in the country — is the impetuous behind this movement. The Bundesbank, Germany's still-extant central bank, has agreed to repatriate about one-tenth of its vast overseas gold deposits over the next three years.

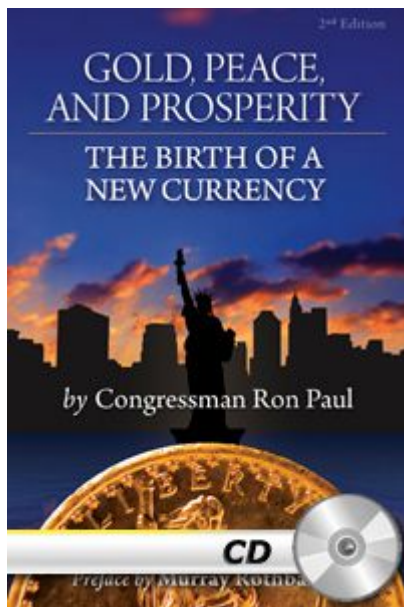
But this is inadequate for the real task at hand. *Germany must repatriate ALL of its gold.* There is only one reason that a central bank would wish to repatriate its gold: to serve as reserves in a gold backed monetary system. The market must be assured that the gold actually exists, that it is under the total control of its rightful owner, and that it is not leased or part of a swap arrangement. Furthermore, the central bank must be willing to honor demands to deliver gold in the quantity specified in exchange for its paper money certificates and the commercial-bank book-entry deposits.

Delivery of Gold upon Demand Is Crucial

If Germany is to back the deutsche mark with its own gold, markets must be certain that the Bundesbank can and will deliver the gold upon demand. For under a gold-backed system the gold *is* the money. The pieces of paper that people carry in their wallets and keep in cookie jars and the book-entry receipts at commercial banks are not money per se; these are money substitutes that can be exchanged for real money — gold. The central bank can meet this requirement only if it has absolute control over its gold.

The Bundesbank has significant portions of its overseas gold deposits at the Federal Reserve Bank in New York and the Bank of England in London. At one time it may have made sense to deposit gold in these countries in order to protect it from the possibility that the Red Army would overrun Germany. Fortunately that threat is no more. But the Federal Reserve Bank has been very circumspect about displaying Germany's gold to its rightful owners. Now, I ask you, is this not very suspicious behavior? Why would the Fed refuse to show the actual gold to Germany or any other nation with gold deposits? The reason usually given is one of security, but what does the Fed think is going to happen? Does it think that armed robbers will be able to abscond with some bars? This is preposterous! The gold is the property of Germany. Germany should insist on viewing its gold, counting its gold, testing its gold for fineness, and making quick arrangements for moving its gold to its own vaults in Germany.

Let Justice Be Done



[\\$10.00 \\$5.00](#)

Either the gold is all there, and rumors to the contrary are baseless, or some portion of the gold is not there or is encumbered in some way. If the former, all is well. If the latter, then let's learn about it now, so that we can stop any further theft and so that we can establish a financial-crimes tribunal to try all who had a part in the theft. If that means prosecuting central-bank officials in the United States or the United Kingdom, so be it. If that means that the exchange rates for the dollar or the pound sterling fall in relation to other currencies, so be it.

Let's learn the truth, whatever that may be, so we can get on with the important work of placing the world's finances on the solid foundation of sound money and not on promises of confidence men. Let us adopt the Latin legal concept *fiat justitia ruat caelum*, "Let justice be done though the heavens fall," and not lose sight of the goal of saving what remains of free-market capitalism and beginning the difficult process of restoring our liberties.

[Comment on this article.](#)

Godfrey Bloom is a financial economist by profession and winner of international fund management awards. He is a member of the European Parliament Economic and Monetary Affairs Committee and chairman of the Parliamentary Mises Book Club. Send him [mail](#). See Godfrey Bloom's [article archives](#).

Copyright © 2012 by the Ludwig von Mises Institute. Permission to reprint in whole or in part is hereby granted, provided full credit is given.

December 5, 2012

Greece and Italy Are Listed Among Corrupt in Europe

By MELISSA EDDY

[Greece](#) is considered Europe's most corrupt country, ranking roughly on par with Colombia and Swaziland in an [annual global survey](#) of perceived corruption released Wednesday.

Transparency International, a corruption watchdog, ranked Greece 94th out of 176 countries in the 2012 corruption perceptions index, which surveys economic experts about the perceived level of public sector corruption. Last year, Greece ranked 80th.

Using a scale introduced for this year's report, Transparency International ranked the countries between zero, which is "highly corrupt," and 100, for "very clean." Two-thirds of the 176 countries surveyed scored below 50, including [Italy](#) and Greece from among the 17 members of the European Union that use the euro. Italy ranked 72nd.

Ireland, Spain and Portugal earned scores above 50 but dropped in the rankings compared with 2011, underlining the perception that economic stability was linked to good government.

"We believe that corruption in the public sector frequently goes hand in hand with a failure of institutions," said Edda Müller, who heads the German branch of Transparency International, based in Berlin. "At the same time, we see, not only in Europe, a high amount of corruption points to a lack of ethics on the part of politicians."

She cited the list of Greeks believed to hold accounts in a Swiss bank as a possible influence. It included a former culture minister, several employees of the Finance Ministry and a number of business leaders. As finance minister of France, Christine Lagarde in 2010 handed the list to the Greek government in an effort to help it crack down on tax evasion.

A Greek publication released the list in October, raising questions among the country's international lenders about whether the government was actively bolstering its tax collection, one of several promises the country made to secure billions of euros in aid. Finance ministers of the countries using the euro meet again next week to decide whether to disburse the next round of aid to Greece.

Denmark, Finland and New Zealand ranked as the least corrupt countries, with Sweden, the Netherlands, Germany and Britain all included among the 20 least corrupt. The United States climbed in the rankings to 19th from 24th in 2011.

Somalia remained the world's most corrupt country, the survey showed, just above North Korea and Afghanistan, all largely failed states where poverty and social chaos result in the repression of human rights, the organization said.

Greece

Most corrupt in Europe: An unenviable accolade

6 December 2012

Presseurop

To Vima, The Guardian

The NGO Transparency International, on December 5, published its [2012 Corruption Perception Index](#), which measures the perceived levels of public sector corruption worldwide. Unsurprisingly, Finland and Denmark share the top rank. Also unsurprisingly, Somalia and North Korea share the lowest. Among the countries of the European Union, Greece is the lowest ranked at 94 (out of 176) at the same level as Djibouti and Columbia. It is 19 slots below the second lowest ranked EU country, Bulgaria.

This ranking is "totally wrong" and "unconvincing", [argues Greek daily To Vima](#) because "Transparency International doesn't investigate the problem but collects the impressions of citizens." Therefore, the paper notes –

In this time of crisis, of the agreement [on debt reduction signed with the IMF, the EU and the ECB] and of an unprecedented recession, in which public opinion is bombarded with bad news and endless references to [economic scandals](#), what else could the citizens say? That doesn't mean that corruption has increased or become more entrenched. How could there be more corruption in a country in which the economy is in disarray, in which the recession is at 7 per cent, in which the banks are paralysed and in which public works are on hold? This report does not hold water, that is clear. It is time to end this luxurious nonsense, hiding behind erudite titles such as the NGO Transparency. They are not telling the truth. The government must react quickly.

This view is questioned by Costas Bakouris, president of Transparency's Greek office. [In a comment piece in The Guardian](#), he explains that no later than last week, the European Commission and Transparency International Greece,

presented a plan for tackling corruption in the country. Looking at today's Corruption Perceptions Index, it becomes imperative that the anti-corruption initiatives presented at the conference are implemented promptly.

Reaktionen auf das Strategiepapier

Berlin verärgert über Van Rompuy Reformpläne

06.12.2012 · Die Bundesregierung wehrt sich gegen die langfristigen Pläne zum Umbau der Währungsunion. Für das EU-Gipfeltreffen in der kommenden Woche ist erheblicher Streit programmiert.

Von [Werner Mussler](#), Brüssel



© Röth, Frank

Van Rompuy hat langfristige Pläne zum Umbau der Währungsunion vorgestellt. Doch der Bundesregierung gefallen sie gar nicht.

Nachdem vier führende EU-Repräsentanten ihr [Arbeitspapier zur Zukunft der Währungsunion](#) veröffentlicht haben, ist für das EU-Gipfeltreffen in der kommenden Woche erheblicher Streit programmiert. Der Bundesregierung geht **das Papier, in dem eigene Haushaltsmittel für den Euroraum und daraus finanzierte Umverteilungsinstrumente vorgesehen sind**, zu weit. In Berlin wird vor allem moniert, dass solche Instrumente relativ konkret als „Drei-Stufen-Plan“ im Entwurf des Schlusskommuniqués für den Gipfel stehen. Auf dem letzten Gipfeltreffen im Oktober waren sie lediglich als unspezifische Optionen für die Zeit nach der Europawahl 2014 ins Auge gefasst worden. Berlin will alle Festlegungen vermeiden, die sich auf die Zeit von 2014 an beziehen.

Die Bundesregierung ist zudem verärgert, weil EU-Ratspräsident Herman Van Rompuy, unter dessen Federführung das Papier entstanden ist, viele Elemente der „Blaupause“ übernommen hat, die die EU-Kommission in der vergangenen Woche vorgestellt hatte. Die EU-Staats- und Regierungschefs hatten Van Rompuy im Juni beauftragt, zusammen mit Kommissionschef José Manuel Barroso, dem Präsidenten der Europäischen Zentralbank (EZB), Mario Draghi, und dem Chef der Eurogruppe, Jean-Claude Juncker, Vorschläge für eine „Vertiefung“ der Währungsunion auszuarbeiten.

Instrumente präziser ausgearbeitet

Das am Donnerstag veröffentlichte Papier enthält zwar im Grundsatz nichts, was in Van Rompuy's erstem Bericht vom Oktober nicht schon angedeutet gewesen wäre. Allerdings sind die bisher nur als Optionen skizzierten Instrumente jetzt deutlich präziser ausgearbeitet. Ferner strebt Van Rompuy an, möglichst viele Elemente seines Berichts schon jetzt als konkreten Arbeitsauftrag in den Gipfel-Beschlüssen unterzubringen, obwohl sie erst für die mittlere und lange Frist gedacht sind. Die Bundesregierung befürchtet, dass sich daraus eine von ihr nicht gewünschte Eigendynamik entwickelt. Reformen, die eine Änderung der Europäischen Verträge erfordern, sollten nach ihrer Meinung erst nach der Europawahl 2014 angegangen werden.

Im Papier wie im Entwurf des Kommuniqués ist angelegt, die Währungsunion in drei Stufen umzugestalten. Die erste Stufe umfasst die Jahre 2012 und 2013 und besteht im Wesentlichen aus der Vollendung von schon angestoßenen oder laufenden Gesetzesvorhaben. Dazu zählen eine erweiterte EU-Aufsicht über die nationale Haushaltspolitik, die [einheitliche Euro-Bankenaufsicht](#) unter dem Dach der EZB, die EU-Gesetzgebung zu den

Eigenkapitalvorschriften für Banken (Basel III), einheitliche Regeln für die nationale Bankenabwicklung und die Einlagensicherung sowie ein neues Regelwerk für die direkte Rekapitalisierung angeschlagener Banken durch den Krisenfonds ESM.

Für die zweite Stufe bis 2014 wird im Entwurf des Gipfelkommuniqués vorgeschlagen, eine gemeinsame Behörde für die Bankenabwicklung zu schaffen. Im Papier der Präsidenten ist ferner ein gemeinsamer Abwicklungsfonds angedacht. **Ausdrücklich verabschiedet haben sich die vier Präsidenten dagegen von der Idee, die Einlagensicherung durch einen europäischen Fonds zu vergemeinschaften.** Die Rede ist nur noch davon, dass die nationale Einlagensicherung gemeinsamen Regeln unterworfen werden soll.

Für die dritte Stufe sieht das Kommuniqué mehrere Schritte vor, die Änderungen der Europäischen Verträge erfordern. Die Bundesregierung stört besonders, wie Van Rompuy die ursprünglich auch von Bundeskanzlerin Angela Merkel (CDU) unterstützte „Fiskalkapazität“ für den Euroraum konkretisiert hat. **In Berliner Lesart sollten Mittel aus diesem „Euro-Haushalt“ dafür verwendet werden, notleidenden Euro-Staaten in begrenztem Umfang Anreize zu Wirtschaftsreformen zu bieten.** Im Papier ist dagegen von einer „**Versicherung**“ die Rede, die Euro-Staaten vor den Folgen externer Schocks absichern solle, etwa einer **geplatzten Immobilienblase**. **Frankreich will diese Versicherungsidee weitertreiben und dafür werben, in eine europäische Arbeitslosenversicherung einzusteigen.**

Quelle: F.A.Z.

USA sind stärker verschuldet als Griechenland

Die Welt 6/12

Katastrophale Perspektive für die USA: Laut einer Studie liegt die Schuldenlast auf einem höheren Niveau als die Griechenlands – **wenn man die Verpflichtungen der Sozialkassen mitrechnet**. Von Dorothea Siems

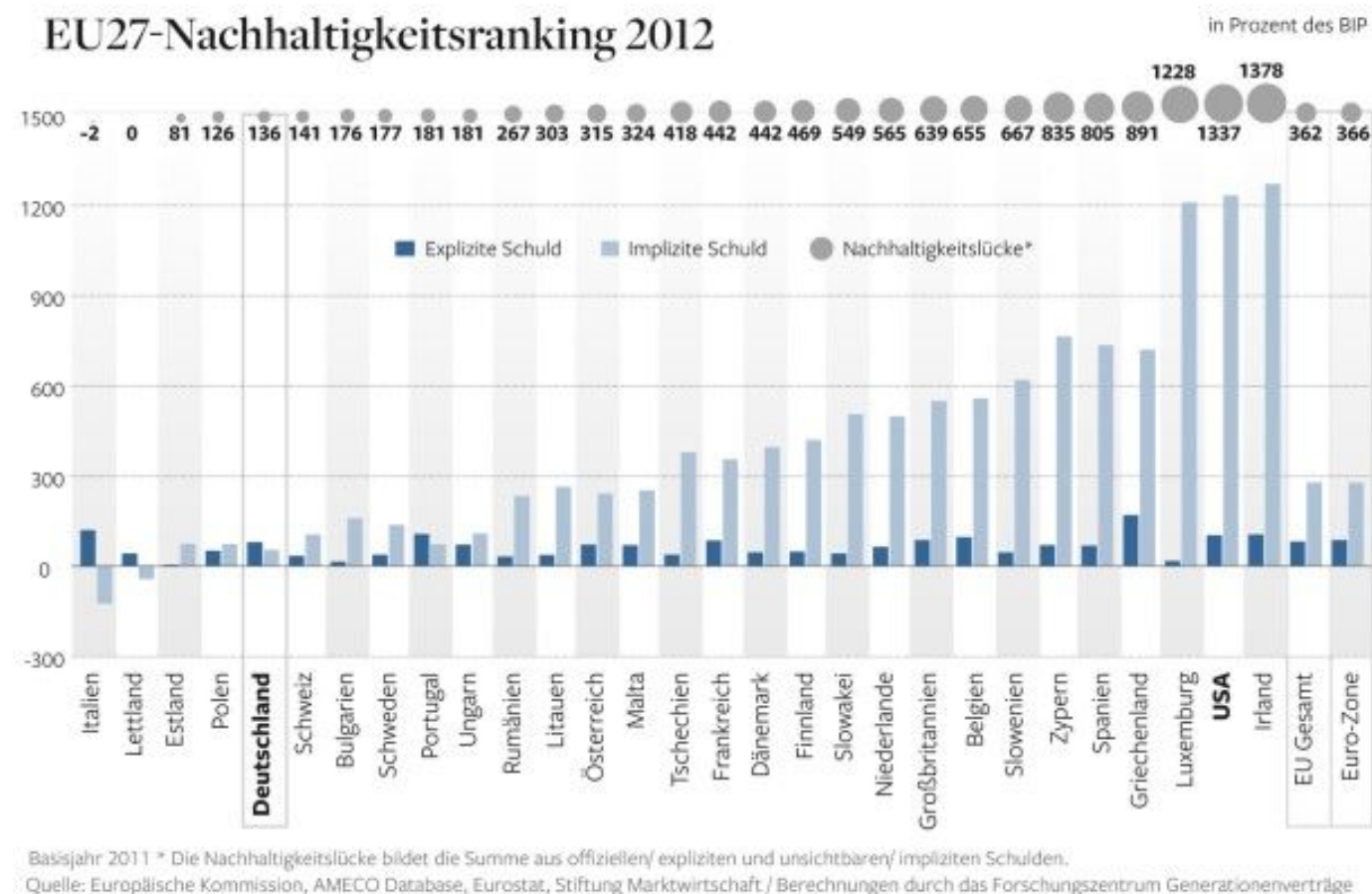


Foto: Infografik Die Welt Schuldenstand der europäischen Staaten und der USA im Vergleich: Vor allem die versteckten Kosten in den Sozialkassen sind für die USA ein Risiko

Europa und die USA versinken im Schuldensumpf. Trotz der Bemühungen um Haushaltssanierung befinden sich die meisten EU-Länder sowie die Vereinigten Staaten weiterhin in einer Schieflage.

Dies zeigt das internationale Schuldenranking, das der Freiburger Finanzwissenschaftler Bernd Raffelhüschen im Auftrag der Stiftung Marktwirtschaft erstellt hat. Und für die nächsten Jahre prophezeit der Ökonom für einen Großteil der Staaten eine weitere Zunahme der Staatsverschuldung.

Schaut man auf die einzelnen Länder, liegen innerhalb Europas die Krisenländer Spanien, Irland und Griechenland auf den hintersten Plätzen. Dramatisch ist vor allem die sogenannte Nachhaltigkeitslücke der USA. Denn Washington weist mit einem Schuldenstand von 110 Prozent des Bruttoinlandsprodukts (BIP) nicht nur eine extreme explizite Verschuldung aus.

Auch die in den Sozialkassen versteckte Schuldenlast ist exorbitant groß und übertrifft die nationale Wirtschaftsleistung um das Zehnfache. Eine Ursache für die versteckte Schuldenlast sind laut Raffelhüschen die dynamisch steigenden Krankheitsausgaben. Diese werden durch die Gesundheitsreform von US-Präsident Barack Obama noch erheblich in die Höhe getrieben.

Überdies verfügt der amerikanische Staat über relativ geringe Einnahmen. Insgesamt liegt die Staatsquote, also der Anteil des öffentlichen Hand an der Wirtschaftsleistung, in den USA mit 32 Prozent deutlich unter dem europäischen Niveau. Entsprechend sei es für die USA aber auch einfacher möglich, seine Haushaltsprobleme über eine Steigerung der Einnahmen in den Griff zu bekommen, als etwa für Europas Sorgenkind Griechenland, so Raffelhüschen.

Kaum noch eine Chance für Griechenland

Für das südeuropäische Land sieht der Finanzexperte kaum eine Chance, seiner Schuldenmisere zu entkommen. Denn nicht nur die offiziell ausgewiesene Verschuldung ist mit rund 170 Prozent hoch. Noch dramatischer ist die versteckte Schuldenlast: Da die Ausgaben der Griechen im Sozialsystem trotz der bisher durchgesetzten Einsparungen noch viel zu hoch sind, ist die Nachhaltigkeitslücke insgesamt fast neunmal so groß wie die wirtschaftliche Jahresleistung des Landes.

Zwar schrumpft das Defizit im Staatshaushalt in den kommenden Jahren, wenn man die Wirtschaftsprognosen der Europäischen Kommission zu Grunde legt, etwa zum Wachstum und zur Umsetzung der angekündigten Sparmaßnahmen. Dieses Szenario halten die Ökonomen der Stiftung Marktwirtschaft jedoch für wenig realistisch.

Im Vergleich zu den meisten EU-Ländern und den USA steht Deutschland glänzend da. Konjunkturbedingt sprudeln die Steuern und Sozialbeiträge so stark wie nie zuvor. Hohe Überschüsse in den Sozialversicherungen senken den Schuldenstand.

Vor allem aber tragen die Reformen, die vor einigen Jahren etwa im Rentensystem vorgenommen wurden, dazu bei, die impliziten Schulden zu verringern. Denn die langfristigen Ausgaben werden auf diese Weise verringert. Deutschland ist denn auch bei der Rente mit 67 und dem Absenken des Rentenniveaus Vorreiter in der EU.

Doch die Bundesregierung zeigte sich zuletzt wieder spendabler. So wird 2013 die Praxisgebühr für Arztbesuche gestrichen. Auch gibt es für Eltern, die auf einen Krippenplatz für ihre Kleinkinder verzichten, ein Betreuungsgeld.

Deutscher Schuldenstand ist trotz guter Platzierung kritisch

Auch wenn die Deutschen im Ranking der 27 EU-Staaten auf einem respektablen fünften Platz landen, liegt der offiziell ausgewiesene Schuldenstand mit 81 Prozent des BIP deutlich über der in der EU eigentlich zulässigen Grenze von 60 Prozent. **Die versteckten Schulden betragen 55 Prozent des BIP, macht zusammen viel zu hohe 136 Prozent.**

Und etliche osteuropäische Länder wie Tschechien, Rumänien oder die Slowakei glänzen zwar mit einer niedrigen offiziellen Schuldenlast. Dennoch zeigt sich bei vielen großer Reformbedarf. Denn die in den Sozialsystemen steckende Belastung für künftige Generationen ist in diesen Ländern deutlich größer als hierzulande.

Auch Staaten wie Finnland und Luxemburg, die gemeinhin als solide Euro-Mitglieder gelten, sind für den demografischen Wandel schlecht gerüstet. Ihre großzügigen Sozialsysteme sind auf lange Sicht deutlich unterfinanziert. Italien hat dagegen in der Vergangenheit viele Leistungen heruntergefahren und steht im Ranking deswegen sehr gut da.

Mit der jährlichen Generationenbilanz zeigt Raffelhüschen regelmäßig auf, wie viel Rücklagen ein Land bilden müsste, um seine Ausgabenversprechen langfristig solide finanzieren zu können.

12/06/2012 02:55 PM

Interview with UBS Chairman Axel Weber

'We Have Learned Our Lesson'

In a SPIEGEL interview, UBS board chairman Axel Weber says his bank is better prepared than most others for new, stricter capital requirements. UBS has learned from the mistakes of the financial crisis, he says, and explains why the Swiss financial giant has moved away from investment banking.

SPIEGEL: Mr. Weber, how much of the money of [German tax dodgers](#) is still in accounts at UBS?

Weber: Switzerland must undoubtedly address the way it handled illegal money in the past. I still believe that the tax treaty with Germany is the right approach for this, even though it [failed to make it through the German Bundesrat](#) the first time around. For Switzerland, it's a matter of €10 billion (\$13 billion), which would be paid to the German treasury as part of the treaty. The calculation includes the Swiss application of an average tax rate of more than 25 percent.

SPIEGEL: So based on your numbers, we're talking about €40 billion. To what extent does this affect UBS?

Weber: It's not us, but our customers who are affected. But we support the treaty and have hopes for the mediation committee.

SPIEGEL: The chances for success look slim. What will you do if the treaty falls apart once and for all? Will you throw out tax-evading customers?

Weber: The German finance minister wouldn't choose the path through the mediation committee if he didn't see a chance of saving the treaty. But if it fails nonetheless, we will certainly appeal even more strongly to our customers. We already support them in the effort to come clean with their taxes retroactively for 10 years. UBS doesn't want a clean-money strategy. [It needs a clean-money reality.](#)

SPIEGEL: For many citizens, it violates their sense of justice to see people who moved their assets to Switzerland years ago without paying taxes now getting off relatively scot-free.

Weber: Let me remind you that in 2003, the Social Democrats in Germany pushed through a tax amnesty at an effective rate of 15 percent. I can't understand why so few customers took advantage of that opportunity at the time. Now there's a second offer on the table, at 25 percent, which I believe many will now accept. With or without a treaty, there will be no getting around compliance with the tax laws.

SPIEGEL: Norbert Walter-Borjans, the finance minister of the western German state of North Rhine-Westphalia, has announced that if the treaty is off the table, Germany will take a similarly aggressive approach against tax evaders as the United States. Does this worry you?

Weber: I'm meeting Mr. Walter-Borjans for dinner this week, and I'm looking forward to it. After all, as Bundesbank president, I saved North Rhine-Westphalia's state-owned bank at least three times ...

SPIEGEL: ... so you're saying that the state still owes you something?

Weber: No, but we have good relations, and we both know that there are sometimes issues lying dormant in banks that have to be talked about. There is no disagreement between the Germans and the Swiss over the goal of clearing up the tax problems. The only disagreement is over how we get there.

SPIEGEL: UBS's new strategy is focused on asset management. Is this the right approach, given the harm the tax scandal has done to your reputation?

Weber: I was in Singapore, Hong Kong and Sydney a few weeks ago, and in Dubai and Abu Dhabi in the last few days. UBS's global customers are very satisfied with the bank.

SPIEGEL: [Speaking of Singapore](#), doesn't the country present a good opportunity for your customers to escape growing regulation in Switzerland?

Weber: Singapore has among the strictest regulations for the acceptance of customer funds and one of the most rigid sanction regimes for tax evaders. German Finance Minister Wolfgang Schäuble has just renewed the double taxation treaty between Germany and Singapore. We welcome our new customers in Singapore just as we do in Switzerland.

SPIEGEL: How do you welcome new customers? What would you do if we showed up here with a suitcase full of money?

Weber: I would probably accompany you out the back door and ask you to take your money to the tax office. Our customers must confirm that the money they invest with us was properly taxed. We make them aware of the sanctions they could face if this is not the case.

SPIEGEL: At UBS, you haven't just inherited the dispute over the tax treaty, but also the scandal surrounding the trader Kwaku Adoboli, the LIBOR affair over manipulated interest rates and other problems. How tainted was the culture you encountered here?

Weber: Many of the issues you mentioned are not problems specific to UBS. However, with Adoboli ...

SPIEGEL: ... the UBS securities trader whose speculative deals in London led to a loss of more than a billion euros ...

Weber: ... that was not the case. The verdict speaks for itself. He was given a very tough prison sentence and financial sanctions were imposed on the bank. We have learned our lesson and changed the processes through which we monitor risks in securities trading. For us, that brings the case to a close.

SPIEGEL: But the Swiss Financial Market Supervisory Authority (FINMA) has deployed a watchdog to your bank. Does it distrust you?

Weber: FINMA sent an auditor as an independent third party, who is monitoring the implementation of our measures. The authority has no doubt that we have massively improved our risk management. The fact is, however, that CEO Sergio Ermotti and I found UBS to be in a sorry state in many respects. All of the weaknesses in risk management will be corrected by the end of the year. This means, for example, that we will be technically capable of gaining an overview of the total risk to the group in every corner of the bank and with every deal that we make.

SPIEGEL: So it will no longer be possible for a trader like Adoboli to gamble away billions?

Weber: It isn't enough to ensure that one specific incident is not repeated. We need a risk control system that permits no blemishes and ensures that mistakes are recognized shortly after they happen. But in a bank with 60,000 employees, you can never completely rule out the criminal misconduct of individuals.

'New Rules for Trading Will Change Investment Banking'

SPIEGEL: The misconduct was widespread throughout the entire industry when it came to manipulating the LIBOR key interest rate. Was it a case of organized crime?

Weber: There are 150 different rates in the LIBOR system. There were deep distortions within the system. The truth will only gradually come to light, and many investigations are just getting underway.

SPIEGEL: What was especially new about the scandal was the fact that there was collusion among different banks.

Weber: The LIBOR rate is an indicator of the health of each particular bank. And there was apparently an attempt by some to paint themselves in a more favorable light than was actually the case. This may not be organized crime, but in my view the LIBOR scandal poses one of the fundamental risks to the reputation of the entire banking industry. We still have a lot to do to work off this scandal.

SPIEGEL: Did watchdogs turn a blind eye to the problem, precisely because LIBOR was a health indicator, as you call it?

Weber: I don't think so. At the time, the watchdogs simply had many things that demanded their full attention. When I returned from a vacation in the United States in July 2007, I was immediately asked to attend negotiations to support (mid-sized Düsseldorf-based bank) IKB. Things happened very quickly after that. We watchdogs had to focus on limiting the damage in an acute situation and averting a collapse of the credit system.

SPIEGEL: You have now gone from being a watchdog and regulator to one of the regulated. Is the trimming of investment banking business at UBS a logical consequence drawn from your previous role?

Weber: What helps me the most in reorienting UBS is the fact that, as a regulator, I played a key role in shaping the new basic conditions for banks after the financial crisis. That's why I know that the new rules for trading operations, equity capital and liquidity will fundamentally change investment banking. For complex trading operations, in particular, the capital requirements will be so high in the future that they can no longer be pursued in a profitable way. That's why UBS will no longer engage in certain businesses.

SPIEGEL: So these businesses aren't worthwhile for UBS or any other investment bank?

Weber: Each bank will have to decide that on its own. For a while, one can indulge in the illusion that the new rules won't happen that quickly, or perhaps won't happen at all. But anyone who believes that doesn't understand how determined the regulators were and are. I'm not one to fall for that fallacy.

SPIEGEL: So you would take exactly the same approach if you were now the head of Deutsche Bank, which wasn't beyond the realm of possibility at one point?

Weber: You should put that question one of the co-CEOs of Deutsche Bank. They're more familiar with their bank's capital costs and returns.

SPIEGEL: Is it possible that customers who want certain services will turn away from UBS, benefiting competitors like Deutsche Bank?

Weber: Of course it's possible. But it can also go the other way. The especially high capital requirements in Switzerland exist because taxpayers here are not willing to accept the risks that result from the risky trading operations of investment banks. That's why they want an equity capital ratio of 19 percent, which significantly improves the resilience of banks. I don't think taxpayers in other countries are willing to take on the risks that their own banks assume when they take away business from Swiss banks.

SPIEGEL: Shareholders are also urging other banks, like Barclays, to make drastic cuts to investment banking. Could UBS become a model for the industry?

Weber: They're welcome to imitate us. The reaction in the markets, with a significant increase in the share price, shows that we are on the right track. With our strategy, we are fulfilling the new capital requirements much earlier than others, and we'll also be able to start consistently paying dividends again much earlier than

others. When it comes to the strength of their finances, the position of other banks -- including German banks -- is like that of the northern German lowlands relative to the Swiss Alps. Someone who wants to keep a large balance sheet total in investment banking will have to climb a long and rocky path to satisfy the capital requirements.

SPIEGEL: You mean Deutsche Bank?

Weber: No, I'm talking about all institutions and their challenges. I have the luxury of referring to UBS as one of the best capitalized banks in the world.

SPIEGEL: You mentioned the risk to German taxpayers. Would the Liikanen Commission's plans to separate deposit banking and trading operations in European Union banks reduce these risks?

Weber: In Switzerland, they have concluded that deposits are sufficiently protected if the capital ratios are high enough. This is a neutral approach that doesn't require intervening into the structure of the banks. However, I believe that a form of the divided banking system will become the norm outside Switzerland, in various ways. This can certainly make sense.

SPIEGEL: Large banks complain that their investment banking operations would no longer be competitive in a divided banking system.

Weber: It will certainly become more difficult for investment banks to refinance their operations if they no longer have access to deposits from the private customer division. It should be noted that we decided to cut back investment banking even though there won't be a divided banking system in Switzerland. Other banks have yet to see these additional costs.

SPIEGEL: We can't end this conversation without asking how the euro crisis would have gone if the ECB president today were not Mario Draghi, but Axel Weber.

Weber: I'll leave the answer to that question up to your journalistic expertise.

SPIEGEL: Are you happy to be getting your salary in Swiss francs?

Weber: The euro zone was in a difficult situation when I left the Bundesbank, and it still is today. I attributed my departure to the fact that I disagreed with large segments of the ECB Council on key questions of crisis management. The purchase of Greek government bonds in May 2010 gave the wrong incentive, namely to postpone reforms. This has led to the development of a reform gridlock in the euro zone today that has only made the situation worse. Many today see that the fears some had expressed have become reality. At the time, I wanted to pave the way for a successor who could represent Germany in the ECB with the strength of an eight-year term and a new way of looking at things.

SPIEGEL: For Jens Weidmann, who is still fighting the same fight you fought at the time.

Weber: That's to his credit.

SPIEGEL: Mr. Weber, thank you for this interview.

Strategiepapier zur Währungsunion

Van Rompuy will direkte Bankenhilfen ab März 2013

06.12.2012 · Der Euro-Rettungsfonds ESM soll nach Meinung von EU-Ratspräsident Van Rompuy schon ab März 2013 direkte Bankenhilfen auszahlen dürfen. Das steht in einem mit Spannung erwarteten Strategiepapier des Belgieers, das nun veröffentlicht wurde. Es birgt weiteren Diskussionsstoff.



© REUTERS

Herman van Rompuy: Sein Strategiepapier war mit Spannung erwartet worden.

Die europäische Bankenaufsicht sollte nach den Vorstellungen von EU-Ratspräsident Herman Van Rompuy spätestens zum 1. Januar 2014 voll arbeitsfähig sein - und der Euro-Rettungsfonds ESM schon ab März kommenden Jahres direkte Bankenhilfen auszahlen dürfen. Das steht in dem mit Spannung erwarteten Bericht des Belgieers zur Reform der Wirtschafts- und Währungsunion, der am Donnerstag veröffentlicht wurde. Eine Woche vor dem EU-Gipfel zur Vertiefung der Währungsunion schlägt das Papier zudem die Ausgabe gemeinsamer Schuldtitel und eine „fiskalische Kapazität“ für die Eurozone vor, um wirtschaftliche Schockeffekte in einzelnen Ländern abzufedern.

Das Strategiepapier und die darin genannten Daten bergen erheblichen politischen Sprengstoff: Immerhin drücken die Krisenländer bei der Bankenaufsicht mithilfe der EU-Kommission aufs Tempo, um möglichst schnell Finanzhilfen für ihre maroden Kreditinstitute bekommen zu können. Die Bundesregierung bremst und verweist beharrlich auf ihr Mantra „Gründlichkeit vor Schnelligkeit“. Dass Van Rompuy die Banken nun schon potenziell ab Ende März an den Tropf legen will, dürfte in Berlin auf Missfallen stoßen. Zumal sich der Gipfelchef auch für einen einheitlichen Bankenabwicklungsfonds ausspricht - wogegen sich Deutschland ebenfalls sträubt.

Wirtschafts- und Währungsunion in drei Schritten

Das 15-seitige Dokument, an dem neben Van Rompuy auch die Präsidenten der EU-Kommission und Europäischen Zentralbank, José Manuel Barroso und Mario Draghi, sowie Eurogruppenchef Jean-Claude Juncker beteiligt waren, sieht drei Etappen auf dem Weg zu einer „echten Wirtschafts- und Währungsunion“ vor. Das Grundprinzip: In jeder Phase müssen Disziplin und gegenseitiger Beistand der Euro-Staaten größer werden.

In einem ersten Schritt (Ende 2012 bis 2013) sollen die bislang nur auf dem Papier existierenden ESM-Hilfen und die Bankenaufsicht praktisch umgesetzt sowie die - wohlgermerkt weiterhin nationalen - Regeln zur Einlagensicherung vereinheitlicht werden. Vorgesehen ist zudem, die wichtigsten Wirtschaftsreformen in den Euro-Ländern vorab stärker auf europäischer Ebene zu koordinieren.

Phase Zwei (2013 bis 2014) enthält den Plan für einen zentralen Mechanismus zur Bankenabwicklung, der die Steuerzahler vor den Folgekosten kollabierender Geldhäuser bewahren soll. Dieser würde alle Kreditinstitute umfassen, die von der - dann funktionsfähigen - „Superaufsicht“ unter Führung der Europäischen Zentralbank

(EZB) kontrolliert würden. Welche genau das sein sollen, darüber wird zurzeit noch heftig zwischen den Regierungen gestritten. Ferner sollen die Hauptstädte quasi vertraglich zu Reformen verpflichtet und deren Umsetzung aus einem nicht näher definierten Topf außerhalb des regulären EU-Haushalts finanziell unterstützt werden.

In einem dritten Schritt soll den Euro-Volkswirtschaften dann ab 2014 eine vage beschriebene „fiskalische Kapazität“ zur Verfügung stehen, um sie vor wirtschaftlichen Erschütterungen zu schützen. Van Rompuy schreibt von einem „eingebauten Belohnungssystem“, das den Griff zum Hilfstopf an Haushaltsdisziplin und Strukturreformen knüpfen würde. Gleichzeitig sollen Entscheidungen über staatliche Haushalte zunehmend vergemeinschaftet und nationale Hoheitsbereiche wie die Steuer- und Arbeitsmarktpolitik besser koordiniert werden.

Konflikträchtiger Punkt: „Ausgabe gemeinsamer Schuldtitel“

In dieser letzten Phase - und dies ist ein weiterer konflikträchtiger Punkt - könnte mit der „fiskalischen Kapazität“ nach Ansicht der Autoren auch die Voraussetzung für die „Ausgabe gemeinsamer Schuldtitel“ geschaffen sein. Eine systematische Vergemeinschaftung von Schulden sei jedoch nicht vorgesehen. Diese Formulierung ist wohl als Zugeständnis an Berlin zu verstehen, dass die Einführung von Euro-Bonds fürchtet.

Vor einer Woche hatte bereits Kommissionspräsident Barroso seinen Vorschlag zur Vertiefung der Währungsunion vorgelegt. Auch er forderte einen einheitlichen Bankenabwicklungsfonds sowie ein eigenes Budget für die Eurozone, aus dem Reformanstrengungen in den Krisenländern belohnt werden sollen. Außerdem will die Kommission mittelfristig einen **Schuldentilgungsfonds** einrichten, wie ihn die deutschen Wirtschaftsweisen zum Ärger von Kanzlerin Angela Merkel (CDU) vorgeschlagen haben.

What words really mean: David Foster Wallace's dictionary

When the American writer David Foster Wallace died four years ago, he left behind the following fragments: notes towards a dictionary all of his own



David Foster Wallace in 1997 Photo: Getty Images

6:00AM GMT 06 Dec 2012

Utilize

A noxious puff-word. Since it does nothing that good old *use* doesn't do, its extra letters and syllables don't make a writer seem smarter; rather, using *utilize* makes you seem either like a pompous twit or like someone so insecure that she'll use pointlessly big words in an attempt to look sophisticated. The same is true for the noun *utilization*, for *vehicle* as used for *car*, for *residence* as used for *house*, for *presently*, *at present*, *at this time*, and *at the present time* as used for *now*, and so on. What's worth remembering about puff-words is something that good writing teachers spend a lot of time drumming into undergrads: "formal writing" does not mean gratuitously fancy writing; it means clean, clear, maximally considerate writing.

Pulchritude

A paradoxical noun because it refers to a kind of beauty but is itself one of the ugliest words in the language. Same goes for the adj. form *pulchritudinous*. They're part of a tiny elite cadre of words that possess the opposite of the qualities they denote. *Diminutive*, *big*, *foreign*, *fancy* (adj.), *classy*, *colloquialism*, and *monosyllabic* are some others; there are at least a dozen more. Inviting your school-age kids to list as many paradoxical words as they can is a neat way to deepen their relationship to English and help them see that words are both symbols for real things and real things themselves.

An adjective, not synonymous with the noun *mucus*. It's worth noting this not only because the two words are fun but because so many people don't know the difference. *Mucus* means the unmentionable stuff itself. *Mucous* refers to (1) something that makes or secretes mucus, as in "The next morning, his mucous membranes were in rocky shape indeed," or (2) something that consists of or resembles mucus, as in "The mucous consistency of its eggs kept the diner's breakfast trade minimal."

Myriad

As an adj., *myriad* means (1) an indefinitely large number of something ("The Local Group comprises myriad galaxies") or (2) made up of a great many diverse elements ("the myriad plant life of Amazonia"). As a noun, it's used with an article and *of* to mean a large number ("The new CFO faced a myriad of cash-flow problems"). What's odd is that some authorities consider only the adjective usage correct — there's about a 50-50 chance that a given copy editor will query *a myriad of* — even though the noun usage has a much longer

history. It was only in 19th-century poetry that *myriad* started being used as an adj. So it's a bit of a stumper. It's tempting to recommend avoiding the noun usage so that no readers will be bugged, but at the same time it's true that any reader who's bugged by *a myriad of* is both persnickety and wrong — and you can usually rebut snooty teachers, copy editors, et al. by directing them to Coleridge's "Myriad myriads of lives teemed forth."

Unique

This is one of a class of adjectives, sometimes called "uncomparables", that can be a little tricky. Among other uncomparables are *precise, exact, correct, entire, accurate, preferable, inevitable, possible, false*; there are probably two dozen in all. These adjectives all describe absolute, non-negotiable states: something is either false or it's not; something is either inevitable or it's not. Many writers get careless and try to modify uncomparables with comparatives like *more* and *less* or intensives like *very*. But if you really think about them, the core assertions in sentences like "War is becoming increasingly inevitable as Middle East tensions rise"; "Their cost estimate was more accurate than the other firms"; and "As a mortician, he has a very unique attitude" are nonsense. If something is inevitable, it is bound to happen; it cannot be bound to happen and then somehow even more bound to happen. *Unique* already means one-of-a-kind, so the adj. phrase *very unique* is at best redundant and at worst stupid, like "audible to the ear" or "rectangular in shape". You can blame the culture of marketing for some of this difficulty. As the number and rhetorical volume of US ads increase, we become inured to hyperbolic language, which then forces marketers to load superlatives and uncomparables with high-octane modifiers (*special - very special - Super-special! - Mega-Special!!*), and so on. A deeper issue implicit in the problem of uncomparables is the dissimilarities between Standard Written English and the language of advertising. Advertising English, which probably deserves to be studied as its own dialect, operates under different syntactic rules than SWE, mainly because AE's goals and assumptions are different. Sentences like "We offer a totally unique dining experience"; "Come on down and receive your free gift"; and "Save up to 50 per cent... and more!" are perfectly OK in Advertising English — but this is because Advertising English is aimed at people who are not paying close attention. If your audience is by definition involuntary, distracted and numbed, then *free gift* and *totally unique* stand a better chance of penetrating — and simple penetration is what AE is all about. One axiom of Standard Written English is that your reader is paying close attention and expects you to have done the same.

Focus

Focus is now the noun of choice for expressing what people used to mean by *concentration* ("Sampras's on-court focus was phenomenal") and *priority* ("Our focus is on serving the needs of our customers"). As an adj., it seems often to serve as an approving synonym for *driven* or *monomaniacal*: "He's the most focused warehouse manager we've ever had." As a verb, it seems isomorphic with the older *to concentrate*: "Focus, people!"; "The Democrats hope that the campaign will focus on the economy"; "We need to focus on finding solutions instead of blaming each other". Given the speed with which *to focus* has supplanted *to concentrate*, it's a little surprising that nobody objects to its somewhat jargony New Age feel — but nobody seems to. Maybe it's because the word is only one of many film and drama terms that have entered mainstream usage in the last decade, e.g., *to foreground* (= to feature, to give top priority to); *to background* (= to downplay, to relegate to the back burner); *scenario* (= an outline of some hypothetical sequence of events), and so on.

Fervent

A beautiful and expressive word that combines the phonological charms of *verve* and *fever*. Lots of writers, though, think fervent is synonymous with *fervid*, and most dictionary defs. don't do much to disabuse them. The truth is that there's a hierarchical trio of zeal-type adjectives, all with roots in the Latin verb *fervere* (= to boil). Even though *fervent* can also mean extremely hot, glowing (as in "Fingering his ascot, Aubrey gazed abstractedly at the brazier's fervent coals"), it's actually just the baseline term; *fervent* is basically synonymous with *ardent*. *Fervid* is the next level up; it connotes even more passion/devotion/eagerness than *fervent*. At the top is *perfervid*, which means extravagantly, rabidly, uncontrollably zealous or impassioned. *Perfervid* deserves to be used more, not only for its internal alliteration and metrical pizzazz but because its deployment usually shows that the writer knows the differences between the three *fervere* words.

Feckless

A totally great adjective. *Feckless* primarily means deficient in efficacy, i.e., lacking vigor or determination, feeble; but it can also mean careless, profligate, irresponsible. It appears most often now in connection with wastoid youths, bloated bureaucracies — anyone who's culpable for his own haplessness. The great thing about using *feckless* is that it lets you be extremely dismissive and mean without sounding mean; you just sound witty and classy. The word's also fun to read because of the soft *e* assonance and the *k* sound — the triply assonant noun form is even more fun.

Noma

This medical noun signifies an especially icky ulcerous infection of the mouth or genitals. Because the condition most commonly strikes children living in abject poverty/squalor, it's a bit like scrofula. And just as the adj. *scrofulous* has gradually extended its sense to mean “corrupt, degenerate, gnarly”, so *nomal* seems ripe for similar extension; it could serve as a slightly obscure or erudite synonym for “scrofulous, repulsive, pathetically gross, grossly pathetic”... you get the idea.

Hairy

There are maybe more descriptors for various kinds of hair and hairiness than any other word-set in English, and some of them are extremely strange and fun. The more pedestrian terms like *shaggy*, *unshorn*, *bushy*, *coiffed*, and so on we'll figure you already know. The adj. *barbigerous* is an extremely uptown synonym for *bearded*. *Cirrose* and *cirrous*, from the Latin *cirrus* meaning “curl” or “fringe” (as in *cirrus clouds*), can both be used to refer to somebody's curly or tufty or wispy/feathery hair — Nicolas Cage's hair in *Adaptation* is cirrose. *Crinite* means “hairy or possessed of a hair-like appendage”, though it's mainly a botanical term and would be a bit eccentric applied to a person. *Crinose*, though, is a people-adj. that means “having a lot of hair”, especially in the sense of one's hair being really long. The related noun *crinosity* is antiquated but not obsolete and can be used to refer to somebody's hair in an amusingly donnish way, as in *Madonna's normally platinum crinosity is now a maternal brown*. *Glabrous*, which is the loveliest of all hair-related adjectives, means having no hair (on a given part) at all. Please note that *glabrous* means more baby's-bottom-hairless than bald or shaved, though if you wanted to describe a bald person in an ironically fancy way you could talk about his *glabrous dome* or something. *Hirsute* is probably the most familiar upmarket synonym for *hairy*, totally at home in any kind of formal writing. Like that of many hair-related adjectives, *hirsute*'s original use was in botany (where it means “covered with coarse or bristly hairs”), but in regular usage its definition is much more general. *Hispid* means “covered with stiff or rough little hairs” and could apply to a military pate or unshaved jaw. *Hispidulous* is mainly just a puffed-up form of *hispid* and should be avoided. *Lanate* and *lanated* mean “having or being composed of woolly hairs”. A prettier and slightly more familiar way to describe woolly hair is with the adjective *flocculent*. (There's also *floccose*, but this is used mainly of odd little hairy fruits like kiwi and quince.) Then there are the *pil*-based words, all derived from the Latin *pilus* (= hair). *Pilose*, another fairly common adj., means “covered with fine soft hair”. Last but not least is the noun *pilimiction*, which names a hopefully very rare medical disorder “in which piliform or hair-like bodies are passed in the urine”. Outside of maybe describing some kind of terribly excruciated facial expression as *pilimictive*, however, it's hard to imagine a mainstream use for *pilimiction*. *Tomentose* means “covered with dense little matted hairs” — baby chimps, hobbits' feet and Robin Williams are all *tomentose*. *Ulotrichous*, which is properly classed with *lanate* and *flocculent*, is an old term for “crisply woolly hair”. Be advised that it is also, if not exactly a racist adj., certainly a racial one — AC Haddon's *Races of Man*, from the early 1900s, classified races according to three basic hair types: *leiotrichous* (straight), *cymotrichous* (wavy) and *ulotrichous*.

Now go do the right thing.

This is an edited extract from "Both Flesh and Not", by David Foster Wallace, published by Hamish Hamilton at £20.

"Twenty-Four Word Notes" was originally published in the Oxford American Writer's Thesaurus Copyright © 2004, 2008, 2012 Oxford University Press

<http://blogs.telegraph.co.uk/culture/harrymount/100067426/why-do-americans-love-latinate-words-so-much/>

Why do Americans love Latinate words so much?

By [Harry Mount Society](#) Last updated: December 5th, 2012



Latinate officialese in the loos of the Frick Collection, New York (author photo)

Across the social and ethnic classes, Americans often prefer the complex Latinate word to the Anglo-Saxon, or to the simpler Latinate version. "Utilise" instead of "use" is a classic – you'll hear it said by cops and in diners, as well as from the lips of bow-tied policy wonks and humanities professors.

The preference is so deeply-embedded that it's largely lost the implication of the over-use of Latinate words in Britain – ie to advertise how clever you are. George Orwell nailed the tendency in his essay, *Politics and the English Language* [1946]:

"Bad writers, and especially scientific, political, and sociological writers, are nearly always haunted by the notion that Latin or Greek words are grander than Saxon ones, and unnecessary words like expedite, ameliorate, predict, extraneous, deracinated, clandestine, subaqueous, and hundreds of others constantly gain ground from their Anglo-Saxon numbers."

I suspect that Orwell's reason for the over-use of Latinate words originally accounted for their heavy adoption in American use, in the old days of cultural cringe towards Britain. But those days are long enough ago now that the desire to appear clever is no longer the intention. I'd say that it's been at least half a century since Latinate words were consciously borrowed for this reason. Certainly the sign in the loos at the Frick looks at least early 1960s, and may well date back to 1935 when the mansion first opened to the public.

Like the best street slang, heavy Latinate word use is now just an integral part of American English.

[Harry Mount](#)

Harry Mount's latest book is [How England Made the English: From Hedgerows to Heathrow](#). He is also the author of [Amo, Amas, Amat and All That: How to Become a Latin Lover](#) and [A Lust for Windowsills - a Guide to British Buildings from Portcullis to Pebbledash](#). A former leader writer for the Telegraph, he writes about politics, buildings and language for lots of British and American newspapers and magazines.

Editorial November 22, 2012

Britain's Place in Europe

Euro-skepticism has remained a current in British politics, long after Britain put aside centuries of anti-European sentiment to join the Common Market in 1973 and to become a member of the more highly integrated European Union 20 years later.

Until now, periodic spasms of parochialism did little lasting harm. But since the European debt crisis and recession, there has been growing sentiment across the British political spectrum for leaving the European Union. As Roger Carr, the leader of Britain's biggest business group, the [Confederation of British Industry](#), [rightly warned on Monday](#), this latest trend needs to be taken seriously and strongly countered by pro-European business and political leaders. Leading political figures expect a national referendum to be called on continued British membership in the European Union, probably for 2015. If it were held today, [an Opinium/Observer poll](#) suggests, the anti-European side would prevail, with a large majority of Conservatives, a plurality of Labour voters and a significant minority of Liberal Democrats voting for a British exit.

Leaving the union would be a grave mistake, sacrificing Britain's best hopes for a brighter economic future to half-baked longing for the simpler days when the British ruled an empire and had less need for European trade. There's plenty of time for pro-Europe leaders to make that case. But they must heed Mr. Carr's advice and speak up.

Twenty-seven countries now belong to the European Union, with several more nations like Iceland, Serbia and Turkey hoping to join. Even without further expansion, the union accounts for almost 50 percent of British trade and is its largest trading partner.

Of course, the skeptics can point to the European Union's many disappointments. Too much senseless, stifling regulation flows from a bureaucracy with too little democratic accountability. Costly and indefensible agricultural subsidies to local farmers deny needed markets to developing countries and is a factor in driving economic refugees to Europe, a movement that politicians like to rant against.

The euro was established as a common currency with too little preparation and institutional support. And, over the past year, Chancellor Angela Merkel of Germany has been destructively pushing her partners to enact laws that would prolong the recession by setting rigid deficit ceilings, denying countries the fiscal flexibility sometimes needed to revive growth.

But the union's shortcomings are all the more reason for Britain to keep its seat at the table where Europe's economic future will be made.

Britain, as the Continent's third-largest economy after Germany and France, has had a crucial role in shaping European policy, pushing the bloc toward freer trade and away from political federalism. And it has helped preserve the rights of others to opt out of unwanted initiatives like the euro. With decisions on fiscal policy, bank supervision and financial regulation likely to be made in the near future, Britain's voice is needed more than ever to protect British interests and larger European ones as well.

British supporters of continued European Union membership in all three major parties and in the business community need to counter the seductive simplicities of the euro-bashers who claim that Britain can ignore Europe and thrive on its own. They need to make the case that British engagement in Europe should be, as Mr. Carr put it Monday, "the linchpin of our wider global trade ambitions." Britain needs the European Union as much as it needs Britain.

12/11/2012 11:20 AM

Banking Union

Berlin Refuses to Relent as Summit Approaches

By Martin Hesse, Christoph Pauly and Christian Reiermann

European leaders meet again this week to negotiate the structure of a proposed banking union, and in all but the most superficial areas, German Finance Minister Wolfgang Schäuble still appears unwilling to compromise. Thoroughness and ample power for Germany are his main priorities.

European Council President Herman Van Rompuy has a reputation for being headstrong. The Belgian with the mischievous smile and protruding ears tends to have his own unique way of interpreting joint decisions by Europe's heads of state and government.

Last Thursday, he lived up to his reputation once again. Van Rompuy announced that ailing banks will already be able to receive direct aid from the European Stability Mechanism (ESM) in the spring of the coming year -- even though the cross-border European banking regulatory agency under the umbrella of the [European Central Bank](#) (ECB) will not be operational until early 2014.

The unilateral course taken by the European Council president prompted angry reactions from officials at the German Finance Ministry in Berlin. Indeed, in late July the heads of state and government had agreed to exactly the opposite, deciding that troubled banks would only receive direct aid from Luxembourg after the banking supervisory body has been established. "Who does he think he is, turning this decision on its head?", asked a high-ranking representative of the German Finance Ministry on Thursday.

The Belgian's maverick maneuver is unlikely to soften German Finance Minister Wolfgang Schäuble's position on the proposed banking union. The week before last, negotiations on the issue stalled, in large part due to resistance from the influential German finance minister, who is a member of Chancellor Angela Merkel's conservative Christian Democratic Union (CDU). And there is little evidence that Schäuble will cave in when EU finance ministers meet again this Wednesday.

The Germans feel that there is simply too much at stake. Schäuble's team wants to avoid forcing the monetary watchdogs to decide which banks must close and which may remain open. "A half-baked compromise would permanently alter the design and character of the monetary union, and we won't allow that to happen," says a minister in Merkel's administration. Indeed, the Germans are determined to keep monetary policy and banking supervision strictly separate within the ECB.

Who Will Call the Shots?

Once again, the German government finds itself on a collision course with France and ailing Southern European countries over an important step in rescuing the euro. And once again the German government refuses to budge on a number of positions. "What we don't achieve now, we cannot make up for later on," says the member of Merkel's cabinet.

The conflict revolves around the key issue of Europe's financial rescue policy. Today, every country in the euro zone independently supervises its own banking sector. In most countries, the individual national central banks ensure that the balance sheets of their country's financial institutions are in order. In Germany and a number of other countries, a separate supervisory agency is primarily responsible for this task.

But this form of small-state mentality cannot be maintained over the long-term in a monetary union. This was the hard lesson learned from the Irish and Spanish banking crises of the past few years. That's because if a number of large, or many small, financial institutions in a euro-zone member state run into trouble, it can threaten the existence of the entire monetary union.

Consequently, politicians seeking to save the euro are determined to establish a central banking supervisory authority on a European level. The only question is who will call the shots in this powerful new super agency. The majority of the euro countries want to give a controlling influence to the monetary watchdogs on the ECB Governing Council, in which every country has a vote. By contrast, Germany -- with the support of a number of other countries -- is urging a separate decision-making body consisting of independent banking regulators, in which each country's voting weight would be calculated according to its size and importance. In pursuing this course, the Germans aim to prevent financially weak countries from all too easily using German taxpayers' money to save struggling banks -- and prevent Europe's monetary watchdogs from being drawn into a conflict with their main objective of maintaining stable prices.

Schäuble remains determined only to agree to a European banking union under the following four conditions: The independence of monetary policy may not be compromised. Conflicts of interest between monetary policy and bank supervision must be avoided. Countries that don't belong to the euro zone, and are thus not members of the ECB Governing Council, must be able to equally participate in banking supervision. And the banking supervisory body should be independent of the ECB Governing Council.

Avoiding a Conflict of Interests

For the Germans, these positions constitute the core of their beliefs on monetary policy. They fear that the ECB would no longer be free to decide on interest rates and the amount of money in circulation if, at the same time, it had to deal with troubled banks. Their concerns are justified. If bank auditors discovered, for instance, that a country's financial sector was teetering on the verge of collapse, the monetary watchdogs might be tempted to resolve the problem by reducing interest rates -- even if this caused prices to rise across Europe, and precisely the opposite were necessary.

The central bankers feel that this conflict of interests can be avoided if the banking union is designed as the Germans have recommended. "14 of the 17 central banks in the euro zone are responsible for banking supervision and monetary policy," ECB Executive Board member Jörg Asmussen pointed out during a discussion in Brussels last week. "This can be solved reasonably," he believes, adding that both tasks need only be separated, both organizationally and in terms of personnel.

In contrast to monetary policy, banking supervision is subject to democratic control because tax money might eventually have to be used to rescue financial institutions. Asmussen accordingly suggests placing the main supervisory authority in the hands of an independent body under the umbrella of the ECB.

This is the only solution that would allow countries outside the monetary union to take part in banking supervision -- as explicitly requested by the heads of state and government. This includes Poland, Sweden and Denmark, which are all countries that have neither a seat nor a vote on the ECB Governing Council.

Schäuble and his team are also considering a model that would separate the banking supervisory body from the ECB. This approach is supported by their colleagues in the Netherlands, Finland, Austria and Luxembourg. Southern European countries, along with France, traditionally have little objection to putting the same people in charge of monetary policy and bank bailouts. The rift extends straight through the middle of the ECB Governing Council. ECB Vice President Vítor Constâncio, for instance, would like to become the second-highest-ranking official in the new banking supervisory body. A woman is slated to be named for the top position.

Willing to Compromise on Location

In order to bring the French in line with their views, Schäuble and his aides are prepared to make concessions. Instead of insisting that the new Europe-wide banking regulatory agency is located in Frankfurt, the Germans

have indicated that it could just as well operate in a city like Paris. Two different locations would also underscore the division of tasks, say officials in the German Finance Ministry.

The Germans are also prepared to make compromises on an additional contentious issue. The Southern European countries are pushing for the new supervisory body to be responsible for all 6,200 banks in the euro zone. By contrast, the Germans only want important, international major financial institutions to be centrally monitored.

One solution envisioned by the Southern European countries will probably be discarded solely based on the required number of personnel. If every financial institution were supervised by an average of three bank auditors, the ECB would have to hire over 18,000 new employees over the coming months. "Hardly practicable" was the terse comment on this notion by the German Finance Ministry.

Nevertheless, an agreement appears to be taking shape: The ECB would be responsible for major international banks and financial institutions that have received state bailouts. What's more, it could supervise all banks that it feels should be closely monitored.

Less Urgency

From the Germans' perspective, the banking union cannot be launched until these issues have been resolved. Officials in Berlin say that thoroughness takes priority over speed here. Indeed, Schäuble's team no longer views the banking union with anything close to the sense of urgency that was felt a few months ago.

Ever since the ECB started pumping money into the markets and, on top of that, announced that it would purchase sovereign bonds in unlimited quantities, the situation of banks in crisis-ridden countries has palpably eased. These banks -- thanks in no small part to funds provided by the ECB -- have filled their books with bonds issued by their governments. If bond prices fall, it weighs on their balance sheets, while every price increase buoys them.

Investors and economists thus see the acute problems of Europe's financial institutions as currently manageable. "Hardly anyone is afraid of a new escalation," says David Folkerts-Landau, chief economist at Deutsche Bank. This also applies to Spanish banks, where problems originally moved euro-zone politicians last summer to create a banking union as swiftly as possible. Meanwhile, Spain has applied for €40 billion (\$52 billion) from the European rescue fund to support its own banks -- much less than originally planned.

This would indicate that European Council President Van Rompuy will be unable to stick to his ambitious schedule -- even if the finance ministers reach an agreement on Wednesday. German government officials say that their country can make a binding agreement to the supervisory plans "in March at the earliest." After all, the German parliament, the Bundestag, needs to have a say in the matter.

Translated from the German by Paul Cohen

<http://www.economist.com/blogs/schumpeter/2012/12/newspaper-industry>

The newspaper industry

Reaching the bottom?

Dec 10th 2012, 18:20 by Economist.com

-

VIDEO

After years of bad headlines, our correspondents discuss why the industry finally has some good news«
[Citigroup: More pain](#)

Mario Monti's exit is only way to save Italy

Italy has only one serious economic problem. It is in the wrong currency.



Mario Monti may be one of Europe's great gentlemen but he is also a high priest of the EU Project and a key author of Italy's euro membership Photo: AFP



By [Ambrose Evans-Pritchard](#)

9:09PM GMT 10 Dec 2012

The nation is richer than Germany in per capita terms, with some €9 trillion of private wealth. It has the biggest primary budget surplus in the G7 bloc. Its combined public and private debt is 265pc of GDP, lower than in France, Holland, the UK, the US or Japan.

It scores top of the International Monetary Fund's index for "long-term debt sustainability" among key industrial nations, precisely because it reformed the pension structure long ago under Silvio Berlusconi.

"They have a vibrant export sector, and a primary surplus. If there is any country in EMU that would benefit from leaving the euro and restoring competitiveness, it is obviously Italy," said Andrew Roberts from RBS.

"The numbers are staring them in the face. We think the story of 2013 is not about countries being forced to leave EMU but whether they choose to leave."

A "game theory" study by Bank of America concluded that Italy would gain more than other EMU members from breaking free and restoring sovereign control over its policy levers.

Its International Investment Position is near balance, in stark contrast to Spain and Portugal (both in deficit by more than 90pc of GDP). Its primary surplus implies it can leave EMU at any moment it wishes without facing a funding crisis.

A high savings rate means that any interest rate shock after returning to the lira would mostly flow back into the economy through higher payments to Italian bondholders – and it is often forgotten that Italy's "real" rates were much lower under the Banca d'Italia.

Rome holds a clutch of trump cards. The one great obstacle is premier Mario Monti, installed at the head of a technocrat team in the November Putsch of 2011 by German Chancellor Angela Merkel and the European Central Bank – to the applause of Europe's media and political class.

Mr Monti may be one of Europe's great gentlemen but he is also a high priest of the EU Project and a key author of Italy's euro membership. The sooner he goes, the sooner Italy can halt the slide into chronic depression.

Markets are, of course, horrified that he will resign once the 2013 budget is passed, opening the door to political mayhem early next year. Yields on 10-year Italian debt spiked 30 basis points to 4.85pc on Monday. "The armistice lasted 13 months. Now the war continues. The world watches us with incredulity," wrote *Corriere della Sera*.

The immediate risk for bond investors is a fractured parliament, with a "25pc" chance of victory by the eurosceptic forces of Mr Berlusconi, the Northern League and comedian Beppe Grillo, now running near 18pc in the polls. "We're doomed if there is no clear majority in parliament," said Prof Giuseppe Ragusa from Luis Guido Carli University in Rome.

Any such outcome would leave the bond markets as nakedly exposed as they were in July during the last spasm of Europe's debt crisis. Rome would be even less likely to request a rescue and sign a "Memorandum" giving up fiscal sovereignty – the preconditions for ECB action to cap Italian bond yields.

All those investors who rushed into Italian debt – or Spanish debt – after the ECB's Mario Draghi pledged to do whatever it takes to hold EMU together would find that Mr Draghi cannot deliver. His hands are tied by politics. Bondholders should be worried. But the interests of Italian democracy and foreign creditors are no longer aligned. The 1930s deflation policies imposed by Berlin and Brussels have pushed the country into a Grecian vortex. The business lobby Confindustria said the nation is being reduced to "social rubble".

The latest data confirm that Italy's industrial output is in accelerating freefall, down 6.2pc in October from a year earlier. "We have seen a complete capitulation of the private sector over the last 12 months," said Dario Perkins, from Lombard Street Research. "Business confidence is back to levels in the depths of the financial crisis. Consumer confidence is the lowest ever. Berlusconi is right that austerity has been a complete disaster."

Consumption has fallen 4.8pc over the past year as higher taxes bite. "There is no precedent for this in data. The risk for 2013 is that that fall will be even worse," said consumer group Confcommercio.

The origins of this crisis go back to the mid 1990s when the D-Mark and the Lira were fixed in perpetuity. Italy had the Scala Mobile wage system and inflation habits. Old ways die hard.

It lost 30pc to 40pc in labour competitiveness against Germany by a slow ratchet effect. Its historic trade surplus with Germany has become a big structural deficit.

The damage is now done. You cannot set the clock back. Yet that is exactly what the EU policy elites are trying to do by means of drastic austerity and an "internal devaluation".

Such a policy may work in a small open economy with a high trade-gearing like Ireland. In Italy it is replicating Britain's experience after Winston Churchill put sterling back on Gold at an over-valued rate in 1925. As Keynes said acidly, wages are "sticky" going down. British pay scarcely moved for the next five years. The chief effect of such a policy is to drive unemployment sky high. Italy's youth jobless rate is 36.5pc and rising.

Mr Monti has rammed through fiscal tightening of 3.2pc of GDP this year, three times the therapeutic dose. There is no economic reason to do this. Italy has had a budget near primary balance over the past six years. It has been, and was under Berlusconi, a rare model of rectitude.

The primary surplus will reach 3.6pc of GDP this year and 4.9pc next year. You could not be more virtuous. Yet the pain has been worse than useless. Fiscal tightening itself has pushed Italy's public debt from a stable equilibrium into the danger zone. The IMF says the debt ratio is rising much faster than before, jumping from 120pc last year to 126pc this year and to 128pc in 2013.

The economy has been contracting for five quarters. Citigroup says this will grind on, with falls of 1.2pc in 2013 and 1.5pc in 2014, with near zero growth thereafter as far as 2017, and debt restructuring along the way.

It would be remarkable if Italian voters tolerate this debacle for long, even if Pier Luigi Bersani wins the election on a centre-Left, pro-reform, pro-euro ticket. Survey data from the PEW Trust show that just 30pc now think the euro has been a “good thing”.

The chorus in favour of EMU exit turned silent after Mr Draghi pledged salvation. Five months later it is clear that the deeper crisis is still festering. The voices are growing louder again. Mr Berlusconi plays mischievously with the theme, one day floating his “crazy idea” of telling the Banca d’Italia to print euros defiantly, the next saying “it’s not blasphemy to talk of leaving the euro”.

His language had a harder edge this week. “Italy is on the edge of the abyss. I can’t allow my country to plunge into an endless recessionary spiral.

“The situation today is far worse than a year ago when I left the government. We have an extra million unemployed, the debt is rising, firms are closing, property is collapsing, and the car market is destroyed. We can’t keep going on like this.”

Indeed not.

WSJ Updated December 9, 2012, 5:57 p.m. ET

U.K. Is New Recruit on Europe's Sick List

By [SIMON NIXON](#)

There is no shortage of current candidates for the uncoveted title Sick Man of Europe: Greece, obviously, since it's in the midst of a deep depression and has just defaulted on its debts for a second time in a year via its deeply discounted debt buyback; Portugal and Ireland, since they are still subject to euro-zone bailouts; Spain, where unemployment is running at over 25%; Italy, whose economy has barely grown for 20 years and whose dysfunctional politics have returned to center stage now that former prime minister [Silvio Berlusconi](#) has withdrawn his party's support for Mario Monti's government, potentially triggering elections in February.

But to this unglamorous list, one must now add the U.K.



The depth of the hole into which the U.K. has now sunk was laid bare in last week's Autumn Statement by Chancellor of the Exchequer George Osborne.

Since the government took office in May 2010, the economy has grown by just 0.9%, compared with its original forecast of 5.7% growth. Over this time, the U.K. has actually underperformed the euro zone as a whole and the economy is now expected to shrink by 0.1% this year.

Mr. Osborne was forced to admit he has made virtually no progress this year in cutting what is likely to be the biggest budget deficit in Europe, at an estimated 7.7% of GDP.

Excluding accounting fiddles, Mr. Osborne now expects to borrow an extra £200 billion (\$329.74 billion) over the next four years and, including redemptions, must sell close to £150 billion of gilts a year, which not so long ago would have been considered an impossible task.

To this daunting economic challenge must now be added political risk. In the euro zone, the unique institutional arrangements, not least a robustly independent central bank whose ability to support governments is severely constrained, has forced crisis countries to take up-front action to address their fiscal deficits and structural economic weaknesses.

This shock therapy has carried a huge social cost but is clearly delivering results: Greece and Italy are likely to run budget surpluses before interest costs next year; peripheral countries have largely eliminated their current-account deficits, with Spain and Greece now back in surplus. All peripheral countries have made significant progress toward regaining competitiveness in terms of unit labor costs, albeit at a high price in unemployment.

Compare this with the U.K., where the government's economic strategy is heavily back-loaded. For all the talk of harsh U.K. austerity, there has so far been little beyond tax rises and canceled infrastructure projects. Aided by a central bank unconditionally printing money to the tune so far of £375 billion, equivalent to almost 30% of

GDP, Mr. Osborne last week felt confident enough to junk his debt target—that debt as a proportion of GDP should be falling by the end of this parliament in 2015.

The only constraint Mr. Osborne now acknowledges is his loosely conceived deficit target—that the cyclically-adjusted current budget should be eliminated over a rolling five-year period. Yet this turns out to be barely any constraint at all since every time the official forecasts come up wrong, he defers the pain of adjustment to the end of the new five-year period.

As a result, Mr. Osborne now doesn't expect to eliminate the structural deficit, which the independent Office for Budget Responsibility has helpfully now decided is much smaller than previously assumed, until 2018, three years later than planned.

Yet conspicuously absent from Mr. Osborne's bleak assessment of the U.K.'s prospects was any mention of the one thing that has dominated the policy debate for the past year: the fear the economy is turning Japanese, weighed down by so much bad debt that it is incapable of moving forward.

Indeed, Mr. Osborne seems so confident that the slump is largely cyclical, the result of a euro crisis-induced slump in net trade, rather than structural that last month he flatly rejected a Bank of England recommendation to recapitalize the banks to purge the system of bad debts.

Instead, he continues to hold fast to the hope that an economy held back by the "stock" of debt—both in the public and private sector—is amenable to "flow" measures that aim to lower the cost of debt such as quantitative easing and the BOE's recent Funding for Lending Scheme, rather than radical measures designed to cut the stock of debt itself.

Yet the evidence suggests that, unlike the euro-zone periphery, the U.K. is struggling to rebalance. The trade deficit actually widened in October, with the deficit with emerging markets deteriorating as much as that with the euro zone.

The latest surveys show a sharp drop in manufacturing activity. Weak consumer-spending growth and disappointing levels of corporate investment point to an economy held back by zombie households and zombie companies. Nearly one in 10 companies can't service the principal on their debt, according to insolvency trade body R3, suggesting that many are being kept on life support by a banking system unwilling to recognize losses and under political pressure to maintain corporate lending.

Even the good news in the U.K.—falling unemployment—may be double-edged since it suggests productivity is falling and therefore future potential growth may be lower.

Economic theory says the U.K. is fortunate to have its own central bank willing to print money to smooth the rebalancing of the economy. But economic theory ignores political reality.

The U.K. has avoided the misery suffered in parts of the euro zone, but five years into the crisis it is looking as though tough decisions are being avoided by a political elite happy to hide behind the convenient fiction that a slump caused by the biggest credit and housing bubble in the country's history is mainly cyclical.

Where the U.K. desperately needs radical action to address the stock of debt in both the public and private sector, what it gets from Mr. Osborne is incrementalism.

When the cyclical recovery does come, it is conceivable that it will be the euro zone that is able to exploit its improved productivity and increased competitiveness to grow in line with its potential.

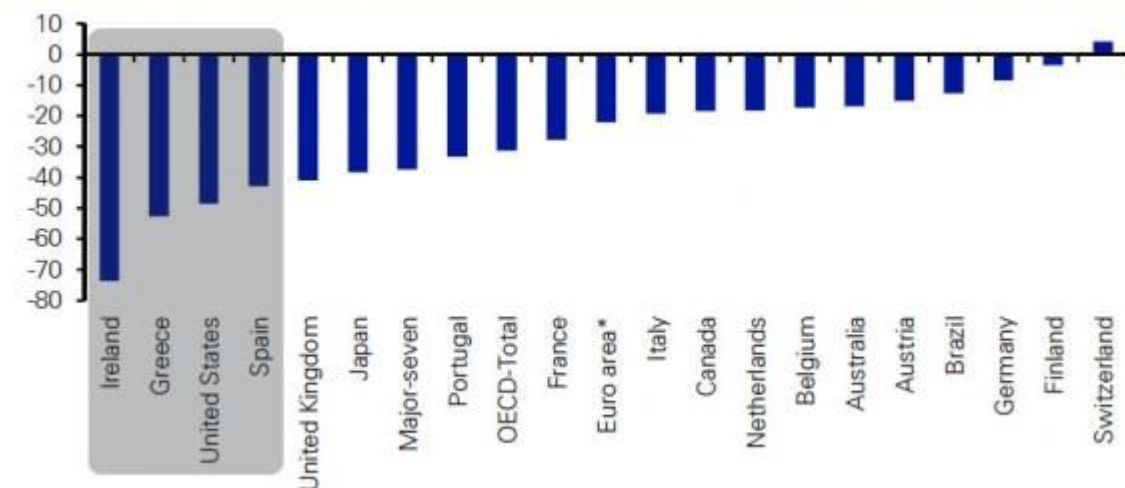
Meanwhile the U.K.—which by then may be stuck with the biggest government deficit in Europe while remaining one of the most indebted economies in the world—risks being doomed to years of sub-par growth, held back by households unable to spend, businesses unwilling to invest and a complacent political class too anaesthetized by central bank money-printing to give the patient the treatment it needs.

Presenting The Fund-tastic Four: Ireland, Greece, Spain And... The U.S.

Submitted by [Tyler Durden](#) on 12/10/2012 17:54 -0500

Behold the *fund-tastic four*: Ireland, Greece, Spain and... the US? These are the four countries that in the past four years have accumulated the **greatest deficit as a % of GDP** (and yes, at just under 50%, the US is **worse** than Spain whose cumulative deficit has been over 40% of GDP), which in turn they have had to fund with what else: new debt.

Figure 1: Cumulative Annual Government Deficit as % of GDP (2008-2012)



* - Euro area (15 countries)
Source: Deutsche Bank, OECD

The chart explains the scramble to force rates across the world to all time lows: a necessity to allow continued deficit funding, even if by doing so, the monetary authorities have made any economic growth impossible as true inflation (coupled with a rise in funding costs and government yields) is the last thing governments, locked in years more of deficit funding, can afford.

And while Europe is more or less toast due to a fixed currency, which means the only way it can grow its way out of the current mess which in turn would mean an internal devaluation resulting in 30-50% wage declines (as explained [before](#)), the US "can print its own currency" so as to preserve the myth that nominal wages are flat or rising. Of course, the concurrent external devaluation means the US will have to devalue the dollar (i.e., loss of purchasing power by those paid in USD). Relative to whom? Why Europe of course, which means the EUR will have to rise even more relative to the USD as the US "rebalances" its way out of its own deficit spending quicksand.

Alas, this takes us back to square one, as any external devaluation by the US would mean the internal devaluation in Europe will have to be even more profound, read even greater wage reductions, even greater social instability, and even greater cuts in the welfare spending. It also will mean even more and bigger bailouts in Europe, and a barage of endless lies and propaganda out of the unbearable Brussels-based circle of unelected Eurocrats.

Ah, the joy of closed loop Keynesian systems, in which one's gain is always someone else's loss...

Ukip: the party that's coming in from the cold

It was written off by David Cameron as a party of 'fruitcakes, loonies and closet racists'. So why is Ukip suddenly becoming a political force to contend with?

[John Harris](#)

[The Guardian](#), Monday 26 November 2012 20.00 GMT



Nigel Farage: the former Tory first became leader of Ukip in 2006. Photograph: Toby Melville/Reuters

In the long slipstream of this year's party conference season, British politics seems to have gone strangely quiet. But listen closely, and under the sound of all that rain, you can make out something very interesting: the metaphorical forces politicians usually call "tectonic plates", shifting in ways that, three or four years ago, no one would have predicted. This winter's biggest political story, in fact, may turn out not to be focused on the [Conservatives](#), Labour or the Lib Dems, but an organisation that until recently was routinely condemned to the fringes, or smirked about as a collection of eccentrics and oddballs.

But there it is: the UK Independence party, which has spent well over a year regularly scoring at least 6% or 7% in the polls, and often climbing as high as 11%, thus relegating the poor old Lib Dems to fourth place. At last week's [Corby byelection](#), the party managed an impressive 14.3%, its highest-ever share of the poll in any such contest. That day, there was also [a byelection in the seat of Cardiff South and Penarth](#), where it managed 6.1% – not nearly as convincing, but still its highest share in any Welsh election. And in the same day's [somewhat shambolic elections for police and crime commissioners](#), Ukip's share of the vote per candidate once again put it ahead of Nick Clegg's lot.

This week sees the Rotherham byelection, where [the party's prospects have been boosted by a remarkable story indeed](#): the local council deciding to remove three children from the foster care provided by a local couple who are Ukip members. The children are migrants from mainland [Europe](#); Rotherham's director of children services, who was quickly condemned by both Labour and Tory politicians, said she had to be mindful of their "cultural and ethnic needs", in the context of Ukip's policies on multiculturalism. Ukip's website now features the slogan "All roads lead to Rotherham", the stylised image of a family of five, and a headline about what it calls the "Ukip foster care uproar".

Yesterday, the Tory MP and party vice-chairman [Michael Fabricant published a report titled The Pact](#), in which he advocates an electoral deal between the Conservatives and Ukip, on the basis of a referendum on Britain's EU membership, and a place in a future Tory cabinet for the Ukip leader [Nigel Farage](#).

Fabricant – who on Sunday night was reported to be having "social drinks" with David Cameron – reckons that the ongoing battle between the two parties cost his side as many as 40 seats (and, therefore, an outright majority) at the last general election. The Tory leadership duly poured cold water on his suggestion, but the underlying thinking was hardly revelatory: Ukip's rise is jangling Tory nerves, and with good reason. On Monday, Farage talked about the possible game-changing effects of someone "grownup and sensible like Michael Gove" becoming leader of the Tories: the aim, one suspected, probably had more to do with mischief than constructive politics.

Ukip already has 12 members of the European parliament, including [Roger Helmer, who was elected as a Conservative, but jumped ship in March this year](#). There are three other ex-Tory Ukipers in the House of Lords: Lord Pearson of Rannoch, the 21st Baron Willoughby De Broke, and Baron Stevens of Ludgate. While we're here, it is also worth noting the sole Ukip representative in the Northern Ireland Assembly, David McNarry, a former member of the Ulster Unionist party – and the party's presence in local government. Ukip now has 158 people serving on local councils, though the vast majority are concentrated at town and parish levels, a number regularly swelled by more revolting Tories.

They are all committed to a self-styled "libertarian, non-racist party seeking Britain's withdrawal from the EU", whose ideas are built on the claim that even the Conservatives – and read this bit slowly – "are now Social Democrats", and that the main parties "offer voters no real choice".

Aside from pulling out of Europe, [Ukip's other notable positions and policies](#) seem purposely designed to cut across what remains of the metropolitan "modernisation" agenda that Cameron and his supporters brought to modern Tory politics. Chief among them is the belief that climate change is a matter of debate and "wind power is futile", the contention that there should be "real and rigorous cuts in foreign aid" (to be "replaced with free trade", apparently), and support for grammar schools. Given half a chance, Ukip would also freeze "permanent immigration" for five years.

The party's prevailing tilt is in the small-state, cut-spending direction, though it would hold on to Britain's nuclear weapons, and "make increased defence spending a clear priority". It is opposed to gay marriage (though it's OK with civil partnerships), and advocates an end to the ban on smoking in "allocated rooms in public houses, clubs and hotels." The party's radical rightwing credentials are also flagged up by its avowed belief in a flat rate of income tax, an idea that has found favour in Serbia, Ukraine, Slovakia, Georgia, and Romania.

In 2006, much to Ukip's fury, [Cameron famously called them a party of "fruitcakes, loonies and closet racists"](#) (weirdly, over the weekend, the Downing Street press office seemed to retract at least the third of these suggestions, only to un-retract it). There have been occasional reports about Ukip members with links to the far right, and the BNP in particular (though on this score, to be fair, the party is vigilant). There also is a low hum of online noise about the party's associations with other political parties in Europe, the kind routinely described using such terms as "ultra-nationalist" or "socially authoritarian": in the European parliament, their MEPs are part of a grouping called [Europe of Freedom and Democracy](#), which also includes the Italian Northern League, the Lithuanian Order and Justice party, and an outfit from Greece called Popular Orthodox Rally. In 2009, Ukip peer Lord Pearson invited the Dutch politician Geert Wilders to the House of Lords, where he showed a film titled Fitna, linking the content of the Qur'an to terrorism.

Still, if you like the cut of Ukip's jib, you might like to think of its members as bold trailblazers for the future of the radical right. If you are being slightly less generous, you might agree with the verdict of an internal Tory document that called them ["cranks, gadflies and extremists"](#). Neither view, though, answers this year's most pressing question: why has the party's support suddenly ballooned?

According to John Curtice, the renowned psephologist and professor of politics at Strathclyde University, the answer is inevitably bound up with two institutions that have each had a grim 2012: the [European Union](#), and the British Conservative party.

"The simple answer is that the public are getting much more Eurosceptic," says. "And yes, the public is pretty Eurosceptic, but it's not clear that it's any more Eurosceptic than it was in the late 70s and early 80s. The other argument is, you've got a bunch of people out there who are normally Tory supporters, and they're not entirely

sure that Cameron's got it, they maybe think that Osborne has made too many mistakes ... they've lost confidence in the competence of the Tories. Now, if you're in that situation and you're a voter on the centre-right, where are you going to go?

"You're not going to vote for the *Greens*. You can't vote for the Lib Dems. You think the BNP is going too far. The answer might be Ukip, because quite a lot of their policies are quite similar to the Tories. And you perhaps think they'd at least do something about European immigration, which none of the other parties would." According to Curtice's numbers, around 7% of the people who voted Conservative at the last general election would now vote Ukip; he does not quite concur with Fabricant's belief that Ukip could cost the Tories up to 40 seats at the next election, but if they even threaten 20, "that's still non-trivial".

In 1991, an LSE historian and academic called Alan Sked formed the [Anti-Federalist League](#), a group-cum-party opposed to the Treaty of Maastricht, the agreement that formally established what we now know as the European Union. Two years later, it became the UK Independence party. In 1995, it held its first national conference, which drew 500 people. At the general election of 1997, it was rather overshadowed by the late Sir James Goldsmith's Eurosceptic Referendum party, though with his death later that year, Ukip quickly found itself at the forefront of non-Tory Euroscepticism.

Sked, however, soon left, claiming that he had begun to fear that people who did not share what he calls "liberal British values" were joining the party in ever-increasing numbers. He now claims that once he exited Ukip, text stating that the party had "no prejudices of any kind against any lawful minority" disappeared from its membership forms.

In 1999, Ukip got its first three MEPs. Five years later, it reached its first watershed moment, when 12 were elected. But around this time, Ukip fell victim to the revived ambitions of the Labour MP-turned-talk-show host Robert Kilroy-Silk – who fancied becoming leader, until his aims came to nothing, and he left to found [the long-forgotten party \(the French would call it a *groupuscule*\) Veritas](#). The way was thus opened for [the rise of Nigel Farage](#), a commodity broker and former Tory who became Ukip leader in September 2006, although he resigned three years later, to concentrate on his efforts to become the MP for Buckingham.

There, he was cocking a snook at political convention by running against John Bercow, the (nominal) Tory and speaker of the House of Commons. But in the event, Farage came third, behind an independent called John Stevens, [who campaigned with the aid of a character called Flipper the Dolphin](#) – though that failure was eclipsed by one of the most remarkable moments of the 2010 campaign, when [Farage crawled from the wreckage of a light aircraft](#) after a Ukip banner got wrapped around its tail fin (weirdly, the pilot was later found guilty of making death threats against him, in a separate incident).

In 2009, it had been revealed that [Farage had taken £2m of EU expenses and allowances](#), which he claimed had been used to promote Ukip's message. Within his party, the story obviously did him no harm at all: in November 2010, he once again became Ukip's leader, and is now a firmly embedded part of the culture – an apparently unembarrassable, foghorn-voiced operator (some have likened his tones to those of Zippy from the 70s children's TV show *Rainbow*) who proudly smokes and enjoys a lunchtime pint of bitter, and who characterises his relations with the Tories as a matter of "war".

For at least one of his old colleagues, however, Farage's success is less important than the rightwing politics that he has firmly planted in Ukip's collective soul. "Ukip is far too rightwing for me," says Sked, from his home in the Scottish Highlands. "And they've gone native: they're mainly interested in their seats in the European parliament, and their pensions and allowances. All the energy seems to be directed to keeping them in Brussels and remaining well-paid members of the European parliament. It's gone askew."

Once Sked gets going, there's no stopping him. "Their other obsessions seem to be anti-Islamic and anti-immigrant," he says. "I couldn't believe what happened at the last election. The country was facing its greatest economic crisis since the 1930s, and all Ukip could say was 'Ban the burqa'."

The party's high-ups, of course, are having none of that. Paul Nuttall, 35, is a Liverpoolian former academic who joined Ukip after a spell living in Spain ("I saw the failure of the euro firsthand," he tells me), became an

MEP for the north-west region, and is now the party's deputy leader. He puts their apparent surge down to "being proved right on everything to do with the European Union", and the endless warnings the party has dispensed about "mass, uncontrolled immigration". He also reckons that Ukip "has become professionalised. It's moved on from being a single-issue pressure group. We've developed a whole raft of domestic policies that people find attractive."

In the European elections of 2014, he reminds me, the party's aim is to finish first; at the next year's general election, they want nothing less than a "political earthquake", though what that might mean remains unclear. But why not, I wonder, swallow hard and get with the Fabricant programme? A deal with the Tories, after all, would guarantee them at least one seat in cabinet – and, one assumes, a handful of MPs.

"The biggest stumbling block at the moment is the prime minister himself," says Nuttall. "He can't be trusted on the European Union. And he's described us as closet racists in the past: he had the opportunity to retract that, and then he retracted the retraction."

Sked's accusation that Ukip has long since fallen in love with the perks and privileges of Brussels, he tells me, is "nonsense", and the idea that the party is "obsessed" with Islam is also given short shrift. "I don't think we've talked about the burqa since 2010, to be perfectly honest with you. It's not something that's a lead policy of ours. But I will say: if I can't walk into a bank with a crash helmet on, then I think the burqa should be removed."

Could a devout Muslim be a wholehearted supporter of Ukip?

"I don't see why not."

We end our conversation with his party's [rum assortment of allies in the European parliament](#), and another chance to rummage through more arcane rightwing parties that do their thing in Brussels: among them, Helsinki's own True Finns, and the United Poland party.

"Groups in the European parliament form as a marriage of convenience," he says. "We don't really deal with each other's domestic policies ... I'm sure if you look at the Conservative and Labour parties, they have people in their groups who they wouldn't necessarily form pacts with in this country. It's just the nature of the beast."

Even if they're on the far right of politics?

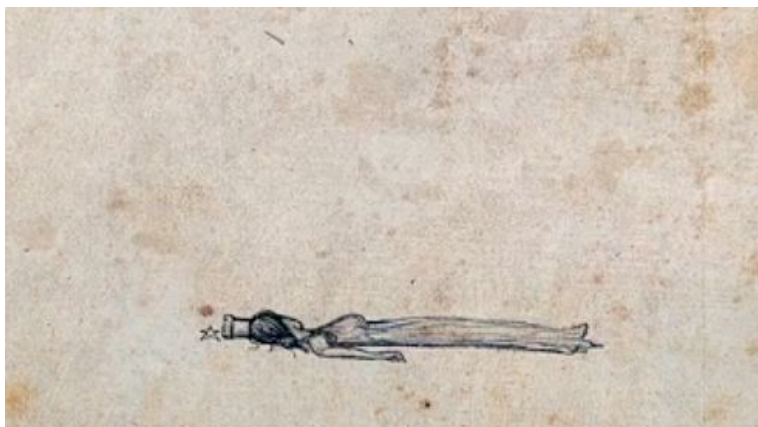
"I'm sure there are people you could say were on the far right of politics in the Conservatives' group, and people on the extreme left in the Labour party's. You just have to hold your nose."

His last sentence sounds like the kind of thing that you can get away with on the fringes, but that a new life at the centre of the action might make that a bit more difficult: "Their domestic policies are nothing to do with us."

Italy

A country in a coma

[La Stampa](#) Turin 11 December 2012



Still from "Girlfriend in a coma", written, produced and directed by Annalisa Piras and co-written by Bill Emmott. Animations by Phoebe Boswell.

[Phoebe Boswell](#)

In his documentary "Girlfriend in a coma", the former editor of The Economist Bill Emmott analyses the reasons for Italy's insurmountable resistance to the necessary changes and reforms. An attitude it shares with many European countries, it partly explains why Silvio Berlusconi wants to get back in business.

[Bill Emmott](#)

If someone had told me, a dozen years ago, that by now I would be writing and thinking, and even making a film, not about Japan, China or my other old topics but instead about Italy, I might have wondered whether they were smoking illegal substances. But as I think about it now, and as I think too about how crucial will be [Italy's imminent general election](#), the way I have spent my past several years isn't surprising at all.

The reason is not just those two infamous words, [Silvio and Berlusconi](#). It is because Italy is central to many of the things that have long worried me about the future of the West.

I first became passionate about Italy because of, yes, Silvio Berlusconi. We at [The Economist](#) declared him "unfit to lead Italy" on our cover in April 2001 for reasons of principle, not anything to do with the sort of sex scandals for which he later became notorious in Britain and America.

We were against the capture of the powers of government in a western democracy by a single, huge private interest, and against the erosion by that interest of the rule of law. As Umberto Eco says in my film, we in other countries also have tycoons and concentrated media and powerful lobbies, so this was and still is a danger for Britain, America and many others too.

Resistance to change

That cover began my Italian journey, a journey enlivened by two libel cases from Berlusconi (both of which [The Economist](#) won), but then intensified by the knowledge I gradually absorbed about the nature of Italy's problems, in all their forms – economic, political or moral.

This process was fascinating and often fun, but also had two effects on me: it made me more pessimistic, and it made me even more worried about the sicknesses of the west.

The journey made me gradually more pessimistic because I became steadily more conscious of the huge amount of resistance there is to change and reform in Italy, from interest groups of all kinds. This resistance has been [Prime Minister Mario Monti's biggest problem](#) during the past year.

He thought that if he could persuade such interest groups, be they trade unions or big companies, professional orders or pensioners, that everyone was going to make some concessions and give up some privileges for the common benefit, then they would do so, rather as countries agree during disarmament negotiations to give up their tanks and missiles. But so far this hasn't worked.

It hasn't worked because Monti had to depend for his parliamentary support on parties that refused changes in order to please their core voters or just to spite each other. And it hasn't worked because everyone knew that the Monti government was temporary: just delay and "the night will pass" as the saying goes. Even local governments used this tactic, delaying the implementation of new laws knowing that elections would soon come.

Country in self denial

This made me pessimistic too for a second reason. For years, until the bond-market crisis of 2011 forced the elite to acknowledge Italy's true economic sickness, I had noticed a strong, very widespread tendency towards denial of reality, to use false or outdated facts to reassure oneself that the country was really strong rather than weak: high household savings (they have actually halved), rich families (try selling the house that underpins that "wealth", strong manufacturing (only one-seventh of GDP, and getting less competitive, not more), an innate Italian creativity (yet meritocracy has been destroyed, and the most creative new graduates emigrate to Berlin, London and New York).

The bond-market shock seemed to change this. But did it, really? If interest groups still block reform so fiercely, they presumably think that change is not necessary, after all. In my optimistic moments, I tell myself that they are just playing for time, hoping to be stronger relative to other interest groups after the 2013 elections. Equally, however, they may simply be hoping that something magical will occur to enable change to be avoided: a miracle cure from Mario Draghi at the European Central Bank, or a sudden German decision to pay for debt write-offs by southern European countries, or something else. The truth is still being avoided.

These tendencies, of interest groups hanging on to their entitlements and privileges, and of elites seeking to avoid facing reality, are not unique to Italy. Such problems exist in the rest of the West too. As America waits and watches to see how its Congress deals with "the fiscal cliff" that threatens its economy after January 1, it too is waiting and watching interest groups defending their privileges and elites denying reality.

Asleep to the dangers

The difference with Italy is that this process has been going on for so long – 20 years, in truth – and that meanwhile other economic and social strengths have degenerated. America and Britain are just at the start of this process, and I still hope we can avoid it. But Italy, as in my film's title, has put itself in a coma.

Will it wake up? The apparent decision by Berlusconi to run for the elections by opposing Monti's fiscal austerity suggests reality-denial remains strong at least on the right. The election is going to be a crucial, perhaps even historic test. A test of whether political parties, and the interest groups that support them, truly understand the nature of Italy's problems and realise that continuing old policies is not an option. A test of whether the demand of voters for new ideas, new accountability and even new faces will be met. And, for the West, it will be a test of whether our faith in democracies' ability eventually to correct mistakes is justified.

Prime Minister Monti is right to resign and to bring that test closer. It is not a test that can or should be delayed any longer.

L'Europe ne mérite pas son prix Nobel

Le prix Nobel de la paix accordé à l'Union européenne a provoqué nombre de commentaires acerbes, voire sarcastiques, au Maghreb et notamment en Algérie.



Le drapeau de l'Europe devant le siège de la Commission européenne, Bruxelles, octobre 2012. © REUTERS/Yves Herman

[Akram Belkaïd](#)

L'une des réflexions parmi les plus récurrentes, en [Algérie](#), a été de rappeler le passé colonial de bon nombre de [pays européens](#), à commencer par la France et la Grande-Bretagne, et de se demander si [la décision des sages d'Oslo](#) ne devrait pas être interprétée comme une officialisation de la sortie du vieux Continent de son purgatoire postcolonial.

A l'heure où la France n'en finit pas de refuser de regarder son passé algérien en face (comme viennent de le montrer les polémiques liées à la reconnaissance par [François Hollande](#) des massacres du [17 octobre 1961](#)), et à l'heure où la justice britannique accepte d'ouvrir le dossier sensible de la [répression des Mau Mau](#) au Kenya, ce prix Nobel peut donc apparaître comme un quitus accordé par l'Europe «sage et vertueuse», c'est-à-dire celle du Nord, qui n'a presque rien à se reprocher en matière d'aventures coloniales.

On peut se demander aussi à partir de quel moment on devient éligible à un prix de ce genre et pour combien de temps.

[Le Vieux Continent n'a pas toujours été exemplaire](#)

Certes, il y a bien longtemps que l'Europe ne se déchire plus par les armes. Mais a-t-on déjà oublié le [conflit des Balkans](#) où l'Union européenne (UE) a été incapable d'imposer la paix?

A bien des égards, les Etats-Unis, qui ont pesé de tout leur poids pour ramener le calme dans la région et mettre au pas le [régime serbe de Milosevic](#), mériteraient d'avoir une part de ce prix.

Non seulement l'Europe a tergiversé, traversée qu'elle était par des soutiens antagonistes aux acteurs du conflit, mais elle a aussi été incapable d'empêcher l'[OTAN](#) (Organisation du traité de l'Atlantique Nord) d'être le maître d'œuvre des actions militaires sur son propre sol.

Voilà qui relativise un peu cette image de douce quiétude dont on veut entourer aujourd'hui l'Europe et cela par opposition à un reste du monde, de plus en plus globalisé et de moins en moins sûr.

On cite souvent avec émerveillement l'exploit réalisé par les Européens en matière de reconstruction et d'intégration régionale, malgré des siècles de guerre.

Il faut reconnaître que l'Union européenne reste une belle réussite quand on prend pour point de départ l'état du continent en 1945.

Mais, à ce moment-là, ce sont les «pères de l'Europe» qui mériteraient le prix Nobel, c'est-à-dire l'Allemand [Konrad Adenauer](#), le Luxembourgeois Joseph Bech, le Néerlandais Johan Willem Beyen, l'Italien Alcide De Gasperi, les Français [Jean Monnet](#) et Robert Schuman et le Belge Paul-Henri Spaak.

On pourrait aussi admettre que la récompense aille aux continuateurs de leur œuvre, c'est-à-dire des personnalités comme l'Allemand Walter Hallstein, premier président de la Commission européenne, l'Italien Altiero Spinelli, inspirateur d'un projet de «traité sur l'Union européenne», en 1984, ou encore le Français [Jacques Delors](#), président de la Commission européenne de 1985 à 1995.

De même, ce prix aurait fait sens si [Helmut Kohl](#), Helmut Schmidt et Valéry Giscard d'Estaing, avaient été (collectivement) récompensés en tant que moteurs du couple franco-allemand, car, c'est connu, ce qui rapproche l'Allemagne et la France, contribue à une Europe plus forte.

A l'inverse, les dirigeants européens actuels sont loin d'être à la hauteur du projet initial. Incapables de voir plus loin que leurs frontières nationales, ils transforment petit à petit l'Europe en espace de chicaneries qui ne fait rêver personne.

Bien au contraire, la question européenne commence à illustrer les limites de l'ouverture et de la mutation des Etats nations en ensembles transfrontaliers.

L'un des plus grands vendeurs d'armes au monde

On a donc un peu l'impression que ce prix est une sorte de récompense de la dernière chance destinée à encourager les Européens à se réveiller, à ne pas mettre fin au [programme Erasmus](#) (l'une des rares manifestations concrètes de l'évolution pacifique de l'Europe à l'intérieur de ses frontières) et, au final, à œuvrer pour une vraie union.

Mais il y a plus important. Peut-on donner un prix Nobel de la paix à une instance, l'Union européenne, dont plusieurs membres (France, Allemagne, Italie et Grande-Bretagne) figurent parmi les plus grands vendeurs d'armes au monde?

La paix à l'intérieur, mais les armes pour l'extérieur ou parfois même pour l'intérieur comme en témoigne les ventes allemandes d'armements à une Grèce qui reste encore, et quelles que soient les circonstances, obnubilée par la menace turque...

Et parlons donc de cette paix intérieure. Oui, c'est vrai, les armes se sont tues mais un autre conflit divise et menace de détruire l'Union européenne. Il s'agit de la guerre économique à laquelle se livrent ses membres. Prenons l'Allemagne.

Voilà un pays dont l'excédent commercial ne cesse de gonfler, mais cela se fait au détriment de ses partenaires européens et souvent sur des marchés eux-mêmes européens.

Menaces de guerre économique et de violence sociale

Que penser aussi de ces pays qui abaissent leur fiscalité pour favoriser les délocalisations sur leur sol?

Les morts des terribles guerres napoléoniennes ainsi que ceux des deux conflits mondiaux appartiennent à l'histoire. Mais ceux qui leur ont succédé dans la tourmente du malheur s'appellent aujourd'hui les chômeurs.

Mérite-t-on un prix Nobel de la paix quand on laisse s'installer chez soi une telle violence sociale? La question mérite d'être posée et il faudra bien un jour chiffrer le bilan de l'option libérale imposée peu à peu par Bruxelles.

A ce long réquisitoire contre l'attribution de ce prix, il faut tout de même relever un point positif majeur.

L'Europe a aboli la peine de mort et tente de faire comprendre à ses partenaires l'importance d'une telle démarche. C'est son grand mérite et cela donne quelques arguments à ceux qui qualifient son prix Nobel d'incitation à l'exemplarité.

Aujourd'hui, malgré tous ses travers, l'Europe est la région au monde qui défend le plus le «droit aux droits», c'est-à-dire cette exigence fondamentale qui permet la démocratie.

Et c'est parce que ce «droit aux droits» est mis en danger par les Européens eux-mêmes (droit au travail et à la santé pour tous, etc.) qu'il aurait fallu attribuer cette distinction avec la mention «à confirmer» en guise de réserve majeure.

Akram Belkaïd

La Grèce a effacé 21,3 milliards d'euros de dettes

Par [Alexandrine Bouilhet](#) Publié le 11/12/2012 à 20:14 [Réactions](#) (4)

L'opération de rachat de dette grecque cloturée ce mardi a été un succès, même si le prix de rachat des obligations est plus cher que prévu. Elle doit permettre le versement d'aide UE-FMI de 34,4 milliards d'euros jeudi.

La [Grèce](#) a effacé 21,3 milliards d'euros de dettes sur un stock de 340 milliards grâce à son opération de rachat de dettes, lancée la semaine dernière. Le résultat est un succès. [Prolongée de 24 heures](#), l'opération a suscité des offres pour un montant de 31,8 milliards d'euros - valeur faciale des obligations -, ce qui est plus que les 30 milliards escomptés.

Seul hic, le gouvernement grec a dû payer un peu plus cher que prévu les titres de dettes: 33,5 cents par euro, contre un peu plus de 30 cents prévu. Cela signifie que la Grèce devra déboursier plus que les 10 milliards d'euros pour boucler cette opération de rachat. La rallonge est estimée à 450 millions d'euros. Une somme que la Grèce peut emprunter elle-même sur les marchés, comme elle le fait régulièrement. Mardi, la Grèce a ainsi levé 4,387 milliards d'euros à court terme pour faire face à ses échéances courantes.

La Grèce aura in fine déboursé 10,450 milliards d'euros pour racheter 31,8 milliards de dettes. Ce qui réduit immédiatement sa dette de 6,2%. L'accord UE-FMI prévoit, au total, 40 milliards d'euros d'allègement de dettes, afin d'atteindre un ratio de 124% de dette sur PIB, en 2020.

L'allègement de 20 milliards de dettes était la condition fixée par le FMI pour verser une tranche d'aide de 34,4 milliards d'euros avant la fin de l'année. Le feu vert à ce versement doit être donné ce jeudi, à l'occasion d'un l'Eurogroupe spécial, qui précédera le sommet européen.

Il faut relancer l'industrie en Europe

LE MONDE | 11.12.2012 à 17h28 • Mis à jour le 11.12.2012 à 18h08

Par José Manuel Soria, Alvaro Santos Pereira, Corrado Passera, Arnaud Montebourg et Philipp Rösler, min

Nous vivons un moment décisif pour l'[avenir](#) de l'économie européenne, dans un monde où les modèles de croissance et les sources de compétitivité connaissent des changements considérables. Les économies émergentes, qui deviennent des acteurs-clés de l'économie mondiale, modifient la structure des chaînes de valeur et accélèrent les profondes mutations à l'oeuvre dans l'équilibre des forces économiques, en sont un exemple.

Cette situation est riche de perspectives et source de défis. Nos [sociétés](#), nos entrepreneurs et notre main-d'oeuvre doivent être en mesure de [faire](#) face à ce modèle, en adaptant les stratégies commerciales.

Pour cela, de nouveaux moyens seront nécessaires en termes de compétences et de talent pour [affronter](#) la concurrence et [jouer](#) un rôle sur la scène internationale.

L'[INDUSTRIE](#) A PERDU 3 MILLIONS D'EMPLOIS DEPUIS 2008

Malheureusement, l'[Europe](#) ne fait pas face à ces changements au rythme approprié, freinée par la crise financière. En dépit de la diversité de nos structures économiques, les résultats globaux montrent une industrie européenne en stagnation qui limite notre capacité à [jeter](#) les bases d'un retour à une trajectoire de croissance durable.

Si l'[Union européenne](#) reste une puissance industrielle de premier plan, l'industrie a perdu 3 millions d'emplois depuis 2008 et enregistré une baisse de sa production de 10 % par rapport aux niveaux constatés avant la crise.

Notre réussite future doit [reposer](#) sur un modèle de croissance forte, diversifiée et durable, dans lequel l'industrie est appelée à [jouer](#) un rôle-clé en tant que source principale de création d'emplois, d'investissement, d'innovation et de capital humain.

Les objectifs en matière de croissance et d'[emploi](#) doivent en conséquence être centrés sur l'industrie et l'innovation. L'Europe a plus que jamais besoin que son économie réelle soit le moteur de la reprise grâce à une base industrielle forte, renouvelée et modernisée.

Dans nos pays respectifs, des signaux encourageants sont apparus dans plusieurs secteurs où l'Europe est chef de file. Toutefois, nous avons besoin que davantage d'[entreprises](#) compétitives puissent se [positionner](#) dans un plus grand nombre de secteurs.

Il appartient à nos étudiants, chercheurs, salariés et entrepreneurs d'[innover](#) et de [jouer](#) un rôle décisif dans cette phase de transition, mais les autorités publiques doivent également [faire](#) face à leurs responsabilités en adoptant les mesures nécessaires pour [renforcer](#) nos entreprises et le [climat](#) d'affaires dans lequel elles opèrent.

Nous devons [relever](#) ces défis majeurs tant au niveau national qu'au niveau européen, en oeuvrant sur plusieurs fronts, en promouvant les réformes structurelles, en adoptant une réglementation favorable à la compétitivité et en mettant en oeuvre une [politique](#) industrielle à même de [renforcer](#) nos tissus industriels et de résorber nos principaux déséquilibres.

De nombreux pays européens engagent actuellement des réformes d'envergure en considérant la compétitivité, la création d'emplois et l'innovation comme des lignes directrices permettant de remédier à leurs faiblesses spécifiques. Dans le même temps, une réaction forte est nécessaire au niveau européen.

Tel est l'esprit qui anime les réunions du Conseil compétitivité qui doivent [permettre](#) de [jeter](#) les bases de notre nouveau modèle de croissance fondé sur la compétitivité de la production et des investissements, équilibrant et complétant ainsi les mesures financières adoptées par le [Conseil Ecofin](#).

EXAMEN CONSTRUCTIF

Les défis actuels sont également pris en compte par la communication de la Commission intitulée "Une industrie européenne plus forte au service de la croissance et de la relance économique" présentée par son vice-président, [Antonio Tajani](#).

Les principaux piliers de la politique industrielle y sont clairement axés sur le renforcement de la compétitivité par la promotion d'un cadre favorable aux investissements dans l'innovation, la création de meilleures conditions pour le marché intérieur et les marchés internationaux, la mobilisation des ressources financières publiques et privées et, enfin, l'encouragement des investissements dans le capital humain et les compétences.

Les réunions de haut niveau organisées récemment par M. Tajani sur des secteurs économiques importants tels que l'[automobile](#) ou la sidérurgie constituent également un signal positif.

De fait, la politique industrielle est de nature horizontale. Le Conseil compétitivité devrait s'[efforcer](#) de [promouvoir](#) un examen constructif de la plupart des politiques européennes horizontales qui ont un impact sur la compétitivité industrielle, telles que les règles du marché unique, les politiques en matière de concurrence, de commerce, d'environnement, de cohésion, d'innovation et de recherche, l'encadrement des aides d'Etat ou encore des politiques sectorielles comme celle de l'énergie.

Notons que l'énergie est une question de première importance pour la compétitivité industrielle de l'UE : la politique européenne de l'énergie devrait être à même de s'[attaquer](#) notamment à la question des coûts, en achevant le marché intérieur de l'énergie, en assurant la sécurité de l'approvisionnement et en encourageant de nouvelles énergies de manière durable, à la fois sur le plan financier et sur le plan environnemental.

José Manuel Soria ([Espagne](#)), **Alvaro Santos Pereira** ([Portugal](#)), **Corrado Passera** ([Italie](#)), **Arnaud Montebourg** (France) et **Philipp Rösler** ([Allemagne](#)), ministres européens chargés de l'industrie

Editorial December 11, 2012

Mr. Berlusconi's Shameless Return

Silvio Berlusconi's [announcement last week that he plans to run for a fourth term](#) as prime minister is lamentable news for Italian politics and its economic reforms. Though it may sound like a bad joke given his failures to reform or revive the economy and his sex scandals, Mr. Berlusconi's return could do a lot of serious damage.

It has been a year since [he resigned as prime minister](#) amid plunging approval ratings and a rejection of his budget manipulations by European credit markets. To fill out the remaining year-and-a-half of his term, Parliament installed Mario Monti to run a technocratic government.

Markets promptly recovered. European Union leaders, led by Chancellor Angela Merkel of Germany, applauded. But, in Italy, Mr. Monti took the political heat for the austerity measures that Ms. Merkel and her allies have continued to demand, and the recession that has been made worse by those measures. Still, Mr. Monti's achievements have been considerable, given the narrow space Italy's political parties and the euro zone's leaders left him to operate in. He managed to restore the Italian government's authority at home and win renewed respect in European councils.

But that's not enough. Mr. Monti has repeatedly told Ms. Merkel that Italy needs budgetary flexibility to fight recession. It must have more scope for stimulus spending and for infrastructure and education investments. His labor market reforms have also fallen short, mainly because he has had to appease constituencies in Mr. Berlusconi's center-right party and the center-left Democratic Party that demand continued job protection.

When Mr. Berlusconi withdrew his party's support last week, Mr. Monti responded by [announcing he would resign and call for new elections](#) as soon as next year's budget is approved. Those elections are expected in February. Because no major party is likely to be able to form a government on its own, each would have to assemble a majority with support from the host of small leftist, rightist, centrist and separatist parties.

Although Mr. Berlusconi's party is running at only 18 percent in the polls, that is enough to give him considerable influence. He now positions himself as a pro-European but anti-austerity candidate, but other European leaders have learned not to take him or his ever-changing positions seriously. Yet if he attracts enough votes to make his party the largest center-right bloc in the next Parliament, he would be well placed to deny any government a majority, except on his destructive, self-serving terms.

Mr. Monti could make that much harder by running as a reform candidate and rallying other centrists to his cause. Italy cannot afford more years of political stalemate and economic stagnation brought about by Mr. Berlusconi's shameless opportunism.

December 11, 2012

A Chill Hits Europe Separatists Going Their Own Way

By [STEPHEN CASTLE](#)

LONDON — Would Scotland — or for that matter Catalonia — risk its membership of the [European Union](#) if it went independent?

For years the [European Commission](#), the executive of the 27-nation bloc, has preferred to dodge the question, knowing that any answer will stir fierce passions in a continent now in the grip of a new wave of separatism.

But prompted by the quickening debate in [Britain](#), the Commission has intervened formally, and its answer is not good news for Scottish nationalists.

According to the Commission president, [José Manuel Barroso](#), an independent Scotland would have to apply for membership. That raises the possibility that, like other new applicants, it would be legally obliged to join the troubled euro one day — hardly a vote-winner in Scotland, which plans a referendum on independence in 2014.

The declaration came in a dry and legalistic letter to the chairman of a committee of the House of Lords, in which Mr. Barroso said that “a new independent state would, by the fact of its independence, become a third country with respect to the E.U. and the Treaties would no longer apply on its territory.”

Its implications extend beyond Scotland, particularly to [Spain](#) where regional elections in Catalonia last month delivered victory to separatist parties.

Already Spain’s Basques have a high degree of autonomy, as do the Flemish, Walloon and much smaller German-speaking communities in Belgium. But all are watching the constitutional developments in Britain, as are activists in other regions across the continent, where the pressure placed on public treasuries by the financial crisis has tended to inflame old grievances.

Mr. Barroso’s intervention is not the final word and lawyers may take a different view if Scotland votes for independence and manages to agree to an amicable divorce with the rest of Britain.

“We do not agree that an independent Scotland will be in the position of having to reapply for European Union membership,” said Nicola Sturgeon, Scotland’s deputy first minister, “because there is no provision for removing E.U. treaties from any part of E.U. territory, or for removing European citizenship from the people of a country which has been in the E.U. for 40 years.”

“We are now seeking early talks with the European Commission to discuss the specific process of Scotland becoming independent,” she added.

Without a precedent there may be no legal certainty, but Mr. Barroso’s statement is causing problems for Ms. Sturgeon’s Scottish National Party, which campaigns for independence, because it contradicts its position that an autonomous Scotland would negotiate its new terms of membership from inside the European Union.

While Britain has a cast-iron, legally binding, opt-out from membership of the European single currency, that would not necessarily transfer automatically were a new application for membership made. Nor would Scotland necessarily inherit Britain’s opt-out from Europe’s passport free travel area, the Schengen zone.

“In Scotland it’s not so much the threat of being excluded as the threat that you might be dragged further into European integration than you wanted,” said John Curtice, professor of politics at the University of Strathclyde.

With the rest of Britain remaining outside the Schengen area, membership would make little sense for Scotland, raising the possibility of controls at the frontier with England. Mr. Curtice said that the idea of euro membership was probably no more popular in Scotland than in the rest of euroskeptic Britain.

Meanwhile the intervention of Mr. Barroso threatens to undermine the credibility of the S.N.P. by contradicting one of its arguments. “I think it raises doubt in people’s minds about whether the S.N.P. has fully grasped the issue, and adds an element of uncertainty which might persuade people to hold on to nurse for fear of something worse,” Mr. Curtice said.

In another complication, any application for membership would need to be approved by all E.U. nations. That means that, even if a divorce was agreed with the rest of Britain, Scotland’s negotiations might be obstructed by other nations, like Spain, for fear of setting a precedent.

In Catalonia, which as part of Spain uses the European single currency, the dynamics are different, and the significance of E.U. — and euro — membership greater, experts say. José Ignacio Torreblanca, of the Madrid office of the European Council on Foreign Relations, said that retention of E.U. membership was a crucial factor for moderate Catalan supporters of independence.

“Moderate independentists will not be willing to exit the E.U. and re-apply, this is a tipping point issue for them,” he said. “The moderate Catalan elite, including the small- and medium-sized enterprises, will not be willing to be left out of Europe for a minute: They fear a veto.

“The separatists,” he added, “have failed to produce any significant support for the idea of automatic re-entry.”

Raphael Minder contributed reporting from Madrid.

German newspapers

So farewell then, FTD

Is this curtains, or see you on the world wide web?

Dec 8th 2012 | *BERLIN* | from the print edition



TRUE to form, the *Financial Times Deutschland* (FTD) will not go quietly. On December 7th the daily newspaper launched in 2000 is due to print its last edition, celebrating its biggest scoops, outlining the stories it would have loved to write, and inviting its star columnists to forecast the future. Memorabilia, including a sofa in salmon-pink FTD livery, are being auctioned; the proceeds will go to Reporters Without Borders, an NGO that defends press freedom.

In its short life the paper shook up German journalism with fearless, well-informed reporting—and pushed its big rivals, *Handelsblatt* and the *Frankfurter Allgemeine Zeitung* (FAZ), to shape up. But it failed to pinch market share and is said to have accumulated losses of €250m (\$327m). Gruner + Jahr, a German publisher, which had started the FTD as a joint venture with the *Financial Times* (part-owner of *The Economist*), took full control in 2008 and last month said it would shut it down.

It is not the only casualty in Europe's biggest newspaper market, in which 18.4m papers are sold daily and read, allegedly, by two out of three people over 14. On November 13th M. DuMont Schauberg, another German publisher, declared the *Frankfurter Rundschau* (FR) insolvent. The paper will close unless a buyer is found.

Most German dailies are local monopolies. But more and more people, especially the young, are getting their news online, mostly for nothing. Print advertising is dwindling, and online ads are failing to make up the difference.

In Frankfurt and Berlin several dailies have been slugging it out. The FAZ is a national paper but competes with the FR. In the capital the *Berliner Zeitung*, *Berliner Morgenpost* and *Tagesspiegel* battle for the same readers and advertisers. The *Berliner Zeitung* shares some of its editorial team with FR. If it folds or is sold, the *Berliner Zeitung* will have to make do with fewer staff.

Some hope that the FTD team will resurface online. A possible model is *Mediapart* in France, which started five years ago as a provider of investigative journalism with no advertising. It now has 60,000 paying subscribers and makes an annual profit of more than €500,000. But France, where big industrial firms control large parts of the press, is an easier place in which to excel than more competitive Germany.

11/22/2012 10:52 AM

Dead-End Road for Mr. No

David Cameron's Risky EU Showdown

By [Carsten Volkery](#) in London

All eyes are on British Prime Minister David Cameron on Thursday as European Union leaders gather in Brussels for talks aimed at passing the bloc's next budget. His pre-summit blustering leaves him with little wiggle room, and he could emerge as the debate's biggest loser.

When the 27 European Union heads of state and government arrive in Brussels on Thursday evening for the budget summit, [all eyes will be on David Cameron](#). The British prime minister is in a pugnacious mood, and has said he is prepared to veto the European Commission's budgetary proposal for the years 2014 to 2020 if he doesn't get his way.

Cameron is set to arrive ahead of most of his European counterparts for talks with European Union Council President Herman Van Rompuy and Commission President José Manuel Barroso in an attempt to outline a possible compromise. It promises to be a difficult task.

Every seven years, the EU must come together to fashion a spending plan, and each time it becomes a bitter battle over national interests. For the approaching seven-year period, the Commission has proposed raising EU spending to €1.091 trillion. And the EU's executive body has the support of the European Parliament as well as the 17 countries who are net recipients -- a group made up primarily of Southern and Eastern European countries who receive more from the EU budget than they pay in.

Net payers, on the other hand -- a group including Germany, Finland, the Netherlands and Britain, among others -- feel that it is politically intolerable to transfer even more money to Brussels at a time when austerity is the top priority for capitals across the EU. They would like to see the budget limited to 1 percent of the EU's economic output, or €960 billion. Cameron, however, would like to go even further. He has demanded that the budget be frozen at the 2011 level and is willing to allow only a minimal adjustment to account for inflation. It is a demand that would require slashing €200 billion from the Commission proposal.

Resistance from European Parliament

Several compromise proposals have already been made in an attempt to break the deadlock, but all have thus far been rejected. Most recently, Van Rompuy suggested a budget of €1.010 trillion, a proposal that triggered well-practiced reflex responses. Great Britain demanded further cuts to both agricultural subsidies and the EU administration. France and Italy, for their part, insisted that the so-called British rebate -- an agreement stemming from 1984 whereby a portion of the UK's contribution to the EU budget is paid back due to its limited use of agricultural subsidies -- be further reduced.

On Thursday, the *Financial Times* reported that progress may have been made towards a potential deal with London. Cameron, according to the report, may be prepared to accept a spending cap of €940 billion for the years 2014 to 2020. "Our feeling is that Mr. Cameron got what he wanted," one unnamed EU official told the paper.

But does that really mean that the deadlock has been broken? European Parliament President Martin Schulz, of Germany's center-left Social Democrats, issued a timely warning against lazy compromises. "Not every compromise is a good compromise," he told the *Neue Osnabrücker Zeitung*. In comments on Thursday morning

to German radio station Deutschlandfunk, he sounded even more pessimistic. "I believe that it will be very difficult to find a compromise," he said. The European Parliament must approve the budget proposal agreed to by EU leaders.

A primary reason for the challenges facing the budgetary summit on Thursday is the fact that in recent weeks Cameron has managed to maneuver himself into a corner. By threatening to apply his veto in Brussels, he has raised expectations at home that will be politically difficult to disappoint. Domestic pressure on the prime minister is significant.

Ice Cream for Fat Boys

Indeed, several lawmakers from Cameron's own conservatives recently joined Labour parliamentarians in demanding that the prime minister push through significant cuts to the EU budget. And this week, Cameron's greatest nemesis, London Mayor Boris Johnson, joined the fray. "It is time for David Cameron to put on that pineapple-colored wig and powder blue suit, whirl his handbag round his head and bring it crashing to the table with the words no, non, nein, neen, nee, ne, ei and ochi, until they get the message," he wrote in [his Daily Telegraph column](#), in reference to former Prime Minister Margaret Thatcher. Raising the EU budget, he wrote, "is like handing an ice cream to the fattest boy in class, while the rest of the kids are on starvation diets."

During question time in the British parliament on Wednesday, Cameron was then forced to pledge that he would defend the British rebate at all costs.

Given such pressures, it is difficult to see how Cameron will be able to make meaningful concessions to his EU counterparts. He is in a lose-lose position: Either he agrees to a compromise in Brussels, which would generate significant problems for him back home. Or he vetoes the budget, which would lead to the summit's failure and result in a further isolation of Great Britain within the EU.

Yet even as many in the UK would no doubt welcome a veto, doing so would also expose Cameron to accusations that he sold British taxpayers short. Should EU leaders be unable to agree on a budget for the seven-year period in question, the EU budget would automatically rise each year in accordance with inflation. In the end, that could be more expensive for Great Britain than joining other net payers in Brussels to force through an acceptable compromise. "If David Cameron blocks a deal, he will look foolish and will stand to gain little," writes Iain Begg of the London School of Economics in a [recent post](#) on his blog.

As such, there remains a sliver of hope that Cameron will display some degree of pragmatism in Brussels. Following a Wednesday briefing, British newspapers were reporting that Downing Street was striking a slightly more conciliatory tone. Van Rompuy's proposal, it seems, might just be a solid basis for further talks.

France Refuses to Relent

German Chancellor Angela Merkel would welcome any indications that Britain was willing to budge. Her primary interest is completing the budget negotiations as quickly as possible so she can refocus her attention on the more important task of reforming the euro zone. To make that happen, she is even willing to accommodate requests from recipient countries for a slight budget increase.

But the size of the budget isn't the only sticking point. There is also disagreement over how the money is to be spent. Currently, some 40 percent of the budget is spent on agricultural subsidies, a further third for the Structural Funds and the Cohesion Fund, which focus on helping the EU's poorer regions, and 6 percent for EU administration. The rest is divided among smaller items such as EU foreign policy, security policy and immigration.

Net contributors such as Germany and Britain have demanded a "modern budget," meaning that cuts be primarily made to agricultural subsidies. Indeed, Van Rompuy's compromise proposal calls for slashing such payouts by €25 billion. That, however, has triggered furious protest in France, which is the largest recipient of agricultural support. Eastern European countries, for their part, are radically opposed to any cuts to the Structural Funds.

Despite the headbutting, Van Rompuy still believes that a solution can be found. Should it become necessary, the summit will simply be extended, he said. He has already made preparations for its continuation into the weekend.

School

Gap widens between Asia and Europe

12 December 2012

Presseurop

La Vanguardia, NRC Handelsblad, Die Tageszeitung



[La Vanguardia](#), 12 December 2012

It is well established that Asian schools get better results than their European counterparts. Now, however, data from two surveys, [PIRLS 2011 and TIMSS 2011](#), published by the International Association for the Evaluation of Educational Achievement (IEA) on December 11, indicate that the gap between the two continents is widening. TIMSS evaluated the mathematical ability of 600,000 eight-year-olds in 63 countries, while PIRLS examined the reading skills of 300,000 nine and ten-year-olds in 49 countries. The TIMSS ranking is dominated by schoolchildren in Singapore, South Korea and Hong Kong. In the PIRLS ranking, the top three places are occupied by Hong Kong, the Russian Federation and Finland. In their commentary on the results, newspapers in several countries voiced their disappointment.

Remarking on the poor performance of Spanish students, who scored below the EU average, *La Vanguardia* [leads](#) with a headline on “stagnation and mediocrity” in Spanish education. The Catalan daily goes on to point out that what is “most worrying” is that the results show “stagnation, or even decline in the skills of our schoolchildren.”

In the Netherlands, *NRC Handelsblad* notes –

Over the last four years, the slide in Dutch students’ scores in languages and mathematics has abated. The fact that the Netherlands slipped in the rankings was due to the improved results posted by other countries. The survey showed that among all of the countries, the Netherlands has the best record of helping students with learning difficulties to acquire adequate skills. The downside is that the Netherlands has hardly any top performing students.

In its commentary, the Dutch newspaper takes issue with the “dominant trend for elitism” that disregards the fact that “poor students obtain relatively good results while [noting that] those of the best students are proportionally bad.”

The issue of elitism also features in German schools, with [Tageszeitung criticising](#) the country’s education system for not being a “shining example of fairness”. The left-wing daily goes on to point out that –

Children from deprived families are less likely to attend schools that prepare them for university than the children of parents who have completed higher studies. In recent years, children from backgrounds that are supposedly ‘distant’ from ‘education’ have had to contend with obstacles that are increasingly difficult to overcome. They are required to do much better than their classmates from the cultivated bourgeoisie to convince their teachers that they are capable of meeting the challenge of university.

Großbanken EU-Finanzminister einigen sich auf zentrale Bankenaufsicht

13.12.2012 · Nach langen und zähen Verhandlungen einigen sich die Finanzminister der EU-Mitgliedstaaten auf die Architektur einer zentralen Bankenaufsicht für die Eurozone. **Alle Großbanken und öffentlich gestützten Geldhäuser sollen künftig einer einheitlichen Kontrolle bei der Europäischen Zentralbank (EZB) unterliegen.**

Die Eurozone bekommt 2014 eine gemeinsame Bankenaufsicht. Das beschlossen die EU-Finanzminister an diesem Donnerstagmorgen nach einer vierzehnstündigen Marathonverhandlungen in Brüssel. Mit der Aufsicht soll das gemeinsame Währungsgebiet krisensicherer gemacht werden. „Das ist ein Signal, das sich auch an die übrige Welt richtet“, meinte der französische Finanzminister Pierre Moscovici. „Man kann Europa vertrauen, man kann der Eurozone vertrauen.“

Deutschland und Frankreich ebneten mit einer zweiseitigen Vereinbarung den Weg für die Einigung aller 27 Partner. Viele EU-Staats- und Regierungschefs hatten dem Vernehmen nach darauf gedrungen, dass der Streit um die Aufsicht nicht wieder ein Gipfeltreffen bestimmt. Der Wintergipfel der Staatschefs wird am späten Nachmittag beginnen. Schon beim Oktober-Gipfel hatte die Aufsicht zu zähen Debatten geführt. Die neue Kontrolle für die Banken der Eurozone **soll am 1. März 2014 voll funktionsfähig sein**. Das habe der Chef der Europäischen Zentralbank (EZB), Mario Draghi, versichert, schilderte EU-Binnenmarktkommissar Michel Barnier. Bis zu diesem Termin laufe die Aufbauphase.

„Das ist der erste große Schritt für eine Bankenunion“, sagte Barnier. Die EZB soll nur für Geldhäuser mit mehr als 30 Milliarden Euro Bilanzsumme zuständig sein. Die Notenbank soll aber das Recht haben, notfalls bei jeder der 6000 Banken im gemeinsamen Währungsgebiet durchzugreifen. „Es gibt die totale Information der EZB“, meinte Kommissar Barnier. Bundesfinanzminister **Wolfgang Schäuble (CDU)** lobte den Kompromiss. **„Wir stehen zu dem, was wir verabredet haben, Schritt für Schritt Europa voranzubringen.“**

Berlin und Paris hatten sich vor dem Sondertreffen bei kritischen Punkten verständigt. Dazu gehörten die Zahl der überwachten Banken und die strikte Trennung von geldpolitischen Entscheidungen und Bankenaufsicht innerhalb der EZB. Schäuble resümierte, der EZB-Rat habe bei der Aufsicht „nicht das Letztentscheidungsrecht“. Damit sei eine klare Trennung gewährleistet. **Die Aufsicht ist Voraussetzung für direkte Finanzspritzen an marode Banken aus dem Rettungsschirm ESM.** Wann diese fließen können, ist noch nicht im Detail festgelegt. Barnier sagte, in der Aufbauphase der Bankenaufsicht könne der ESM-Fonds aufgrund eigener Regeln entscheiden, Geldhäusern direkt Finanzspritzen zu geben.

Der rechtliche Rahmen soll bis Ende Februar 2013 stehen

Auf direkte Rekapitalisierung dringen vor allem Krisenländer wie Spanien. Schäuble sagte zu den Kompetenzen der Zentralbank: „Sie kann allgemeine Instruktionen für die nationale Bankenaufsicht geben, auch für Gruppen von Banken, aber sie kann keine Einzelweisungen für die nationale Aufsicht im Bezug auf einzelne Banken geben.“ Berlin hatte dafür gekämpft, Sparkassen und Volksbanken grundsätzlich unter nationaler Aufsicht zu lassen. Der rechtliche Rahmen für das Mammutvorhaben soll laut Schäuble bis Ende Februar 2013 stehen – in die Gesetzgebung ist das Europaparlament eingebunden. Das bedeutet eine Verspätung. Die Staatschefs hatten vorgegeben, den Rahmen bis zum 1. Januar zu errichten. Beim ihrem zweitägigen Gipfeltreffen, das an diesem Donnerstag um 17 Uhr beginnt, wird es vor allem um die Reform der Eurozone gehen. Mit weitgehenden Beschlüssen wird nicht gerechnet, da sich insbesondere Berlin gegen langfristige Festlegungen wehrt. Die Euro-Kassenhüter wollen bei einem Sondertreffen am Vormittag (10 Uhr) bereits vereinbarte Griechenland-Hilfszahlungen von rund 44 Milliarden Euro endgültig freigeben. Größere Probleme werden dabei laut Diplomaten nicht erwartet.

December 12, 2012

European Leaders Try to Show Unity on Bank Supervision

By [JAMES KANTER](#)

BRUSSELS — Finance ministers agreed early on Thursday to place banks in the euro area under a single supervisor, a step enabling [European Union](#) leaders to deliver show of unity at their year-end summit that starts later in the day.

European leaders were expected to hail the breakthrough, which gives the [European Central Bank](#) the leading supervisory role over lenders, **as a sign they are taking concrete steps to maintain the viability of the euro.**

“This is an accord that creates true bank supervision,” Pierre Moscovici, the French finance minister, told reporters after 14 hours of talks. **“Step by step, we are resolving the crisis in the euro zone,”** he said.

“We have reached the main points to establish a **European banking supervisor that should take on its work in 2014,**” said Wolfgang Schaeuble, the German finance minister.

The deal would put more than 100 large banks in Europe under the direct supervision of the central bank leaving thousands of smaller banks primarily overseen by national regulators. But the ministers insisted that the European Central Bank would be able to take over supervision of any bank in the euro area at any time.

The idea behind the single supervisor is to make lenders less susceptible to political interference than has been the case under the present system of national supervisors, which failed to prevent banks from accumulating so much debt that they put the finances of states like Ireland and Spain at risk, in turn threatening the future of the single currency.

The agreement on a single supervisor should be **a springboard for European leaders to discuss later on Thursday steps leading to a broader banking union, like a common system for the orderly closure of failing banks and, eventually, to measures to reinforce Europe’s economic and monetary union, like the creation of a shock-absorption fund to shore up the economies of vulnerable members of the euro zone.**

The European Parliament and some national parliaments, including in Germany, still must approve the deal before it becomes law.

To reach the deal, France agreed to a formula where only banks holding €30 billion (\$39 billion) in assets, or holding assets greater than 20 percent of their country’s gross domestic product, would be directly regulated by the central bank. Previously **France had insisted that all 6,000 banks in the euro area should be closely regulated by the central bank.**

Germany had sought a reduced remit that would make the job of the supervisor more manageable and faced pressure from a powerful domestic banking lobby trying to shield many small German savings banks from closer scrutiny. **But Germany agreed to allow the central bank to step in and take over the supervision of any bank in the euro area at its discretion.**

The Germans also had concerns the central bank could be tempted to alter decisions on monetary policy to make its supervisory job easier, and they wanted to give the system some accountability. **As a compromise, Germany agreed to give member states greater scope than originally foreseen to challenge central bank decisions.**

Britain, which remains outside the 17 European countries that form the euro zone, had been seeking assurances that it could be exempt from orders from the new supervisor that would affect its banks operating abroad and

lenders operating in the City of London. Britain agreed to a formula that should allow it and other countries outside the system to block most, but probably not all, decisions on rule making taken by the E.C.B., and to oppose decisions in cross-border banking disputes it disagrees with.

Britain's chancellor of the Exchequer, George Osborne, told reporter he had ensured "that the countries that weren't going to join the banking union, like Britain, were protected and their interests were protected."

For countries like Spain and Ireland, the supervisor is a prerequisite for allowing them to tap a European bailout fund and inject rescue aid directly into their troubled banks. That would allow those governments to avoid weighing down their national balance sheets with yet more debt.

But the system for the direct recapitalization of banks is only likely to go ahead only once the supervisor is fully operating, and well after a German general election in October. German citizens have grown weary of paying most of the bill for bailouts.

Leaders also must clarify whether the system should apply in cases, like Spain and Ireland, where banks ran into problems before the introduction of the single supervisor.

European Leaders Try to Show Unity on Bank Supervision

Le grand bond en avant de l'union bancaire

Editorial LE MONDE | 13.12.2012 à 11h49 • Mis à jour le 13.12.2012 à 12h19



L'**Europe** s'ingénie à **emprunter** les chemins apparents de la technocratie. La mise en commun du charbon et de l'acier, en 1950, pouvait apparaître comme un obscur accord entre maîtres des forges européens. Il s'agissait d'un saut **politique** majeur, qui rendait la guerre entre la France et l'**Allemagne** "matériellement impossible" et amorçait une intégration européenne irréversible.

Il en est de même de l'union bancaire, décidée jeudi 13 décembre à l'aube par les ministres des finances des Vingt-Sept. Cette décision marque un bond en avant, qui vise à **rendre**, non pas la guerre, mais la mort de l'euro impossible.

Après l'invention, en 2010, de fonds de solidarité européens, pour **voler** au secours des Etats en difficulté, les Européens viennent de **corriger** une deuxième faille de construction du traité de Maastricht : la vulnérabilité de l'union économique et monétaire aux crises bancaires.

A l'époque, nul n'avait prévu que l'interpénétration des **marchés financiers** et des établissements de crédit deviendrait telle qu'elle permettrait à un pays représentant 2 % de la richesse de l'Union – la **Grèce** – de **faire sombrer** toute la zone euro.

De sauvetage en renflouement, l'Europe est entrée dans un cercle vicieux : après la faillite de l'américaine **Lehman Brothers** en 2008, les Etats ont dû recapitaliser les banques et se sont endettés ; les banques, qui ne se faisaient plus confiance, ont acheté les obligations émises par ces Etats surendettés. Ajoutons-y la bulle immobilière, les déficits publics et de compétitivité européens : in fine, nul ne savait s'il serait remboursé.

Lorsque les banques espagnoles ont menacé de **somber**, au printemps 2012, l'idée d'une union bancaire s'est imposée : pour se **sauver** eux-mêmes, les Européens épargnés par la crise devaient **renflouer** directement les établissements en faillite. Les Allemands ont exigé à juste **titre** une surveillance préalable des établissements de crédit par la Banque centrale européenne (BCE). Cette première étape vient d'être franchie. A **partir** du 1^{er} mars 2014, toutes les banques européennes seront supervisées par la BCE, et celles qui seront secourues le seront dès 2013.

La supervision n'est qu'un préalable, qui doit s'**accompagner** d'un mécanisme européen de gestion des crises et de renflouement. Cette deuxième étape sera elle aussi délicate à **mettre** en place. Y compris pour la France : si

la place de [Paris](#) accepte l'autorité du gouverneur de la [Banque de France](#) lorsqu'il exige la fusion de deux banques françaises ayant commis des errements, il n'est pas sûr qu'elle y consente aussi facilement lorsque la décision sera prise à Francfort. Demain, l'affaire Kerviel-Société générale sera réglée à Francfort. Ce pas est considérable.

La troisième étape consiste à [instaurer](#) une garantie des dépôts européens. Il s'agirait du couronnement de l'union bancaire. Elle est souhaitable, mais refusée par Berlin. Elle est lointaine, aussi lointaine que l'Union fédérale.

Greek Debt Buyback Falls Short Of Goal, Will Reduce Greek Debt/GDP Target Less Than Required



Submitted by [Tyler Durden](#) on 12/11/2012 10:57 -050

Reuters has disclosed the outcome of the Greek debt buyback, citing a Eurozone official, which while completed at €32 billion, has missed its hard goal by €450 million, and as a result the completely unbelievable Greek 2020 debt/GDP target will be 126.6% instead of 124%. Reuters also reports that the average price on the buyback was 33.5 cents on the euro. As a result of the higher price paid for the buyback, the outcome is that Greek debt/GDP will be reduced by 9.5%, or less than the 11% targeted. Earlier, it was also reported that with virtually all Greek banks having sold out of their Greek bond exposure, all Greek private debt is now in foreign hands. It is unclear how holdouts will be dealt with, and what, if any, rights they will have following the transaction. Finally, as to the 2020 debt/GDP target, one can only hope that the Greek GDP, which is a rather critical component of the debt/GDP calculation, will now rise in a straight diagonal line up and to the right as the Troika expects it to do. Sadly, it won't.

From [Reuters](#):

Greece's debt buyback attracted bids totalling 31.8 billion euros, but the price paid for the bonds will not be sufficient to reduce the debt burden to 124 percent of GDP by 2020, a euro zone official familiar with the auction said.

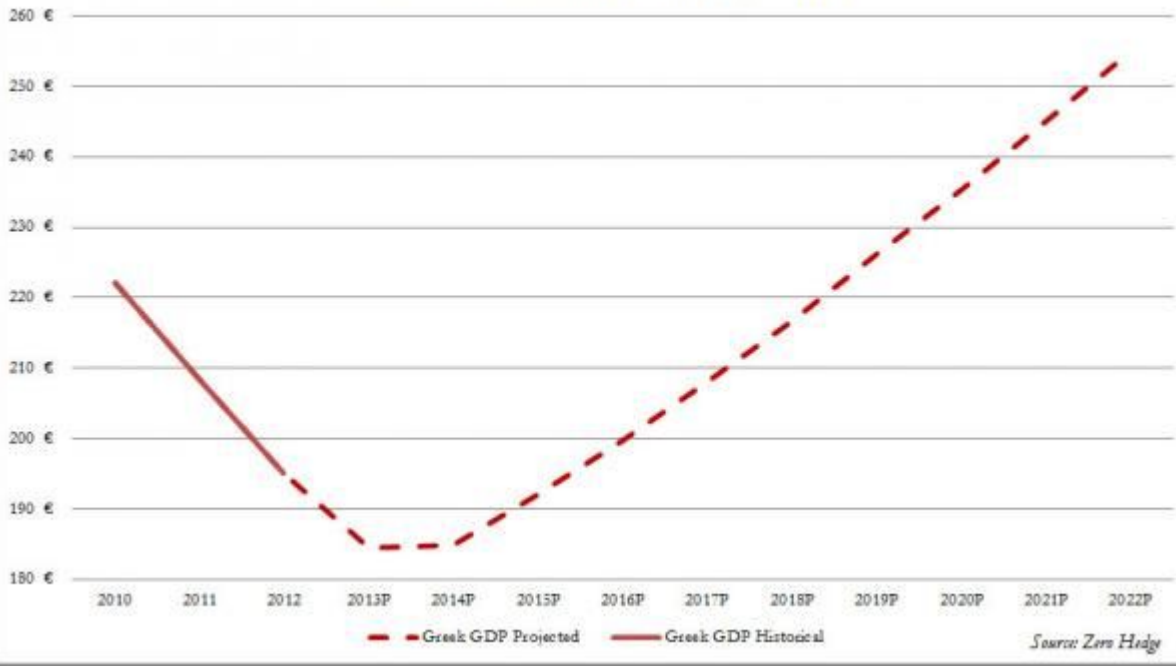
The source said the average price was 33.5 cents on the euro, slightly above what was expected, meaning that there was a shortfall of about 450 million euros. Senior euro zone finance and treasury officials discussed the results on a conference call earlier on Tuesday.

The official said the operation was sufficient to reduce Greece's debt-to-GDP ratio by 9.5 percentage points, below the originally targeted 11 percent.

That means that debt as a proportion of GDP will only fall to about 126.6 percent by 2020, above the goal agreed with the IMF of 124 percent.

As a reminder, this is what the trajectory of Greek GDP has to be in the next decade for the "target" to be hit:

Greek GDP Historical And Forecasted



Europe's worries about Italy

Italy's latest mess has shocked European leaders. But their problems run even deeper

Dec 15th 2012 | from the print edition



THE resignation of Mario Monti as Italy's prime minister, provoked by Silvio Berlusconi's attempt to return to power, is worrying Europe's chancelleries. It again raises questions about Italy's ability to reform and the capacity of the euro to survive. And it stirs fears of self-serving politicians who incite voters against the European project. Mr Berlusconi's electoral strategy seems to be to pin Italy's problems on German-style austerity.

Some see hopeful signs amid the dismay. The outcry over Mr Berlusconi's possible return, they think, demonstrates that Europeans are at last developing an elusive sentiment: a common political consciousness that might serve as the basis for further integration. Just look at the horrified headlines and statements across Europe. "Bunga-bunga comeback" declared *Bild*, a German tabloid. "The Mummy Returns" shouted the front page of a French daily, *Libération*, capturing both the strangeness of Mr Berlusconi's surgically enhanced visage and the creepiness of his return from the political underworld.

In the European Parliament Mr Berlusconi's own political family, the European People's Party (EPP), delivered an uncharacteristic reprimand. Whether the EPP would dare to eject Mr Berlusconi is another matter. As *The Economist* went to press, Brussels prepared for some odd theatre: the appointed Mr Monti was due to launch a new book on European democracy that he co-authored, and then to attend yet another European Union summit to "explain" the flaws of Italian democracy.

The euro crisis means that, increasingly, the domestic politics of one country concerns all Europeans. And European policies have become big issues in national elections. But that does not, of itself, create a European *demos*. Mr Berlusconi is exploiting a well-established current of Euroscepticism. Germanic fiscal rigour is weakening Italy's economy, not strengthening it, he says. What about the lower spreads on Italy's debt under Mr Monti? A hoax perpetuated by Germany to unseat the Berlusconi government last year.

All this may be a sign of desperation from a political leader who has lost much of his support and faces multiple court cases. But even if Mr Berlusconi loses, his actions matter. He is not a fringe politician brought to sudden prominence, like Geert Wilders in the Netherlands or Alexis Tsipras in Greece. He is a thrice-elected prime minister. Euroscepticism in Italy, usually a strongly pro-European country, comes in different forms, from the

Northern League on the right to the former communist fringe on the left, and the Five Stars movement of Beppe Grillo, an anti-establishment comedian. If Mr Berlusconi leads a centrist stream, backed by his money, media power and residual support, Euroscepticism could become a more powerful force.

Eurocrats often dismiss their critics as “populist”. Yet any doubts about Italy’s readiness to work off its debt and adopt growth-enhancing reforms could easily push the euro zone back into an acute crisis. Only recently Olli Rehn, the European economic and monetary commissioner, declared the euro zone to have turned the corner, from managing the crisis to promoting reforms to boost competitiveness.

This was only ever partly true. Spanish banks are indeed being cleaned up and the Greek crisis has been brought back under control for now. Above all, the promise by Mario Draghi, president of the European Central Bank, to intervene in markets on behalf of countries that seek help (and accept a reform programme) has brought down borrowing costs. Even so, the economy of the euro zone is slowing and the recession in the troubled periphery is deepening. Capital and liquidity are flowing out of vulnerable countries, squeezing credit for their companies. Excessive austerity is sapping domestic demand.

Mr Draghi may have reduced the risk of markets pushing countries out of the euro, but even he cannot eliminate political risk in Italy. That said, recent elections have offered some comfort for Europe’s leaders despite the fears about populism. In the Netherlands, Mr Wilders lost support (though he has rebounded a bit since) and the pro-EU Labour Party made big gains. Even in Greece, the most traumatised euro-zone country, voters returned a leader ready to take more of the Brussels medicine under threat of ejection from the euro.

It is harder to threaten Italy, if only because it is both too big to rescue and too big for the euro to survive its possible departure. The hope is that Italian voters will themselves reject Mr Berlusconi’s blandishments and return a reformist government to power—with or without Mr Monti.

Too exciting

European elections are traditionally dull affairs. That they have become heart-stoppers says much about the mess the euro zone is in. For as long as the underlying flaws are not fixed, every national election will have the potential to cause trouble.

Stabilising the single currency requires not only tougher fiscal rules and reforms, but also a long-term plan to mutualise the liabilities for government debt and the banking sector. Solidity has to be buttressed by solidarity. For a while, euro-zone leaders seemed to accept this. In June they set out to create a banking union, starting with a joint bank supervisor, and called on European institutions to draw up a road map to secure the future of the euro. But even though the outline of a euro-zone bank supervisor has been agreed, other aspects of the banking union are being slowed down, and long-term reforms all but shelved. Instead of a road map, there is a sign that reads “road blocked”. Germany, in particular, wants to put off talk of future mutualisation, at least until after its own election next autumn. Italy is not the only country whose politics should cause concern.

An embryonic banking union

13 December 2012

Presseurop

Le Monde, Handelsblatt, Diário económico, El País



Turcios

After 14 hours of talks, EU finance ministers agreed a system of bank supervision. The project covers only a small number of firms, but it marks a step towards an end to the crisis, says the European press.

"Europe will finally regulate its banks," French daily [Le Monde](#) says following an agreement signed by EU finance ministers in the early hours of December 13. "A unanimous and historic agreement on bank supervision starting in 2014." The document allows for direct regulation by the European Central Bank "of establishments that have assets of over €30bn or which represent over 20 per cent of the GDP of the country in which they originated or which benefit from European aid," *Le Monde* explains. The measures apply to 150 to 200 banks, out of 6,000, in the EU.

[In its leader article](#), *Le Monde* hails, "The banking union's great leap forward, which is aimed at preventing not war, but the death of the euro." The paper also explains how the banking union was forged:



When the Spanish banks were threatened with going under, in the spring of 2012, the idea of a banking union emerged. To save themselves, those Europeans spared by the crisis would have to directly bailout those firms in bankruptcy. The Germans rightly demanded that credit institutions first be regulated by the ECB. This first stage has just been accomplished. Regulation is but a first requirement and must be accompanied by a European mechanism for crisis management and bailouts. A European deposit insurance scheme would be the banking union's crowning achievement. This is desirable but was rejected by Berlin. It is still far away, as far away as a federal Union.

The [BBC's Europe Editor, Gavin Hewitt](#), says the deal is a “further example of how the Euro zone crisis is carving out a new Europe, less from choice but more by the need to survive. The direction of travel is causing unease – and not just in Britain.”

In Germany, financial daily [Handelsblatt sees](#) the agreement as "very good news", especially for citizens in the eurozone –

Handelsblatt

It is high time to remove national regulatory authorities. They were often under the influence of politicians who insisted on keeping a protective hand on their banks and thus prevented much-needed corrective measures. Spain is one example. So is Cyprus. German taxpayers can also rejoice. The failure of German bank regulators cost them more than the Greek bailout. Hopefully the European Central Bank will do better. It would be difficult to do worse.

Little is left of the ambition of leading Europe towards a true banking union, [mourns Portugese financial daily Diário Económico](#). For the paper –

Over the year, the leaders of the EU depicted the idea of a banking union as a systemic response to the euro crisis. It was to be the kernel of a new political and economic union in Europe. A few months later, the problem still exists. But, the sense of urgency has disappeared, the enthusiasm also. The application, in dribs and drabs of what seemed a good idea on paper, will not resolve the crisis. But it will weaken banking regulation, at least in the short term.

[Spanish daily El País says](#) the banking union accord is "full of technicalities but in effect it is always the same old story: who holds the power?" And the answer is clear: Germany. After having succeeded in removing local banks from the jurisdiction of the single regulator,

EL PAÍS

Germany also imposed a watered-down solution for the common deposit insurance fund (which consists of just standardising national funds) and a considerable delay for the resolution fund (a mechanism to close banks if necessary), at one time a back-door way of sharing the euro's problems. And the schedule of many other issues was delayed despite the advice of Italy, of France and especially of Spain, the most financially exposed country.