

## Multiplikator-Debatte

### Dissens über die Sparpolitik

21.02.2013 · Macht die Sparpolitik in den Euro-Krisenländer alles noch schlimmer? Der IWF schätzt die Effekte der Sparpolitik in einer Studie deutlich negativer ein als bisher. Das Bundesfinanzministerium hält dagegen: Die Studie sei wenig belastbar.

Von [Manfred Schäfers](#), Berlin

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Wann wird aus Sparen ein Kaputtsparen?

Das Bundesfinanzministerium bestreitet, dass die Anpassungsprogramme in den Euro-Krisen-Ländern alles nur noch schlimmer machen. Das Haus von Wolfgang Schäuble (CDU) geht in der sogenannten Multiplikator-Debatte auf Konfrontationskurs zum Internationalen Währungsfonds (IWF), nachdem dieser die Effekte der Sparpolitik nun deutlich negativer einschätzt als bisher. Das Bundesfinanzministerium hält die Belastbarkeit der jüngsten IWF-Analyse für „gering“, wie es im neuesten Monatsbericht mitteilt.

Die technisch anmutende Debatte ist politisch brisant - nicht nur für die innenpolitische Debatte in den Krisenländern, wo die Frage offen diskutiert wird, was die Sparorgie bringt, wenn die Wirtschaft schrumpft, sondern auch für die Geberländer. So wirft die Opposition der Bundesregierung vor, die Krise mit ihrem Beharren auf einen harten Sparkurs zu verschärfen. Die Konsolidierung der Staatshaushalte laufe ins Leere, wenn „aus Sparen ein Kaputtsparen“ werde und keine Wachstumsperspektiven eröffnet würden, argumentierte SPD-Kanzlerkandidat Peer Steinbrück am Donnerstag im Bundestag.

Der Multiplikator signalisiert, um wie viel die Wirtschaftsleistung steigt, wenn der Staat einen Euro mehr ausgibt - oder eben umgekehrt, um wie viel das Bruttoinlandsprodukt sinkt, weil er sparen muss. Ursprünglich hatte der IWF diesen Multiplikator auf 0,5 beziffert. Nun geht er von einem Wert je nach Umständen und Land zwischen 0,9 und 1,7 aus. Das hieße im Extremfall, wenn die Regierung die Ausgaben zusammenstreicht, rutscht ein Land schneller in die Rezession, so dass in der Folge der Staat spürbar weniger Steuern einnimmt. Beim ursprünglich unterstellten Wert wäre dieser dem Sparen entgegenwirkende Effekt deutlich geringer. Die griechische Opposition nutzt diese Korrektur des IWF aus, um das Ausland für das Abrutschen des Landes verantwortlich zu machen.

In seinem Monatsbericht zerlegt das Ministerium die aktuelle Analyse des Währungsfonds. „Der Untersuchung mangelt es an einer ausreichenden dynamischen Betrachtung“, kritisiert es. „Zudem beinhaltet der Ansatz nur eine sehr geringe Anzahl an Beobachtungen, und die Resultate hängen stark von der Auswahl der Länder in der Stichprobe ab.“ Schließlich trage eine Querschnittsanalyse der sehr unterschiedlichen Lage in den einzelnen Ländern nicht ausreichend Rechnung. Der IWF habe nur kurzfristige statische Auswirkungen auf die wirtschaftliche Aktivität abgebildet, urteilen die Volkswirte aus dem Finanzministerium. Schäubles Leute verweisen auf Untersuchungen der EU-Kommission und der Europäischen Zentralbank. Nach beiden sind langfristig sogar positive Effekte von Sparmaßnahmen möglich. „In der längeren Frist können Konsolidierungen nach der EZB-Studie nicht nur die Tragfähigkeit der Staatsfinanzen, sondern sogar auch das Bruttoinlandsprodukt erhöhen“, heißt es.

Das Finanzministerium gibt unmissverständlich zu erkennen, dass es der EZB mehr Glauben schenkt als dem IWF: „Insgesamt kann die EZB-Studie vor dem Hintergrund der hier genannten Kriterien als sehr weitreichend und belastbar eingestuft werden.“ Zugleich weist es auf ein weiteres Ergebnis der Untersuchung hin: Steigt die Glaubwürdigkeit der Konsolidierungspolitik, sinken die gegenläufigen Effekte spürbar. Diese Erkenntnis ist offensichtlich in Griechenland noch nicht angekommen.

## A Tax That May Change the Trading Game

By [FLOYD NORRIS](#)

To the dismay of the United States government — not to mention Wall Street — much of Europe seems poised to begin taxing financial trading as soon as next year.

The idea is hardly new, but until now financial markets and institutions have been able to ward off any such tax in most major markets. The financiers claimed a tax would hurt economic growth and raise the cost of capital for companies. They said it would drive trading to other countries, leaving the country that adopted it with less revenue and fewer jobs.

But those arguments have not proved persuasive in Europe, which thinks it has found a way to keep institutions from avoiding the tax.

If Europe proves to be correct, it could turn out to be a seminal moment in the relation of governments to large financial institutions.

The tax would be tiny for investors who buy and hold, but could prove to be significant for traders who place millions of orders a day.

Under [the proposal](#), a trade of shares worth 10,000 euros would face a tax of one-tenth of 1 percent, or 10 euros. A trade of a derivative would face a tax of one-hundredth of 1 percent. But that tax would be applied to the notional value, which can be very large relative to the cost of the derivative. So a [credit-default swap](#) on 1 million euros of debt would have a tax of 100 euros, or about 0.4 percent of the annual premium on such a swap.

I'll get to how Europe thinks it can prevent widespread evasion in a minute. But for now, assume the Europeans could accomplish that. And assume, as European officials say they hope will happen, that the tax spreads to other major markets, something Europe is trying to encourage by offering to share the tax revenue with other countries that impose a similar tax.

What would happen?

It would not destroy markets that have good reason to exist — that is, markets that serve actual investors. The tax would be far smaller than the fixed commissions that American investors once took for granted, and even less than the costs implicit in the fact that until decimalization arrived in 2001, that most stocks could move only in increments of one-eighth of a dollar, or 12.5 cents. Markets, and the American economy, managed to prosper.

But there would nevertheless be significant changes — changes that might be for the better in some ways. [High-frequency trading](#), which was encouraged by allowing prices to move in increments of a penny or less, and by technological advances, would be discouraged. So too would be some of the strategies used by hedge funds that involve trades expected to yield very narrow — but presumably very safe — profits. To make such trades worth doing, funds borrow a lot of money and make the trades using very little equity. That is a strategy that is guaranteed to work — or to blow up disastrously if markets do not act as expected. Discouraging it might be a good thing.

One objective, says Algirdas Semeta, the European Union commissioner in charge of tax policy, “is to reorient the financial system back to financing the real economy.”

But can Europe pull it off? Will trading simply migrate to other jurisdictions, such as the United States and Britain, which want nothing to do with the tax? Europeans seem confident. The tax would be owed no matter where the trade took place, as long as a European security or European institution was involved. The law has been written so broadly that if a French bank bought shares in an American company on the New York Stock Exchange, the tax would be owed.

Manfred Bergmann, the [European Commission](#) director for indirect taxation and tax administration and a primary designer of the tax plan, calls it a “Triple A approach — all markets, all actors and all products.”

To get out of the tax, a financial institution would have to do more than simply move its headquarters out of the 11 countries that now plan to impose the tax. It would also have to forgo serving clients in any of those countries and trading in securities or derivatives from any of the countries. Officials are confident that no major institution will be willing to forsake such large markets as France, Germany, Italy and Spain.

The other countries that have at least preliminarily agreed to impose the tax are Belgium, Austria, Greece, Portugal, Slovakia, Slovenia and Estonia.

The scope of the tax is very broad. The proposal has exceptions for currency trading and the physical trading of commodities, but not for derivatives like currency or commodity futures contracts. When a company sold newly issued securities to investors, that transaction would not be taxed, but subsequent market trades would be. Over-the-counter trades would be subject to tax just as would transactions on a stock exchange, as long as a financial institution — a term that is also defined very broadly — was involved. You could sell your shares in Daimler to a friend without paying tax, but not if you got a broker involved.

There is every chance that markets from other countries will not be very cooperative, meaning that to learn if a German bank traded in New York the authorities might have to rely on the bank to report it to them. But then there would be the risk that the tax authorities would learn of it otherwise, perhaps through an audit or from a report by an Italian bank that happened to be on the other side of that trade.

Mr. Bergmann, himself an economist, compared that to “the prisoners’ dilemma,” a classic concept in economics in which two people arrested for a crime would do best if neither confessed, but either would do very badly if he did not confess while the other did. If the authorities did find out, it would be tax fraud under the proposed law.

The tax would be split, in normal circumstances, between the countries whose institutions were involved. In that German trade with an Italian institution, the two countries would share. But if one of the countries had no such tax, all the money would go to the other government.

Some in Europe hope that the lure of that cash might eventually tempt Americans. Europe thinks it can bring in 31 billion euros — about \$41 billion at current exchange rates — from the tax. The United States presumably could collect more if it adopted a similar tax, including some of the money that will now go to European countries.

Legislation such as this probably would have gone nowhere before the financial crisis. The fact this now seems to be on the verge of enactment, perhaps to go into effect as soon as next year, reflects the widespread scorn for, and anger at, banks. Allocating capital is a major — perhaps the most important — job of a financial system, and the banks failed spectacularly at that. Money went to mortgage loans for properties that never should have been built and that were “sold” to people who could not afford them.

Now the European Commission says it is time to ensure that “financial institutions make a fair and substantial contribution to covering the costs of the crisis.” A secondary benefit is said to be “creating appropriate disincentives for transactions that do not enhance the efficiency of financial markets, thereby complementing regulatory measures to avoid future crises.”

Will it work? It appears that Europe is going to find out. Perhaps it will turn out that the dire warnings of disaster that have come from banks, who say such a tax will make capital more expensive for companies that

need it and damage already stumbling economies, will prove to be no more accurate than the financial models those same banks used to justify the lending orgy that went so spectacularly wrong.

Floyd Norris comments on finance and the economy at [nytimes.com/economix](http://nytimes.com/economix).

## Trotz Exporteinbruch

# Deutschlands Haushaltsüberschuss ist höher als gedacht

22.02.2013 · Die öffentlichen Kassen haben 2012 mehr Überschuss produziert als erwartet: Unter dem Strich steht ein Plus von 0,2 Prozent der Wirtschaftsleistung - trotz eines Exporteinbruchs am Jahresende.

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Trotz des [Konjunkturunbruchs am Jahresende](#) hat der deutsche Staat 2012 erstmals seit fünf Jahren einen Haushaltsüberschuss geschafft. Bund, Länder, Kommunen und Sozialversicherung nahmen zusammen rund 4,1 Milliarden Euro mehr ein als sie ausgaben. Der Überschuss entspricht 0,2 Prozent des Bruttoinlandsproduktes, teilte das [Statistische Bundesamt](#) am Freitag in Wiesbaden mit. Eine erste Schätzung hatte lediglich ein Plus von 0,1 Prozent ergeben.

Seit der Wiedervereinigung 1990 wurde lediglich dreimal ein Überschuss erzielt, zuletzt 2007. 2011 hatte es noch ein Defizit von 0,8 Prozent und 2010 sogar von 4,1 Prozent gegeben.

Für die positive Bilanz sorgten in erster Linie die Sozialversicherungen. Wegen der Rekordbeschäftigung und steigender Löhne steigerten sie ihre Einnahmen kräftig, so dass am Ende ein Plus von 17 Milliarden Euro übrig blieb. Die Gemeinden kamen auf einen Überschuss von 6,1 Milliarden Euro. Der Bund fuhr dagegen ein Defizit von 12,2 Milliarden ein; 2011 waren es allerdings noch 26,7 Milliarden Euro. Der Fehlbetrag der Länder verringerte sich von 11,3 auf 6,8 Milliarden Euro.

## Konjunkturschwäche ist Exportschwäche

Am Freitag teilte das [Statistische Bundesamt](#) auch mit: Die Konjunkturschwäche Ende 2012 war vor allem eine Exportschwäche. Die Exporte gingen wesentlich stärker zurück als die Importe. Zudem investierten die von der Staatsschuldenkrise verunsicherten Unternehmen weniger in Ausrüstungen als im Vorquartal. Positive Impulse kamen vom privaten und staatlichen Konsum.

## „Nicht deutsches Europa, sondern europäisches Deutschland“

22.02.2013 · Bundespräsident Gauck warnt angesichts der Euro-Krise vor Rückschritten im europäischen Einigungsprozess und spricht sich vielmehr für eine tiefere Integration in der EU aus. Sorgen der EU-Partner vor einer deutschen Dominanz weist Gauck zurück.



© AFP Europapolitische Grundsatzrede im Schloss Bellevue: Bundespräsident Joachim Gauck

Bundespräsident Joachim Gauck hat sich vehement für eine engere Zusammenarbeit in der EU ausgesprochen und zugleich Sorge vor einer deutschen Dominanz zurückgewiesen. „Wir brauchen eine weitere innere Vereinheitlichung“, sagte Gauck in seiner ersten europapolitischen Grundsatzrede am Freitag in Berlin. Zwar ging er auch auf die zunehmende Skepsis gegenüber der EU ein, betonte aber, nur ein vereintes Europa könne seine Rolle als „Global Player“ behaupten. Europa brauche jetzt „keine Bedenkenräger, sondern Bannerträger - keine Zauderer, sondern Zupacker“.

„Ohne gemeinsame Finanz- und Wirtschaftspolitik kann eine gemeinsame Währung nur schwer überleben“, mahnte Gauck. Die tiefere Integration dürfe aber nicht auf die Wirtschaft beschränkt sein. „Wir brauchen auch eine weitere Vereinheitlichung unsere Außen-, Sicherheits- und Verteidigungspolitik“, betonte der Bundespräsident. Europa sei auf seine neue Rolle in der Welt zu wenig vorbereitet.

### „Europäisches Gesamtprojekt steht nicht in Frage“

Nach der schnellen Osterweiterung der Union und der Einführung des Euro müssten nun Konstruktionsfehler der EU beseitigt werden. 17 Staaten hätten den Euro eingeführt, eine „durchgreifende finanzpolitische Steuerung“ sei aber ausgeblieben sei. „Dieser Konstruktionsfehler hat die Europäische Union in eine Schiefelage gebracht, die erst durch Rettungsmaßnahmen wie den Europäischen Stabilitätsmechanismus ESM und den Fiskalpakt notdürftig korrigiert wurden.“

Doch „selbst wenn einzelne Rettungsmaßnahmen scheitern sollten, steht das europäische Gesamtprojekt nicht in Frage“, sagte Gauck. Die Vorteile der EU lägen deutlich auf der Hand. Ausdrücklich wies er die Nostalgie nach Nationalstaaten zurück: auch diese seien „nichts natürlich Gewachsenes und nichts Ewiges“.

Den 500 Millionen EU-Bürgern fehle eine gemeinsame Erzählung für ihre europäische Identität, erklärte Gauck. „Wir Europäer haben keinen Gründungsmythos nach Art einer Entscheidungsschlacht, in der Europa einem Feind gegenübertreten, siegen oder verlieren, aber jedenfalls seine Identität bewahren konnte.“ Das Verbindende der Europäer sei aber der gemeinsame Wertekanon. „Unsere europäische Wertegemeinschaft will ein Raum von Freiheit und Toleranz sein.“

### „Wir wollen andere nicht einschüchtern“

Gauck versuchte angesichts der wirtschaftlichen Stärke Deutschlands zugleich Ängste der EU-Partner vor einer Vormachtstellung der Bundesrepublik einzudämmen. Er sei erschrocken über Wahrnehmungen, die das heutige Deutschland in einer Traditionslinie deutscher Großmachtpolitik sähen. „Ich versichere allen Bürgerinnen und Bürgern in den Nachbarländern: Ich sehe unter den politischen Gestaltern in Deutschland niemanden, der ein deutsches Diktat anstreben würde“, betonte Gauck.

Aus tiefer innerer Überzeugung könne er sagen: „Mehr Europa heißt in Deutschland nicht: deutsches Europa.“ Das Staatsoberhaupt fügte hinzu: „Wir wollen andere nicht einschüchtern, ihnen auch nicht unsere Konzepte aufdrücken.“ Der Bundespräsident fügte aber hinzu, die Deutschen stünden zu ihren Erfahrungen und wollten sie gern vermitteln. Vor weniger als zehn Jahren habe die Bundesrepublik schließlich selbst noch als kranker Mann Europas gegolten.

### „Liebe Briten, wir möchten euch weiter dabei haben“

Ausdrücklich appellierte Gauck an die Briten, in der EU zu bleiben. „Liebe Engländer, Schotten, Waliser, Nordiren und britische Neubürger! Wir möchten euch weiter dabei haben“, sagte er. Der Bundespräsident vermied Aussagen, wo die Grenzen Europas seien. Europäische Identität definiere sich nicht über die negative Abgrenzung von anderen und sei nicht an Landesgrenzen, nationale, ethnische, kulturelle und religiösen Kriterien gebunden. „Mehr Europa heißt: mehr gelebte und geeinte Vielfalt.“



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„Mehr Europa heißt in Deutschland nicht: deutsches Europa“

Gleich mehrfach forderte Gauck eine bessere Kommunikation über und in Europa. Er gestand ein, dass deutsche Politiker vereinzelt zu wenig Mitgefühl für die Situation der anderen Länder aufgebracht hätten oder als kaltherzig erschienen sein könnten. Dies erkläre sich auch aus der notwendigen Auseinandersetzung um den richtigen Weg. Abfällige Bemerkungen zu anderen Staaten verurteilte er aber deutlich, ohne den öffentlichen Streit um Griechenland-Hilfen zu nennen: „Sollte aus kritischen Kommentaren allerdings Geringschätzung oder gar Verachtung gesprochen haben, so ist dies nicht nur grob verletzend, sondern auch politisch kontraproduktiv.“

Kommunikation sei nämlich kein „Nebenthema des Politischen“. „Eine ausreichende Erläuterung der Themen und Probleme ist vielmehr selbst Politik“, mahnte er. Zu viele Bürger lasse die Europäische Union „in einem Gefühl der Macht- und Einflusslosigkeit“ zurück. Zugleich empfahl Gauck Englisch als gemeinsame Verständigungssprache der Europäer, die daneben aber weiter ihre Muttersprachen pflegen sollten. Denn Europa habe bisher keine gemeinsame Öffentlichkeit, sondern zerfalle in verschiedene nationale Diskussionen. Gauck sprach sich auch für einen europaweiten Fernsehsender nach Vorbild des deutsch-französischen Arte-Programms aus.



Gauck unterstrich, die Europäische Union dürfe für niemanden eine Einbahnstraße sei, sondern folge dem Prinzip der Gegenseitigkeit. „Verlässlichkeit und Solidarität stehen und fallen miteinander.“ Notwendig sei, die Themen und Probleme ausreichend zu erläutern. Kommunikation sei „kein Nebenthema des Politischen“. Oppositionspolitiker wie etwa der Grünen-Fraktionschef Jürgen Trittin hatten zuletzt am Donnerstag kritisiert, dass Bundeskanzlerin Angela Merkel ihre EU- und Euro-Politik nicht ausreichend erkläre.



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Applaus im Schloss Bellevue nach der Rede des Bundespräsidenten

Gauck eröffnete mit seiner Grundsatz-Rede über Europa das „Bellevue Forum“, in dessen Rahmen künftig auf Einladung des Bundespräsidialamts über wichtige gesellschaftliche Themen debattiert werden soll. So ist am Amtssitz des Staatsoberhauptes für das Frühjahr noch ein Thementag geplant, an dem Engagierte der Initiative „Ich will Europa“ angehört werden sollen. Auch Studenten würden eingeladen, um mit Gauck ihre Ideen für Europa zu diskutieren.

Das Bellevue Forum löst die traditionelle Berliner Rede ab, wie sie frühere Bundespräsidenten und von ihnen eingeladene Gäste gehalten hatten.

## Finanzminister der Eurozone finden

### Reiche Russen sollen für Zypern-Rettung zahlen

22.02.2013 · Zypern will Geld aus dem Euro-Rettungsschirm, doch die Euro-Finanzminister sehen zu viel Geldwäsche russischer Oligarchen in dem Land. Jetzt überlegen sie, wie die reichen Sparer an der Rettung beteiligen können.



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Eine Euro-Münze aus Zypern

Die Finanzminister der Eurostaaten wollen Zeitungsberichten zufolge reiche Bürger und Konzerne mit Geldanlagen in [Zypern](#) an den Kosten des geplanten Hilfspakets für den Inselstaat beteiligen. Es werde geprüft, wie ein Sanierungsbeitrag privater Kontoinhaber und Bankgläubiger, viele von ihnen aus Russland, aussehen könnte, berichtete die „[Süddeutsche Zeitung](#)“ am Freitag unter Berufung auf Verhandlungskreise. Im Gespräch seien etwa höhere Steuern auf Unternehmensgewinne, Kapitalerträge und Grundbesitz sowie eine Vermögensteuer.

Zypern hatte im Juni eine Anfrage auf Hilfe aus dem Eurorettungsfonds gestellt und [benötigt nach eigenen Angaben rund 17 Milliarden Euro](#), davon soll ein Großteil an angeschlagene Banken der Insel fließen. Der Antrag ist jedoch umstritten. Dem Land wird besonders in Deutschland vorgeworfen, [nicht entschieden gegen Steuerbetrug und Schwarzgeld etwa aus Russland vorzugehen](#).

Denkbar wäre auch, die Spareinlagen auf zyprischen Banken im Wert zu mindern. Das allerdings sehe die EU-Kommission kritisch, berichtet das „[Handelsblatt](#)“: Sie habe Angst vor einem neuen Vertrauensverlust gegenüber der Eurozone.

Der Vizechef der Unionsfraktion im Bundestag, Michael Meister (CDU), sagte der „Rheinischen Post“ aus Düsseldorf vom Freitag, Zyperns Leistungsbilanz weise „hohe Auslandsinvestitionen in Russland auf“. Der Abfluss des Gelds könne aber gestoppt werden. Es sei zudem „nicht ausgeschlossen, dass Russland kurzfristig mit einem Überbrückungskredit einspringt“, sagte Meister.

## „Vertrauen erneuern - Verbindlichkeit stärken“

22.02.2013 · Joachim Gauck spricht sich für eine engere Zusammenarbeit in der EU aus. Man brauche „keine Zauderer, sondern Zupacker“. Die europapolitische Grundsatzrede des Bundespräsidenten im Wortlaut.



© dapd „Mehr Europa fordert: mehr Mut bei allen!“. Gauck am Freitag im Schloss Bellevue

„So viel Europa war nie! Das sagt jemand, der mit großer Dankbarkeit in diesen Saal blickt, der Gäste aus Deutschland und ganz Europa begrüßen darf!

So viel Europa war nie: Das empfinden viele Menschen derzeit auf ganz andere Weise, zum Beispiel beim morgendlichen Blick in deutsche Zeitungen. Da begegnet uns Europa verkürzt auf vier Buchstaben - als Euro, als Krisenfall. Immer wieder ist von Gipfeldiplomatie und Rettungspaketen die Rede. Es geht um schwierige Verhandlungen, auch um Teilerfolge, vor allem aber geht es um ein Unbehagen, auch um einen deutlichen Unmut, den man nicht ignorieren darf. In einigen Mitgliedstaaten fürchten die Menschen, dass sie zu Zahlmeistern der Krise werden. In anderen Ländern wächst die Angst vor immer schärferen Sparmaßnahmen und sozialem Abstieg. Geben und Nehmen, Verschulden und Haften, Verantwortung und Teilhabe scheinen vielen Bürgerinnen und Bürgern nicht mehr richtig und gerecht sortiert in der Gemeinschaft der Europäer.

Hinzu kommt eine Liste von Kritikpunkten, die schon seit langer Zeit zu lesen und zu hören sind: der Verdross über Brüsseler Technokraten und ihre Regelungswut, die Klage über mangelnde Transparenz der Entscheidungen, das Misstrauen gegen ein unübersichtliches Netz von Institutionen und nicht zuletzt der Unwille über die wachsende Bedeutung des Europäischen Rats und die dominierende Rolle des deutsch-französischen Tandems.

So anziehend Europa auch ist - zu viele Bürger lässt die Europäische Union in einem Gefühl der Macht- und Einflusslosigkeit zurück. Es gibt Klärungsbedarf in Europa. Angesichts der Zeichen von Ungeduld, Erschöpfung und Frustration unter den Bürgern, angesichts von Umfragen, die mir eine Bevölkerung zeigen, die unsicher ist, ob unser Weg zu „mehr“ Europa richtig ist, scheint es mir, als stünden wir vor einer neuen

Schwelle - unsicher, ob wir wirklich entschlossen weitergehen sollen. Diese Krise hat mehr als nur eine ökonomische Dimension. Sie ist auch eine Krise des Vertrauens in das politische Projekt Europa.

Für mich ist dieser Tag Anlass, neu und kritischer auf meinen euphorischen Satz kurz nach der Amtseinführung zurückzukommen, als ich sagte: „Wir wollen mehr Europa wagen.“ So schnell und gewiss wie damals würde ich es heute nicht mehr formulieren. Dieses Mehr an Europa braucht eine Deutung, braucht Differenzierung. Wo kann und soll mehr Europa zu gelingendem Miteinander beitragen? Wie soll Europa aussehen: Was wollen wir entwickeln und stärken, was wollen wir begrenzen? Und: Wie finden wir für mehr Europa auch mehr Vertrauen, als wir es derzeit haben?

Erinnern wir uns: Der Anfang war vielversprechend. Bereits fünf Jahre nach dem Ende des Zweiten Weltkriegs schlug Frankreichs Außenminister Robert Schuman seinen europäischen Partnern die Gründung der Europäischen Gemeinschaft für Kohle und Stahl vor. Frankreich und Deutschland wurden zu den großen Impulsgebern der europäischen Entwicklung - und ehemalige Kriegsgegner wurden enge Partner.

Damals, 1950, war Jean Monnet der Ideengeber. Sein Ziel: die Sicherung des europäischen Friedens durch eine „Vergemeinschaftung“, die den Mitgliedern gleichzeitig nationalen Nutzen versprach. Westdeutschland erreichte mit dieser Integration seine erste Rehabilitierung in der internationalen Staatengemeinschaft. Frankreich und die anderen Partnerstaaten befriedigten durch Kontrolle auch deutscher Kohle- und Stahlproduktion ihr Sicherheitsbedürfnis. Der Gedanke war lange schwer umzusetzen, aber von großer politischer Hellsichtigkeit: Wenn die Wirtschaft verschmilzt, verschmilzt irgendwann auch die Politik.

Für eine umfassende nationenübergreifende Politik war es 1950 natürlich noch zu früh. Nur Schritt für Schritt sollte aus wirtschaftlicher Integration politische Integration werden, aus immer größeren Feldern von Vergemeinschaftung schließlich ein gemeinsames Europa entstehen - für die einen eine europäische Föderation, für die anderen ein Europa der Vaterländer. Lange Zeit brachte diese pragmatische Methode das Projekt Europa tatsächlich voran. Heute sind wir allerdings gezwungen, die Taktik grundlegend zu überdenken. Weil Entwicklungen ohne ausreichenden politischen Gesamtrahmen zugelassen wurden, sind die Gestalter der Politik bisweilen zu Getriebenen der Ereignisse geworden.

Selbst an bedeutenden Wegmarken fehlte es in der Vergangenheit oft an politischer Ausgestaltung. Nach dem Zusammenbruch des kommunistischen Lagers wurden zehn Staaten in die EU aufgenommen, obwohl das nötige Fundament für eine so große EU noch fehlte. Und so blieben bei dieser größten Erweiterung der EU die Fragen nach einer Vertiefung teilweise unbeantwortet. Als folgenschwer erwies sich auch die Einführung der gemeinsamen Währung. Siebzehn Staaten führten im Laufe der Jahre den Euro ein, doch der Euro selbst bekam keine durchgreifende finanzpolitische Steuerung. Dieser Konstruktionsfehler hat die Europäische Union in eine Schieflage gebracht, die erst durch Rettungsmaßnahmen wie den Europäischen Stabilitätsmechanismus ESM und den Fiskalpakt notdürftig korrigiert wurde.

Für mich ist jedoch klar: Selbst wenn einzelne Rettungsmaßnahmen scheitern sollten, steht das europäische Gesamtprojekt nicht in Frage. Seine Vorteile liegen bis jetzt deutlich auf der Hand: Wir reisen von der Memel bis zum Atlantik und von Finnland bis nach Sizilien, ohne an irgendeiner Grenze den Reisepass zu zücken. Wir zahlen in großen Teilen Europas mit einer gemeinsamen Währung und kaufen Schuhe aus Spanien und Autos aus Tschechien ohne Zollaufschläge. Wir lassen uns in Deutschland von polnischen Ärzten behandeln und sind dankbar dafür, weil manche Praxen sonst schließen müssten. Unsere Unternehmer beschäftigen neuerdings auch zunehmend Arbeitskräfte aus allen Mitgliedstaaten der Union, die in ihren eigenen Ländern gar keine Arbeit oder nur Jobs zu sehr viel schlechteren Bedingungen finden würden. Und unsere Senioren verbringen ihren Ruhestand an Spaniens Küsten, manche auch an der polnischen Ostsee. Mehr Europa ist auf erfreuliche Weise Alltag geworden.

Deswegen sind die Ergebnisse von Meinungsumfragen nur auf den ersten Blick widersprüchlich. Zwar ist die Skepsis gegenüber der EU in den letzten Jahren stark angestiegen, aber eine Mehrheit ist weiterhin überzeugt: Unsere komplexe und zunehmend globale Realität braucht Regelungen im nationenübergreifenden Rahmen. Wir alle in Europa haben große politische und wirtschaftliche Vorteile von der Gemeinschaft.

Was uns als Europäer allerdings auszeichnet, was europäische Identität bedeutet, bleibt schwer zu umreißen. Junge Gäste in Bellevue haben mir vor kurzem bestätigt, was wohl vielen hier im Saal vertraut sein dürfte: „Wenn wir in der großen, weiten Welt sind, empfinden wir uns als Europäer. Wenn wir in Europa sind, empfinden wir uns als Deutsche. Und wenn wir in Deutschland sind, empfinden wir uns als Sachse oder Hamburger.“ Wir sehen, wie vielschichtig Identität ist. Europäische Identität löscht weder regionale noch nationale Identität, sondern existiert neben diesen.

Geographisch ist der Kontinent schwer zu fassen - reicht er beispielsweise bis zum Bug oder bis zum Ural? Bis zum Bosphorus oder bis nach Anatolien? Auch die identitätsstiftenden Bezüge unterlagen in seiner langen Geschichte mehrfach einem Wechsel. Heute wissen wir, dass sie sich auf ein ganzes Ensemble beziehen - angefangen von der griechischen Antike über die römische Reichsidee und das römische Recht bis hin zu den prägenden christlich-jüdischen Glaubenstraditionen.

Doch wie sieht es heute aus? Was bildet heute das einigende Band zwischen den Bürgern Europas? Woraus schöpft Europa seine unverwechselbare Bedeutung, seine politische Legitimation und seine Akzeptanz?

Als die Europäische Union im November den Friedensnobelpreis erhielt, haben die Festredner Europa als Friedensprojekt beschrieben. Unvergesslich, wie Winston Churchill 1946 in seiner berühmten Rede vor der Jugend in Zürich die „Neuschaffung der europäischen Familie“ forderte. Unvergesslich, dass damals die tiefste Überzeugung von Politikern wie Bevölkerung in drei Worten auszudrücken war: „Nie wieder Krieg!“

Im Kalten Krieg zerfiel der Kontinent in zwei politische Lager. Doch mochten Ost- und Mitteleuropa auch über vierzig Jahre abgeschnitten sein, so haben seine Bewohner Europa im Geiste nie verlassen. Für sie und auch für mich war unser überzeugtes Ja zu dem freien, demokratischen, wohlhabenden Europa so etwas wie der zweite Gründungsakt Europas, ein nachgeholtter Beitritt für jenen Teil des Kontinents, der nicht von Anfang an dabei sein konnte. Es war zugleich eine qualitative Erweiterung für Europa. So, wie Europa nach dem Zweiten Weltkrieg vor allem ein Friedensprojekt gewesen war, so war es 1989 ein Freiheitsprojekt.

Die junge Generation, die in den achtziger Jahren und später geboren wurde, sieht Europa wieder mit ganz anderen Augen. Ihre Großeltern und Urgroßeltern, die Berlin, Warschau und Rotterdam in Schutt und Asche erlebten, haben es geschafft, Europa neu aufzubauen, im Westen konnten sie sogar Wohlstand an Kinder und Enkel weitergeben.

Trotzdem stimmt natürlich, was oft moniert wird: In Europa fehlt eine große identitätsstiftende Erzählung. Wir haben keine gemeinsame europäische Erzählung, die über 500 Millionen Menschen in der Europäischen Union auf eine gemeinsame Geschichte vereint, die ihre Herzen erreicht und ihre Hände zum Gestalten animiert. Ja, es stimmt: Wir Europäer haben bis heute keinen Gründungsmythos nach Art einer Entscheidungsschlacht, in der Europa einem Feind gegenübertritt, siegen oder verlieren, aber jedenfalls seine Identität bewahren konnte. Wir haben auch keinen Gründungsmythos im Sinne einer erfolgreichen Revolution, in der die Bürger des Kontinents gemeinsam einen Akt der sozialen Emanzipation vollbracht hätten. Die eine europäische Identität gibt es genauso wenig wie den europäischen Demos, ein europäisches Staatsvolk oder die eine europäische Nation.

Und dennoch hat Europa eine identitätsstiftende Quelle - einen im Wesen zeitlosen Wertekanon, der uns auf doppelte Weise verbindet, als Bekenntnis und als Programm. Wir versammeln uns im Namen Europas nicht um Monumente, die den Ruhm der einen aus der Niederlage der anderen ableiten. Wir versammeln uns für etwas - für Frieden und Freiheit, für Demokratie und Rechtsstaatlichkeit, für Gleichheit, Menschenrechte und Solidarität.

Unsere europäische Wertegemeinschaft will ein Raum von Freiheit und Toleranz sein. Sie bestraft Fanatiker und Ideologen, die Menschen gegeneinander hetzen, Gewalt predigen und unsere politischen Grundlagen untergraben. Sie will ein Raum sein, in dem die Völker friedlich miteinander leben und nicht mehr gegeneinander zu Felde ziehen. Ein Krieg wie auf dem Balkan, wo bis heute europäische Soldaten und zivile Kräfte den Frieden sichern müssen, darf nie wieder blutige Realität werden.

Unsere europäischen Werte sind verbindlich und sie verbinden. Mögen europäische Staaten Europas Regeln auch verletzen, so können sie doch vor europäischen Gerichten eingeklagt werden. Der europäische Wertekanon ist nicht an Ländergrenzen gebunden und er hat über alle nationalen, ethnischen, kulturellen und religiösen Unterschiede hinweg Gültigkeit. Am Beispiel der in Europa lebenden Muslime wird dies deutlich. Sie sind ein selbstverständlicher Teil unseres europäischen Miteinanders geworden. Europäische Identität definiert sich nicht durch die negative Abgrenzung vom anderen. Europäische Identität wächst mit dem Miteinander und der Überzeugung der Menschen, die sagen: Wir wollen Teil dieser Gemeinschaft sein, weil wir gemeinsame Werte teilen. Mehr Europa heißt: mehr gelebte und geeinte Vielfalt.

Unseren Wertekanon stellen glücklicherweise nur sehr wenige Europäer in Frage. Der institutionelle Rahmen dagegen, den sich Europa bis jetzt gab, wird gerade intensiv diskutiert. Für einige ist die europäische, föderale Union die einzige Chance für den Kontinent, andere zielen auf Korrekturen bei den bestehenden Institutionen - etwa die Einführung einer zweiten Kammer oder die Erweiterung der Rechte des Europaparlaments. Manche halten es für ausreichend, den Status quo zu wahren, wenn dessen Möglichkeiten denn mit mehr politischem Willen tatsächlich ausgenutzt würden. Und Euroskeptiker würden die europäische Ebene am liebsten reduzieren.

Wir stehen mitten in dieser Diskussion und nicht an ihrem Ende. Und wir werden uns leichter über den institutionellen Rahmen einigen, wenn wir gemeinsam und in aller Ausführlichkeit die grundlegenden Fragen zur Zukunft des europäischen Projekts diskutiert haben.

Notwendige Anpassungen im wirtschafts- und finanzpolitischen Bereich im Euroraum hat die Politik jetzt glücklicherweise unter erheblichem Druck vorgenommen. Wir alle wissen aber, dass Europa vor weiteren Herausforderungen steht. Einst waren europäische Staaten Großmächte und Global Players. In der globalisierten Welt von heute mit den großen neuen Schwellenländern kann sich im besten Fall ein vereintes Europa als Global Player behaupten:

Politisch, um substantiell mitentscheiden und weltweit für unsere Werte Freiheit, Menschenwürde und Solidarität eintreten zu können.

Wirtschaftlich, um wettbewerbsfähig zu bleiben und so in Europa unsere materielle Sicherheit und damit innergesellschaftlichen Frieden zu sichern.

Bis jetzt ist Europa für diese Rolle zu wenig vorbereitet. Wir brauchen eine weitere innere Vereinheitlichung. Denn ohne gemeinsame Finanz- und Wirtschaftspolitik kann eine gemeinsame Währung nur schwer überleben. Wir brauchen auch eine weitere Vereinheitlichung unserer Außen-, Sicherheits- und Verteidigungspolitik, um gegen neue Bedrohungen gewappnet zu sein und einheitlich und effektiver auftreten zu können. Wir brauchen auch gemeinsame Konzepte auf ökologischer, gesellschaftspolitischer - Stichwort Migration - und nicht zuletzt demographischer Ebene.

Dies geduldig und umsichtig zu vermitteln ist Aufgabe aller, die sich dem Projekt Europa verbunden fühlen. Unsicherheit und Angst dürfen niemanden in die Hände von Populisten und Nationalisten treiben. Die Leitfrage bei allen Veränderungen sollte daher sein: Wie kann ein demokratisches Europa aussehen, das dem Bürger Ängste nimmt, ihm Gestaltungsmöglichkeiten einräumt, kurz: mit dem er sich identifizieren kann?

Anders als im 19. Jahrhundert können und wollen wir eine europäische Vereinigung nicht von oben dekretieren. Ohne die Zustimmung der Bürger könnte keine europäische Nation, kann kein europäischer Staat wachsen. Takt und Tiefe der europäischen Integration werden letztlich von den Bürgerinnen und Bürgern bestimmt.

An dieser Stelle möchte ich einen Blick nach Großbritannien werfen. Mit großem Interesse habe ich die Doppelbotschaft des Premierministers vernommen: Das Ja zu britischer Tradition und zu britischen Interessen, das kein Nein sein sollte zu Europa. Es ist zwar Sache der Briten, über ihre Zukunft zu entscheiden, aber vielleicht sind sie doch bereit, einen Wunsch aus dem Schloss Bellevue anzuhören:

Liebe Engländer, Schotten, Waliser, Nordiren und britische Neubürger! Wir möchten euch weiter dabei haben! Wir brauchen eure Erfahrungen als Land der ältesten parlamentarischen Demokratie, wir brauchen eure Traditionen, eure Nüchternheit und euren Mut! Ihr habt mit eurem Einsatz im Zweiten Weltkrieg geholfen, unser Europa zu retten - es ist auch euer Europa. Lasst uns weiter gemeinsam um den Weg zur europäischen Res Publica streiten, denn nur gemeinsam sind wir den künftigen Herausforderungen gewachsen. Mehr Europa soll nicht heißen: ohne euch!

Es macht mir Sorge, wenn die Rolle Deutschlands im europäischen Prozess augenblicklich bei einigen Ländern Skepsis und Misstrauen auslöst. Die Tatsache, dass Deutschland nach der Wiedervereinigung zur größten Wirtschaftsmacht in der Mitte des Kontinents aufstieg, hat vielen Angst gemacht. Ich war erschrocken, wie schnell die Wahrnehmungen sich verzerrten, als stünde das heutige Deutschland in einer Traditionslinie deutscher Großmachtpolitik, gar deutscher Verbrechen. Nicht allein populistische Parteien stellten gar die deutsche Kanzlerin als Repräsentantin eines Staates dar, der heute angeblich wie damals ein deutsches Europa erzwingen und andere Völker unterdrücken will.

Doch ich versichere allen Bürgerinnen und Bürgern in den Nachbarländern: Ich sehe unter den politischen Gestaltern in Deutschland niemanden, der ein deutsches Diktat anstreben würde. Bis jetzt hat sich die Gesellschaft rational und reif verhalten. In Deutschland fand keine populistisch-nationalistische Partei in der Bevölkerung die Zustimmung, die sie in den Deutschen Bundestag gebracht hätte. Aus tiefer innerer Überzeugung kann ich sagen: Mehr Europa heißt in Deutschland nicht: deutsches Europa. Mehr Europa heißt für uns: europäisches Deutschland!

Es lohnt sich für alle 27 Partner in unserer Gemeinschaft, noch einmal die Versprechen in Erinnerung zu rufen, mit denen die Währungsunion einst gestartet ist. Diese Union wird getragen von der Idee, dass Regeln eingehalten und Rechtsbrüche geahndet werden. Diese Union ist ein Geben und Nehmen, sie darf für niemanden eine Einbahnstraße sein. Sie folgt dem Prinzip der Gegenseitigkeit, der Gleichberechtigung und der Gleichverpflichtung. Mehr Europa muss heißen: mehr Verlässlichkeit. Verlässlichkeit und Solidarität stehen und fallen miteinander.

Ich bin überzeugt: Wenn in Europa alle diesem Grundsatz verpflichtet bleiben, dann kann innereuropäische Solidarität sogar noch wachsen, um längerfristig die großen Ungleichheiten auf dem Kontinenten zu verringern und Lebensverhältnisse zu schaffen, die Menschen in ihrer Heimat eine Perspektive bieten.

Mehr Europa fordert: mehr Mut bei allen! Europa braucht jetzt nicht Bedenkenträger, sondern Bannerträger, nicht Zauderer, sondern Zupacker, nicht Getriebene, sondern Gestalter.“

## 'A Timeless Canon of Values'

### German President Makes Plea for More Europe

**German President Joachim Gauck made a passionate plea on Friday for greater European integration in the most important speech of his term in office thus far. He called on Britain to remain in the EU and said that Germany does not want to impose its will on the rest of its EU partners.**

When it comes to the European Union, many in Germany and around the 27-member club think first and foremost of mind-numbing bureaucracy in Brussels and the never-ending crisis facing the Continent's common currency. Citizens feel powerless, helpless and oftentimes ignored.

Such were the sentiments that German President Joachim Gauck acknowledged right at the beginning of his highly anticipated [keynote address](#) on Europe, delivered on Friday in Berlin. It was the first major speech of his 11-month-old presidency, and it comes at a time when [euro-skepticism is widespread](#) -- most notably in Britain, but also in Germany and across the EU.

Gauck, though, quickly moved on from the laundry list of complaints that are often directed at Brussels and from the fears felt by those countries in crisis. In the rest of the speech, he delivered an eloquent and passionate defense of the European idea.

"We can travel from the Neman (River) to the Atlantic and from Finland to Sicily without at any point having to dig out a passport," he said. "We can use one and the same currency across much of Europe, and we buy Spanish shoes and Czech cars without paying extra customs charges.... In a very positive way, more Europe has become part of our everyday lives."

Gauck, who, like Chancellor Angela Merkel, spent his formative years in the former East Germany, was quick to call for "more Europe" when he was first sworn in last March, following the ignominious resignation of his predecessor, Christian Wulff. But Friday marked the first time he provided greater insight into his vision of Europe. First and foremost, he said, Europe needed to develop a common identity.

#### A Source of Identity

"It is still hard to pinpoint what it is that makes us European, what it means to have a European identity," he said, before attempting to provide a solution to the riddle. "Europe does have a source of identity: an essentially timeless canon of values which unites us at two different levels, both in our profession of respect for them and in the action we take to uphold them."

Gauck is particularly well-liked in Germany. As a pastor in East Germany, he became a leading member of the New Forum, a citizens' movement that ultimately played a key role in the GDR's rapid switch from communism to democracy after the Berlin Wall fell in 1989. Gauck also became the first head of the authority tasked with managing the files collected by the Stasi, East Germany's secret police. In his current position, Gauck holds no political power, but German presidents have traditionally been viewed as representing the conscience of the nation.

On Friday, Gauck seemed well aware of the attention that would be paid to his speech. "European identity is [not about excluding those who are different](#)," he said. "Rather, European identity grows out of our deepening cooperation and the conviction of those who say we want to be part of this community because we share



common values. More Europe means making diversity more genuinely part of our lives and allowing it to unite us."

The German president noted the difficulties currently facing the EU and warned that further integration is needed in terms of financial and economic policy as well as foreign and defense issues. When it comes to the need for reform, he said, "We are in the midst of this discussion, not at the end" and urged that "We must prevent anyone being driven into the arms of populists and nationalists by uncertainty or fear."

### **A European Germany**

It quickly became clear where Gauck believes disillusionment poses the greatest threat to Europe. Toward the end of his speech, he made a direct appeal to the United Kingdom to remain in the European Union. "Dear people of England, Scotland, Wales and Northern Ireland, dear new British citizens! We would like you to stay with us!" he said. "During the Second World War, your efforts helped to save our Europe -- and it is also your Europe.... More Europe cannot mean a Europe without you!"

Finally, Gauck addressed the skepticism toward Germany that has become widespread in Europe as the euro crisis has progressed, particularly in those countries laboring under onerous austerity programs. "I want to assure all citizens of neighboring countries that I cannot imagine any of Germany's policymakers seeking to impose a German diktat," Gauck said. "It is my heartfelt conviction that, in Germany, more Europe does not mean a German Europe. For us, more Europe means a European Germany."

Gauck received a standing ovation at the end of his speech. And then he quickly left the stage.

*cgh*

## Bail-In

### Cyprus Bailout Could Hit Russian Bank Accounts

**Foreign investors and wealthy Cypriots may be called to participate in the bailout of debt-plagued Cyprus. Two reports suggest that EU countries sponsoring the bailout are considering a debt relief option that would also hit rich Russian bank account holders.**

In the negotiations over a bailout for crisis-plagued Cyprus, the German government is reportedly pushing for mandatory participation by banks and their customers in a bailout that might also hit wealthy Russians. The highly controversial move might make it easier for German Chancellor Angela Merkel to push approval for an aid package through parliament, where she is not currently ensured of a majority.

Both *Handelsblatt* and the *Süddeutsche Zeitung* newspapers on Friday cite anonymous sources familiar with the negotiations claiming consideration is being given to calls for some of the banks' outstanding debts to be converted into holdings in those financial institutions.

The most radical option would be to directly tap money that has been deposited in the country's bank accounts, including that of wealthy Russians. *Handelsblatt* is reporting that officials at the European Commission in Brussels are divided over the suggestion of a so-called "bail-in," with many viewing it skeptically. Some are concerned the dramatic step could shake financial-market trust in the euro zone and drive investors away from crisis-plagued countries. Nevertheless, it reported, a debate on the issue is underway.

Cyprus urgently needs €17.5 billion (\$23.1 billion) in order to stabilize its financial sector and its government finances. Given the country's status as a tax paradise, especially for rich Russians, potential donors have shied away from providing swift aid. With federal elections slated for this autumn, the German government also isn't in any rush to put the aid package up for a vote in parliament.

With bailout packages unpopular within her own government coalition, Chancellor Angela Merkel may have to rely on opposition votes to pass any bailout. This backing is unlikely to happen without [concessions](#), the main one being a demand by the center-left Social Democratic Party that Cyprus abandon the kind of loose tax policies that have made it a [haven](#) for foreign investors. At 10 percent, Cyprus has the lowest corporate tax rate within the euro zone, much lower than in countries like Germany and France, where it is 29 percent and 33 percent respectively. Germany has repeatedly pressured Cyprus to increase its corporate tax.

Money laundering is also thought to be a major problem, and it is believed that Russians have deposited billions in assets on the island from dubious sources.

### 'More Elegant' Solutions

In addition, the newspapers reported, the countries that would provide the bailout are concerned it will create another problem. In the event of an aid package totalling €17.5 billion, the Cypriot deficit would rise to 140 percent of gross domestic product, well above the 120 percent that is considered serviceable. This has prompted the International Monetary Fund (IMF) to push for participation by owners and creditors of the banks in order to reduce the size of the total bailout. But this option could also open the door to legal disputes in the countries whose depositors are affected.

The sources in Brussels said that the euro-zone also has to take into consideration the financial stability of the currency area. One possible way of addressing a bail-in could also be to ensure that the deposits of Cypriots

would not be touched -- and that only those of foreign depositors would be part of the debt haircut. Although that would address concerns about Russian money laundering, it could also provoke Moscow at a time when the euro-zone members are encouraging Russia to participate in the Cyprus bailout.

According to sources cited by *Süddeutsche*, "more elegant" solutions are also being considered, including tax hikes. Higher taxes for corporations, capital yields, property as well as a wealth tax are all being considered.

Considerations over a possible wealth tax would mean that rich Cypriot citizens would also be forced to participate in the bailout. Recently, the European Central Bank, together with the 17 central banks of euro-zone member states, conducted an as-yet unpublished study showing that per-capita wealth in Cyprus is among the highest in the euro-zone, ahead of Germany, France and Italy.

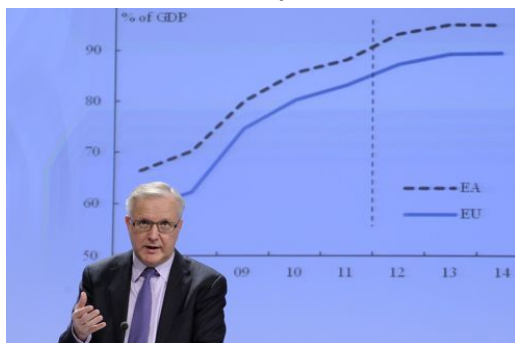
Action on the Cyprus bailout is expected soon. The country goes to the polls for a run-off vote this Sunday in its presidential election, and officials with the troika, comprised of the European Union, the European Central Bank and the IMF, are hoping to commence talks swiftly with the new government in the hope of reaching a decision by the end of March.

*dsl -- with wire reports*

## Déficits français : l'étonnante clémence de Bruxelles

Par [Alexandrine Bouilhet](#) Mis à jour le 22/02/2013 à 19:18 | publié le 22/02/2013 à 16:02

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Le commissaire européen Olli Rehn, ce vendredi à Bruxelles. Crédits photo : JOHN THYS/AFP

### DÉCRYPTAGE - La Commission européenne n'a brandi aucune menace de sanctions à l'égard des pays qui ne respectent pas leur objectif de déficit. Une aubaine pour la France. Explications.

La Commission européenne aurait-elle changé de doctrine sur la rigueur budgétaire? C'est l'impression qu'elle donne. À la grande satisfaction de l'Espagne, mais aussi de la [France](#). Le commissaire européen [Olli Rehn](#) s'est montré très clément, ce vendredi, à Bruxelles, à l'égard des pays qui ne respectent pas leurs objectifs de déficits. Officiellement, les règles n'ont pas changé. Et les pays en infraction sont toujours menacés de sanctions. Mais la réalité est tout autre.

La France s'est vue offrir, quasiment en direct, un délai supplémentaire d'un an pour respecter la règle des 3%. Une aubaine incroyable pour François Hollande. Cette clémence apparaît d'autant plus étonnante que Bruxelles et Berlin prêchent, depuis deux ans, l'austérité et les réformes structurelles pour sortir l'Europe de la crise. Alors que s'est-il passé?

Habilement, Olli Rehn s'abrite derrière les chiffres d'Eurostat, qui ne sont encore que des prévisions, pour expliquer le délai sur le prononcé des sanctions. En fait, Bruxelles a changé son fusil d'épaule l'été dernier, notent des diplomates européens, lorsque la Commission européenne a réalisé, avec un an de retard sur le FMI et l'OCDE, que «l'application bête et méchante» du pacte de stabilité ne menait à rien, si ce n'est à plus de récession.

En 2013, neuf pays sur les dix-sept que compte la [zone euro](#) ne respectent pas l'objectif des 3% de déficit. Il aurait été absurde de la part de la Commission d'imposer cette année des sanctions financières à la majorité de la zone euro, engluée dans une récession historique. Déjà en 2012, Bruxelles a accordé un délai à l'Espagne et au Portugal pour respecter leurs objectifs de déficits. Elle s'est également montrée clément avec l'Irlande, modèle des pays sous assistance financière.

### Aussi «systémique» qu'une grande banque

Le cas de la France est plus difficile à justifier, du moins politiquement. D'une part sa situation économique n'est pas aussi désespérée qu'en Espagne ou au Portugal. Et d'autre part, les efforts de Paris en termes de réduction de déficit ou de réformes structurelles ne sont pas - encore - à la hauteur des attentes de Bruxelles ou de Berlin.

Mais la France a de la chance. C'est la deuxième économie de la zone euro, derrière l'Allemagne. En période de crise, la France est aussi «systémique» qu'une grande banque. À trop attirer l'attention sur ses fragilités économiques, Bruxelles risquerait d'affoler les marchés. Ce qui mettrait en péril toute la zone euro, y compris l'Allemagne, qui sait qu'elle n'a pas intérêt à tirer à boulet rouge sur son voisin.

La France a donc le droit à un traitement de faveur. Cela fait des décennies que cela dure, au risque pour Bruxelles de perdre un peu plus de sa crédibilité. Et cela marche: les marchés n'ont pas cillé, vendredi, à l'annonce des mauvais chiffres français. Les taux d'emprunt de la France sont toujours en baisse. Et la Bourse de Paris est dans le vert!

Cela étant, derrière les portes, les choses sont dites. Fermement, sans fioritures: continuez les réformes, la baisse des dépenses, vous n'avez pas le choix. Sinon nous coulerons avec vous.

Si Paris ne respecte pas ses promesses, au delà de la clémence de façade, ce ne sont pas les sanctions qui la guettent. C'est la perte de crédibilité politique de la France à la table du Conseil européen.

## La rigueur ? Non, jamais



Photo Reuters

Donc la France gagne un an. Enfin non, pas vraiment. Elle a obtenu de Bruxelles de pouvoir ramener son déficit public à 3 % du PIB non pas en 2013, mais douze mois plus tard.

Mais comme elle frôle la récession, ce sursis ne lui est en réalité pas d'un grand secours : elle va bel et bien devoir amplifier les réductions de dépenses et les hausses d'impôts pour tenir son nouvel engagement.

C'est toute l'ambiguïté de la situation actuelle et du discours qui va avec : la France pratique la rigueur, mais sans le dire. Depuis qu'il est élu, François Hollande se rêve en Monsieur croissance de l'Europe. Il se bat contre "*l'austérité sans fin*", se place du côté des pays souffrants, résiste autant qu'il le peut sur la scène européenne au rabot d'Angela Merkel et de David Cameron. Mais les faits sont têtus.

Plus les mois passent, plus son gouvernement doit serrer les vis, tailler dans les dépenses, réduire le train de vie des collectivités locales, s'attaquer à l'Etat providence. Retraites, assurance chômage, politique familiale, tout y passe, avec derrière, la main invisible de Bruxelles, qui veut bien consentir un délai, mais à condition que des "*réformes structurelles*" soient menées.

C'est la maladie française : la rigueur tait son nom, elle ressemble à une maladie honteuse. Elle n'est pas davantage assumée par l'actuel président de la République que par son prédécesseur, qui avait ouvert son mandat en s'exonérant spectaculairement des disciplines européennes. Le résultat, c'est qu'à chaque fois, les réformes semblent elles aussi honteuses, comme imposées de l'extérieur.

Jean-Marc Ayrault rouvre le dossier du financement des retraites comme l'avait fait Nicolas Sarkozy en 2010, parce qu'eu égard au poids de la dette, il faut donner des gages à Bruxelles. C'est comme s'il fallait jeter régulièrement un os au molosse européen pour le calmer.

Etrange conception de la souveraineté nationale, qui reflète l'incapacité française à voir les réalités en face, à penser le long terme et à construire le rassemblement autour du redressement. C'était pourtant l'objectif du "*rêve français*" évoqué pendant la campagne par le candidat Hollande : donner une visée au quinquennat pour transcender les vicissitudes conjoncturelles.

Le "*rêve français*" avait les mêmes vertus que "*la politique de civilisation*" mise en avant par Nicolas Sarkozy en janvier 2008, lorsque les premières difficultés étaient apparues : trouver un objectif qui fasse ciment national. Mais rien n'est venu donner corps au slogan, rien n'a permis de dégager l'horizon.

Il ne reste qu'un chemin escarpé qui ne dit pas son nom. La rigueur ? Non, jamais !

## The multiplier myth

By Guntram B. Wolff on 22nd February 2013

71,23

Many international economists have recently claimed that fiscal multipliers are much larger now than in normal times. The economic recession in Europe's South, so is the view, is primarily to be attributed to the fiscal consolidation undertaken that together with the larger multipliers has had devastating effects. Many good arguments speak in favour of this interpretation, including the fact that overall government spending in the four largest economies in the euro area has been growing below inflation in the last 3 years despite a weakening growth performance.

Yet, I would dispute the simple view that fiscal consolidation was the main driver of weak growth. Let's look at the specific case of Spain that nicely illustrates my point. First of all, Spain has not engaged in a fiscal austerity programme – contrary to what is often claimed. The table below taken from the just released winter forecast of the European Commission ([http://ec.europa.eu/economy\\_finance/db\\_indicators/ameco/index\\_en.htm](http://ec.europa.eu/economy_finance/db_indicators/ameco/index_en.htm)) shows that the budget deficit during 2010-12 actually did not come down at all. In 2012, Spain even enacted a slight economic stimulus with an increase in the deficit by 0.8 percentage points. Second, government expenditures increased by almost 7 bn euros. When excluding the effect of higher interest rates on government expenditure, government expenditure still slightly increased by around 2bn. Also in structural terms, the budget deficit increased. Third, however, at the same time GDP growth collapsed falling by 1.8 percentage points to lead to a 1.4% contraction of GDP.

	2009	2010	2011	2012	2013	2014
budget balance	-11.2	-9.7	-9.4	-10.2	-6.7	-7.2
cyclically adjusted budget balance	-9.2	-7.4	-7.5	-8.0	-4.6	-6.1
GDP growth	-3.7	-0.3	0.4	-1.4	-1.4	0.8
Total expenditure	484.8	485.5	480.1	486.7	451.9	454.7

Applying a naïve multiplier analysis would thus suggest that the fiscal multiplier is not even zero but actually negative. This simple analysis suggests that **different** factors may have been responsible for the actual contraction of GDP. Perhaps the real reason for the deterioration in the economic situation in Europe was the massive drop in confidence of international investors in the ability of the euro area to overcome its more systemic problems. Perhaps there was also a more specific doubt about the ability of the Spanish government's willingness to reduce its deficits to levels that would generally be seen as sustainability. Overall, the Spanish data thus put significant doubt on the naïve view expressed by some economists that excessive austerity is the main reason for the slowdown. Budget consolidation in Spain has certainly been moderate and deficit levels remain elevated. Instead, the breakdown in financial intermediation and the sharp increase in financing costs of the corporate sector may be the real evil.

Four conclusions follow. First and foremost, Europe needs to make progress on completing the banking union, resolving the problems in its banks and strengthening its institutional infrastructure. Second, monetary policy should be more aggressive in bringing down the financing costs and re-establishing the normal credit channel of monetary policy. Third, budget consolidations should continue in structural terms when fiscal deficits are clearly unsustainable – also in view of re-establishing confidence. Fourth, when tax revenues decline due to the decline in economic activity, one should not try to fill those holes – adding austerity to austerity would be the wrong choice.

## Late Friday Humor: Quantitative Easing Simplified



### VIDEO Humor

Submitted by [Tyler Durden](#) on 02/22/2013 20:02 -0500

71,24

- [Federal Reserve](#)
- [Quantitative Easing](#)
- [Reality](#)

With recent (post-Minutes) chatter of a gradually-tightening Fed since curtailed by a plethora of Federal Reserve market savants jawboning us back to [creditopia](#) - "the liquidity must flow"; we thought a gentle reminder of what Quantitative Easing really is was worthwhile. **Whether goldbug, bond-vigilante, or permabull-stock-muppet; two-and-a-half minutes of reality (or comedy) depending on your perspective.**



## Deficits: good marketing in a time of austerity?

[Lisa Pollack](#) | Feb 22 12:15 | [3 comments](#) | [Share](#)

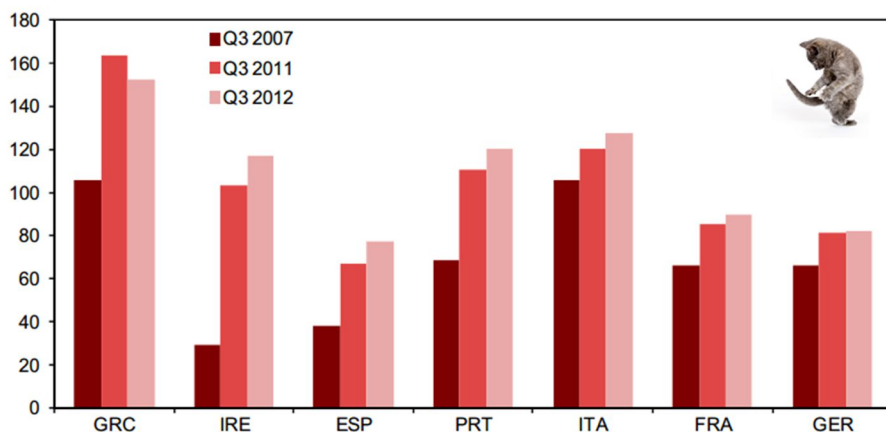
71,25

Let's take a moment for a high level overview of public debt-to-GDP ratios in the eurozone. If that's not your idea of fun, well, you probably wouldn't be reading FT Alphaville.

Courtesy of a note by Lasse Holboell W. Nielsen of the Economics Research team at Goldman Sachs (we may have added some kittens):

**Exhibit 1: Public debt continues to rise across the Euro area**

% of GDP, EoP



Source: Eurostat, National sources, GS Global ECS Research

For anyone who has been living under a rock:

Fiscal issues continue to be a challenge for the Euro area. While aggregate public debt and deficit figures for the Euro area compare favourably with those of (say) the UK, Japan and the US, absent extensive debt mutualisation, individual Euro area fiscal balances still matter.

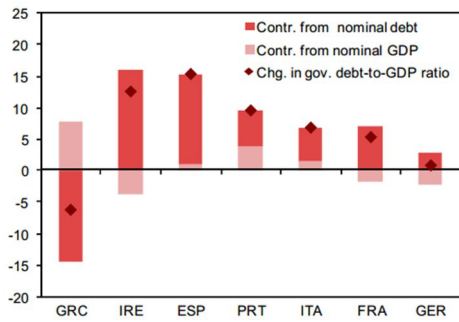
Thanks, euro.

Nielsen points out the resulting Catch 22 situation:

While our decomposition is purely mechanical, it illustrates the 'Catch 22' situation that exists between fiscal and external rebalancing: **to achieve external balance, peripheral countries require an internal devaluation (absent flexible exchange rates), but weak or negative prices exacerbate the fiscal difficulties as the denominator of the debt-to-GDP ratio diminishes.** Moreover, in order to drive prices down, output needs to stay weak, further depressing the denominator of the debt-to-GDP ratio. 1 While the external rebalancing requirement in the periphery has declined over the past year, it is still substantial. 2 Thus, depending on the degree of internal devaluation that occurs in the periphery over the coming years, we would expect this to lower nominal GDP and consequently weigh negatively on the peripheral countries' debt sustainability challenge

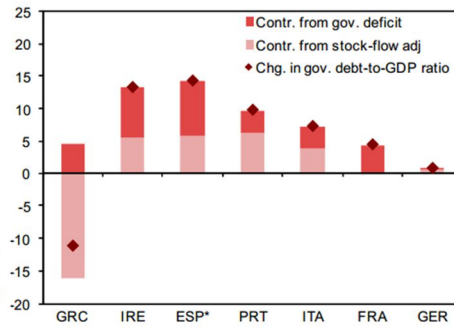
Over to the decomposition mentioned in the above quote, looking at what's contributing to the rising government debt-to-GDP percentages:

**Exhibit 2: Weak nominal GDP weighs on peripheral debt**  
Chg. in public debt-to-GDP ratio 3Q2011 to 3Q2012, %



Source: Eurostat, National sources, GS Global ECS Research

**Exhibit 3: Stock-flow adjustment has been notable**  
Chg. in public debt-to-GDP ratio 3Q2011 to 3Q2012, ppt



\*Spanish bank recapitalization included as having occurred in Q3 2012.  
Source: Eurostat, National sources, GS Global ECS Research

(Click to expand)

The bars take the percentage point increases in government debt-to-GDP from Q3 2011 to Q3 2012 with the chart on the left showing how much is down to changes in GDP versus changes in nominal debt. For example, one sees that Greece had a considerable contraction in nominal GDP, but its nominal debt decreased thanks to the PSI.

The chart on the right looks into the contributions of the governments' deficits and stock-flow adjustments. Stock-flow adjustments were [discussed by Joseph on FT Alphaville](#) previously, and Nielsen points out the following examples from the latest data:

Greece has undergone a stock-flow adjustment that substantially reduced its debt (as a result of the PSI) and public debt-to-GDP has declined by around 10ppt of GDP despite a government budget deficit of around 5%-6% of GDP. In the case of Spain, bank recapitalisation has worked towards an upwards stock-flow adjustment of around 6ppt of GDP over the past year, but stock-flow adjustments have also been substantial in Italy (while limited in France, Exhibit 3).<sup>3</sup> This compares with an annual average of around 0ppt-1ppt of GDP for Spain and Italy in the decade prior to the financial crisis.

Stock-flow adjustments aside, deficits are the main driver of the overall ratio, and as such it'd be nice to know where things ended up for 2012. Lucky us, the economics team at Goldman Sachs couldn't stand waiting until the official Eurostat data for the whole of 2012 comes out until mid-April, so they've attempted to estimate it from national accounts — many caveats apply, of course.

**Exhibit 4: Deficit tracking points to budget misses in 2012 in Spain, Italy and France**

Gov. budget balance, % of GDP	2011	Gov. target 2012	GS f'cast 2012	IMF f'cast 2012	Tracking 2012
Italy	-3.9	-2.6	-2.7	-2.7	-3.1
Spain <sup>(1)</sup>	-9.4	-6.3	-7.6	-7.0	-6.9
Germany	-0.8	-1.0	-0.5	-0.4	-0.8
France	-5.2	-4.4	-4.7	-4.7	-4.9
Greece <sup>(2)</sup>	-9.4	-6.1	-	-6.1	-6.0
Portugal <sup>(2)</sup>	-4.4	-5.0	-	-5.0	-5.4
Ireland <sup>(2)</sup>	-13.4	-8.3	-	-8.3	-8.2

Source: Eurostat, National sources, GS Global ECS Research

(1) The Spanish Q4 deficit figure is estimated based central government data for October and November and projection of local and regional deficits based on the sequential (seasonally adjusted) development during the first three quarters of 2012.

(2) Government target refers to January 2013 / December 2012 IMF projections. The Irish Government has indicated that the budget deficit for 2012 will be below 8% of GDP (see *European Economics Daily*, 15 January, 2013).

**Goldman didn't even try to make forecasts for Greece, Portugal, and Ireland? Well, fair enough. Guess getting a monkey and a dartboard wouldn't have been appropriate. (But it would have been fun.)**

Anyhow, monkey or no monkey, looking ahead a big issue will be one of momentum. Along those lines, maybe having a bit of deficit could end up being a good thing, in terms of well... marketing:

While weak growth is a key near-term risk to debt accumulation, the medium-term risks focus on the ability of governments to maintain large primary budget surpluses and avoid 'fiscal fatigue'. Simply attaining our base-case scenario of debt dynamics requires that **after half a decade of austerity, as growth returns and market pressure eases, no subsequent fiscal easing occurs. But governments have had difficulties in the past preventing public spending from increasing when the 'good times' return.** That said, while the primary surplus requirement is large, on our projections headline budget figures in Italy, France and notably Spain remain in deficit for most or all of the next 20 years. **With public attention focused on the headline figures, ongoing deficits may help contain fiscal spending pressures.**

## L'Allemagne convaincue que Paris respectera les règles européennes

Le Monde.fr avec AFP | 23.02.2013 à 10h52 • Mis à jour le 23.02.2013 à 11h57

71,28



Le ministre des **finances** allemand, Wolfgang Schäuble, s'est dit "*confiant*" concernant le "*respect*" par la France "*des règles européennes*" et dans le fait que celle-ci "*fait tout pour avoir plus de croissance grâce à des réformes structurelles*", dans un entretien paru samedi 23 février dans le **quotidien régional Stuttgarter Zeitung**.

Le ministre allemand réagissait aux prévisions économiques publiées vendredi par Bruxelles, selon lesquelles **Paris ne devrait pas atteindre ses objectifs de déficit public** en 2013 et en 2014. "*La Commission européenne a présenté ses prévisions d'hiver, elle doit maintenant évaluer la situation des pays membres de l'UE. En avril, elle va faire des propositions sur ce qu'il faut faire et ensuite nous en parlerons entre ministres des finances*", a ajouté M. Schäuble.

Lire notre compte-rendu (en édition abonnés) : **[Les Allemands en partie rassurés par M. Ayrault](#)**

### SOUTIEN FACE À LA BCE

Questionné sur la Banque centrale européenne (BCE), qui a enjoint à la France de **respecter** ses objectifs budgétaires, M. Schäuble a pris la **défense** de **Paris** : "*Je ne sais pas pourquoi il y a des gens qui pensent qu'ils doivent toujours appeler les autres à faire quelque chose. Je n'appelle pas la Banque centrale à respecter ses engagements légaux. Au contraire, j'ai parfaitement confiance dans la BCE.*"

Interrogé vendredi sur les dérapages des déficits publics français lors d'une conférence de presse ordinaire, un **porte-parole de la chancellerie avait refusé de commenter** les chiffres de Bruxelles. "*Ce n'est pas au gouvernement allemand de juger, mais à la Commission [européenne] qui discute avec chaque Etat du chemin à emprunter pour réduire la dette. La confiance en l'Europe doit se gagner par le fait que les Etats font leurs devoirs, (...) c'est-à-dire prennent le chemin de la stabilité, de finances durables.*"

## Austerity, Italian Style

By [PAUL KRUGMAN](#)

Two months ago, when Mario Monti stepped down as Italy's prime minister, [The Economist opined](#) that "The coming election campaign will be, above all, a test of the maturity and realism of Italian voters." The mature, realistic action, presumably, would have been to return Mr. Monti — who was essentially imposed on Italy by its creditors — to office, this time with an actual democratic mandate.

Well, it's not looking good. Mr. Monti's party appears likely to come in fourth; not only is he running well behind the essentially comical Silvio Berlusconi, he's running behind an actual comedian, Beppe Grillo, whose lack of a coherent platform hasn't stopped him from becoming a powerful political force.

It's an extraordinary prospect, and one that has sparked much commentary about Italian political culture. But without trying to defend the politics of bunga bunga, let me ask the obvious question: What good, exactly, has what currently passes for mature realism done in Italy or for that matter Europe as a whole?

For Mr. Monti was, in effect, the proconsul installed by Germany to enforce fiscal austerity on an already ailing economy; willingness to pursue austerity without limit is what defines respectability in European policy circles. This would be fine if austerity policies actually worked — but they don't. And far from seeming either mature or realistic, the advocates of austerity are sounding increasingly petulant and delusional.

Consider how things were supposed to be working at this point. When Europe began its infatuation with austerity, top officials dismissed concerns that slashing spending and raising taxes in depressed economies might deepen their depressions. On the contrary, they insisted, such policies would actually boost economies by inspiring confidence.

But the confidence fairy was a no-show. Nations [imposing harsh austerity](#) suffered deep economic downturns; the harsher the austerity, the deeper the downturn. Indeed, this relationship has been so strong that the International Monetary Fund, in a [striking mea culpa](#), admitted that it had underestimated the damage austerity would inflict.

Meanwhile, austerity hasn't even achieved the minimal goal of reducing debt burdens. Instead, countries pursuing harsh austerity have seen the [ratio of debt to G.D.P.](#) rise, because the shrinkage in their economies has outpaced any reduction in the rate of borrowing. And because austerity policies haven't been offset by expansionary policies elsewhere, the European economy as a whole — which never had much of a recovery from the slump of 2008-9 — is back in recession, with unemployment marching ever higher.

The one piece of good news is that [bond markets](#) have calmed down, largely thanks to the stated willingness of the European Central Bank to step in and buy government debt when necessary. As a result, a financial meltdown that could have destroyed the euro has been avoided. But that's cold comfort to the millions of Europeans who have lost their jobs and see little prospect of ever getting them back.

Given all of this, one might have expected some reconsideration and soul-searching on the part of European officials, some hints of flexibility. Instead, however, top officials have become even more insistent that austerity is the one true path.

Thus in January 2011 Olli Rehn, a vice president of the European Commission, praised the austerity programs of Greece, Spain and Portugal and predicted that the Greek program in particular would yield "lasting returns." Since then unemployment has soared in all three countries — but sure enough, in December 2012 Mr. Rehn published an op-ed article with the headline "[Europe must stay the austerity course.](#)"

Oh, and Mr. Rehn's response to studies showing that the adverse effects of austerity are much bigger than expected was to [send a letter](#) to finance ministers and the I.M.F. declaring that such studies were harmful, because they were threatening to erode confidence.

Which brings me back to Italy, a nation that for all its dysfunction has in fact dutifully imposed substantial austerity — and seen its economy shrink rapidly as a result.

Outside observers are terrified about Italy's election, and rightly so: even if the nightmare of a Berlusconi return to power fails to materialize, a strong showing by Mr. Berlusconi, Mr. Grillo, or both would destabilize not just Italy but Europe as a whole. But remember, Italy isn't unique: disreputable politicians are on the rise all across Southern Europe. And the reason this is happening is that respectable Europeans won't admit that the policies they have imposed on debtors are a disastrous failure. If that doesn't change, the Italian election will be just a foretaste of the dangerous radicalization to come.

## Can Endless Quantitative Easing Ever End?

Submitted by [Tyler Durden](#) on 02/24/2013 18:06 -0500

71,31

*Authored by (and originally posted at) [Detlev Schlichter.com](#).*

### **Bubble trouble: Is there an end to endless quantitative easing?**

The publication, earlier this week, of the Federal Reserve's Federal Open Market Committee [minutes of January 29-30](#) seemed to have a similar effect on equity markets as a call from room service to a Las Vegas hotel suite, informing the partying high-rollers that the hotel might be running out of Cristal Champagne. Around the world, stocks sold off, and so did gold.

Here is the sentence that caused such consternation:

“However, many participants also expressed some concerns about potential costs and risks arising from further asset purchases (the Fed's open-ended, \$85 billion-a-month debt monetization program called ‘quantitative easing’, DS). Several participants discussed the possible complications that additional purchases could cause for the eventual withdrawal of policy accommodation, a few mentioned the prospect of inflationary risks, and some noted that further asset purchases could foster market behaviour that could undermine financial stability.”

Here is how one may freely translate it: “Guys, let's face it: All this money printing is not without costs and risks. Three problems present themselves:

- 1) The **bigger our balance sheet gets (currently, \$3trillion and counting), the more difficult it will be to ever load off** some of these assets in the future. When we start liquidating, markets will panic. We might end up having absolutely no maneuvering space whatsoever.
- 2) **All this money printing will one day feed into higher headline inflation** that no statistical gimmickry will manage to hide. Then some folks may expect us to tighten policy, which we won't be able to do because of 1).
- 3) We are **persistently manipulating quite a few major asset markets** here. Against this backdrop, market participants are not able to price risk properly. We are encouraging financial risk taking and the type of behaviour that has led to the financial crisis in the first place.”

All these points are, of course, valid and excellent reasons for stopping ‘quantitative easing’ right away. Readers of this site will not be surprised that I would advocate the immediate end to ‘quantitative easing’ and any other central bank measures to artificially ‘stimulate’ the economy. In fact, the whole idea that a bunch of bureaucrats in Washington scans lots of data plus some anecdotal ‘evidence’ every month (with the help of 200 or so economists) and then ‘sets’ interest rates, astutely manipulates bank refunding rates and cleverly guides various market prices so that the overall economy comes out creating more new jobs while the debasement of money unfolds at the officially sanctioned because allegedly harmless pace of 2 percent, must appear entirely preposterous to any student of capitalism. There should be no monetary policy in a free market just as there should be no policy of setting food prices, or wage rates, or of centrally adjusting the number of hours in a day.

But the question here is not what I would like to happen but what is most likely to happen. There is no doubt that we should see an end to ‘quantitative easing’ but will we see it anytime soon? Has the Fed finally – after creating [\\$1.9 trillion in new ‘reserves’](#) since Lehman went bust – seen the light? Do they finally get some sense?

Maybe, but I still doubt it. Of course, we cannot know but my present guess is that they won't stop quantitative easing any time soon; they may pause or slow things down for a while but a meaningful change in monetary policy looks unlikely to me.

### **The boxed-in central banker**

I think that in financial markets and in the press the degrees of freedom that central bank officials enjoy are vastly overestimated. I consider central bankers to be captives of three overwhelming forces:

1) Their **own belief system** which still holds that they are the last line of defence between dark and inexplicable economic forces and the helpless public, and that therefore, whenever the data or the markets go down, it is their duty to ride to the rescue. Thus, when the withdrawal of the Cristal, whether actual or only prospective, dampens the party mood, the Fed will soon feel obliged, by its own inner logic and without any motivation from outside influences, to open another bottle. Just wait until the present debate about an end to QE leads to weaker markets and until, in the absence of the diversion from rallying equity markets, the almost consistently uninspiring ‘fundamental data’ becomes the focus of attention again, and we will witness another shift in Fed language, again back to ‘stimulus’. We had these little twists and turns a couple of times without any major change in trend. Anybody remember the talk of ‘exit strategies’ in the spring of 2011?

Of course, like most state officials, central bank bureaucrats are largely preoccupied with the problems of their own making. It is precisely the Fed’s frequent rescue operations that have created the dislocations (excessive leverage, asset bubbles) which cause instability and repeated crises in the first place. However, there are no signs anywhere that, intellectually, the Fed is willing and able to break out of this policy loop.

2) The **size of the dislocations**, which are – as I just explained – largely central-bank-made and now, after years and years of Greenspan puts and Bernanke bailouts and zero-interest rates, still sizable in my view, maybe as large as ever. The Wall Street Journal reported that total borrowing by financial institutions is down by about \$3 trillion from its all-time high in 2008. That’s the widely heralded ‘deleveraging’. But does that mean that the current level of about \$13.8 trillion is a new equilibrium? The Fed’s balance sheet expanded by almost \$2 trillion over the same period, and super-easy monetary policy has provided a powerful disincentive for banks to shrink meaningfully. What is truly sustainable or not, will only be discernible once the Fed stops its manipulations altogether and lets the market price things freely. My guess is that we would still have to go through a period of deleveraging and probably of headline deflation. This would be a necessary correction for a still unbalanced economy addicted to cheap credit but nobody is willing to take this medicine.

3) **Politics**. Falling stocks, shrinking 401K-plans, and shaky banks don’t make for a happy electorate. Additionally, the state is increasingly dependent on low borrowing costs and central bank purchases of its debt. The chances of the US government repairing its own balance sheet look slim to non-existent so dependence on ultra-low funding rates and the Fed as lender of last resort (and every resort) will likely continue.

## **Look at Japan**

When it comes to any of the major trends in global central banking of the past 25 years, Japan has consistently been leading the pack. It had 1 percent policy rates for years in the mid 1990s when such rates were still deemed exceedingly low in countries like the US, and when the global community still looked upon them in disbelief – and growing annoyance at the small pay-off in terms of real growth. Japan was the first to have zero policy rates and the first to conduct ‘quantitative easing’, albeit on an altogether smaller scale – thus far at least – than some of the Western central banks managed since 2008. Now the country seems to point the way towards the next phase in the evolution of modern central banking: the open and unapologetic politicization of the central bank and the demotion of the head central banker to PR man.

Any pretence of the ‘independence’ of central bankers has been unceremoniously dumped in Japan. Ministers take part in central bank meetings and give joint statements with central bank governors afterwards. New Prime Minister Shinzo Abe has made it very clear what he wants the central bank to do (print more money faster, devalue the Yen, create inflation) and to that end he is looking for a new central bank governor. Of course, only accredited ‘doves’ need apply. A few days ago, Mr. Abe also spelled out what skill-set he is really looking for: good marketing skills. Salesmanship.

“Since we all have our national interests, sometimes, there will be criticism about the monetary policy we are pursuing. The person needs to be able to counter such criticism using logic.”

The course of monetary policy is pretty much fixed. Now it is all about marketing.

**In the meantime, the debasement of paper money continues.**



## Kommentar

# Der diktierte Lohn

24.02.2013 · In Deutschland gibt es schon einen indirekten Mindestlohn. Da sind Experimente überflüssig.

Von [Heike Göbel](#)

Deutschland, einig Mindestlohnland? Es sieht ganz danach aus. Die Opposition treibt die Auseinandersetzung mit Macht voran. Die Union wiederum müht sich mit wachsendem Erfolg, die FDP ins Boot zu bekommen, um das heikle Thema aus dem Wahlkampf herauszuhalten.

Im Ziel sind beide Lager auch nicht weit voneinander entfernt. Per Gesetz wollen beide sicherstellen, dass es überall in Deutschland eine von der Politik abgesegnete Grenze gibt, unter die der Lohn nicht fallen darf.

## Tarifverträge ausgehebelt

Die Unterschiede liegen in der Ausgestaltung. SPD und Grüne fordern eine flächendeckende einheitliche Grenze von zunächst mindestens 8,50 Euro. Das wäre ein Lohnkostenschub um mehr als 14 Milliarden Euro. Jährlich soll eine Tarifkommission, besetzt von Arbeitgebern und Gewerkschaften, über die Höhe neu befinden. Gibt es Streit, entscheidet die Politik in Gestalt des Arbeitsministers. Er kann den Vorschlag der Kommission auch ablehnen und selbst einen Lohn per Verordnung empfehlen. Der Bundesrat muss zustimmen.

Bestehende Tarifverträge, die niedrigere Löhne enthalten, wären obsolet - ein verfassungsrechtlich bedenklicher Eingriff. Dies alles sieht der Gesetzentwurf vor, den sieben rot-grün regierte Länder am Freitag im Bundesrat einbringen wollen - pikanterweise mit Unterstützung auch des schwarz-roten Saarlands.

## Schwarzer Mindestlohnflickenteppich

Zwar fordert auch die Union eine „allgemeinverbindliche Lohnuntergrenze“. Doch diese soll nur in Branchen gelten, in denen es keine Tarifverträge gibt. Zudem soll ihre Tarifkommission, die ähnlich besetzt ist wie bei SPD und Grünen, differenzieren dürfen. Die Union will so ihre bisher praktizierte Linie beibehalten, Lohnschränken an der wirtschaftlichen Lage von Branchen und Regionen auszurichten; es entstünde ein flächendeckender Mindestlohnflickenteppich. Dies, so lobt sie, sei eine „marktwirtschaftlich organisierte Lohnuntergrenze und kein politischer Mindestlohn“.

Mit diesem Argument ist es nicht so weit her. Was ist marktwirtschaftlich an einem Verfahren, in dem ein bis zwei Handvoll Personen zentral die Löhne für dritte Parteien festlegen? Sie entscheiden damit über Marktchancen und Arbeitsplätze, ohne für die Folgen ihrer Entscheidungen zu haften. Preist der Lohnbeschluss Unternehmen aus dem Markt oder fallen Arbeitsplätze weg, sind die Urheber nicht betroffen.

Hier liegt ein erheblicher Unterschied zum normalen Tarifgeschehen, bei dem die Unterhändler auf beiden Seiten die Konsequenzen falsch ausgehandelter Tarifabschlüsse auch selbst spüren. Das ist ein bisschen wie im Flugzeug, wo der Pilot ein Eigeninteresse hat, heil anzukommen.

## Wofür?

Unpolitisch ist das Verfahren natürlich auch nicht, dies anzunehmen wäre naiv. Der Wissenschaftliche Beirat beim Bundeswirtschaftsministerium warnt zu Recht, die Politisierung werde in die Kommission hineingetragen. In Streitfällen erwägt die Union, einem per Los bestimmten Schiedsrichter das letzte Wort zu geben. Das mache die Entscheidung zufällig, aber nicht neutral, gibt der Beirat zu bedenken. Er befürchtet auch, nach und nach würden gezielt die untersten der unteren Lohngrenzen unter öffentlichen Beschuss geraten.

Und wozu das alles? Das geltende Recht bietet Handhabe genug, gegen sittenwidrig niedrige Löhne vorzugehen. Mehr braucht es nicht. Auch führt der pauschale Hinweis, Mindestlöhne seien anderswo gang und gäbe, nicht weiter, solange nicht klar ist, ob sie anderswo nun nutzen oder schaden. Denn so schwer sich die Ökonomen tun, den Nachweis der Beschäftigungsschädlichkeit zu erbringen, so schwer tun sie sich auch damit, das Gegenteil zu belegen.

## **Mindestlohn Hartz IV**

Auch sind die Bedingungen auf dem Niedriglohnsektor von Land zu Land sehr unterschiedlich. Der deutsche Staat etwa legt mit dem steuerfinanzierten Arbeitslosengeld II (Hartz IV) eine - übrigens stark politisierte - absolute Einkommensuntergrenze fest. Er bestimmt damit indirekt einen Mindestlohn: Niemand ist gezwungen, geringer bezahlte Arbeit anzunehmen.

Als Arbeitsanreiz gibt es diverse Kombilohnmodelle, über die geringe Löhne vom Staat aufgestockt werden. In anderen Ländern versucht die Politik, in Ermangelung eines verlässlichen sozialen Netzes mit Hilfe des Mindestlohns einen Schutz vor Armut und Ausbeutung zu gewährleisten.

## **Gute Arbeit, nicht nur Arbeit**

Vor zehn Jahren hat SPD-Kanzler Schröder mit seiner Agenda 2010 Reformen angekündigt, die nur ein Ziel hatten: fünf Millionen Arbeitslosen, darunter vielen Langzeitarbeitslosen, wieder Beschäftigungschancen zu eröffnen. Arbeit, Arbeit, Arbeit lautete das Motto. Unter dem Eindruck der Beschäftigungserfolge verschieben sich leider seit einiger Zeit in allen Parteien die Prioritäten. „Gute Arbeit“ soll es nun sein, nicht bloß Arbeit.

Lohndiktate gelten als der kürzeste Weg, dieses Versprechen einzulösen. Sie sind aber auch der riskanteste, weil sie die Arbeitskraft der am wenigsten produktiven Problemgruppen teurer machen. Mindestlöhne mag der Staat setzen, aber will er Unternehmen auch zwingen, einzustellen? Es ist unverständlich, warum selbst Union und FDP nicht mehr Vertrauen in den Markt haben. Die positive Lohn- und Beschäftigungsentwicklung spricht doch für sich - und gegen Experimente.

## MAIN FOCUS

» close

### Cyprus votes for austerity



Anastasiades will negotiate with the EU and the IMF in the coming weeks over a rescue programme to stave off state bankruptcy. (© dapd)

The conservative Nikos Anastasiades will be Cyprus's next president. Anastasiades, who campaigned on an austerity platform, won against the leftist candidate Stavros Malas in a [runoff vote](#) on Sunday, securing 57.5 percent of the vote. Some commentators are delighted that the new president will tackle overdue reforms in the highly-indebted country. Others fear he will submit to foreign demands regarding both the austerity policy and the Cyprus dispute.

[Süddeutsche Zeitung - Germany](#)

#### Cyprus can finally tackle its problems

Cyprus stands a good chance of pushing through reforms under its new president Nikos Anastasiades, the left-liberal daily Süddeutsche Zeitung writes: "The Greek Cypriots' new conservative president will be a considerably more obliging partner than his communist predecessor Dimitris Christofias, who did all he could to avoid having to sign an agreement with the EU and the International Monetary Fund. But Anastasiades' job won't be easy. Right before the election the EU Commission put out new negative figures on Cyprus's economy. ... Without cuts in the public service, which is also too big in Cyprus, there can be no progress. ... The mistakes that Athens and the international players made should not be repeated in Nicosia. But if it can [restructure its banks](#), Cyprus is in a better position than Greece. The administration is better organised, Nicosia can pin its hopes on large [gas reserves](#), and it has now a prime minister with a clear majority" (25/02/2013)

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#### Austerity not easy to put into practice

More than half of the Cypriots showed their support for the austerity policy by voting for Anastasiades. But it won't be implemented without protests, the left-liberal daily La Repubblica predicts: "Anastasiades, the 66-year-old leader of the conservatives, now has just one mission as president: to secure the 17 billion euros in EU

money needed to save the country from bankruptcy. ... In return the EU wants Anastasiades to implement the promised harsh fiscal reforms and actively combat tax evasion. ... This difficult task is now in the hands of the 'pragmatic conservative', as he is known: ... A president who according to observers will push through the austerity measures and has the strength to defy the protests that will soon replace the celebrations on the streets of Nicosia." (25/02/2013)

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### **Anastasiades' dangerous pact with Merkel**

The new Cypriot president is popular in Berlin not just because of his adherence to the austerity policy, the conservative daily Kathimerini notes, fearing that Anastasiades and Merkel will retable the Annan Plan that failed in 2004 and that foresees the reunification of the island as a confederation divided into two constituent states: "Anastasiades has never made any bones about his convictions regarding the [Annan Plan](#) [he supported it in 2004] and the austerity memorandum, which creates a truly explosive combination. The economic submission of Cyprus may not just be a temporary phase. It could be the beginning of a new tragedy that continues with the signing of a new Annan Plan inspired by the Germans. ... Through the austerity memorandum, political pressure could be exerted on Cyprus's 'new' leadership so that it is faced with a fait accompli and accepts it. Or in other words, it is forced to approve a solution to the Cyprus dispute on the basis of the shameful Annan Plan." (24/02/2013)

[» full article \(external link, Greek\)](#)

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## Why the Euro Crisis Isn't Over

The economist who dared to predict Europe's mess, and was fired for it, says there is much more pain to come.

By [BRIAN M. CARNEY](#)

*London*

Seventeen years ago, Bernard Connolly foretold the misery that awaited the European Union. Given that he was an instrumental figure in the EU bureaucracy and publicly expressed his doubts in a book called "The Rotten Heart of Europe," he was promptly fired. Mr. Connolly takes no pleasure now in having seen his prediction come true. And he takes no comfort in the view, prevalent in many quarters, that the EU has passed through the worst of its crisis and is on the cusp of revival.

As far as Mr. Connolly is concerned, Europe's heart is still rotting away.

The European political class, he says, believes that the crisis "hit its high point" last summer, "because that was when there was an imminent danger, from their point of view, that their wonderful dream would disappear." But from the perspective "of real live people, and families and firms and economies," he says, the situation "is just getting worse and worse." Last week, the EU reported that the euro-zone economy shrank by 0.9% in the fourth quarter of 2012. For the full year, gross domestic product fell 0.5% in the euro zone.



*Ken Fallin*

Two immediate solutions present themselves, Mr. Connolly says, neither appetizing. Either Germany pays "something like 10% of German GDP a year, every year, forever" to the crisis-hit countries to keep them in the euro. Or the economy gets so bad in Greece or Spain or elsewhere that voters finally say, "Well, we'll chuck the whole lot of you out." Now, that's not a very pleasant prospect." He's thinking specifically, in the chuck-'em-out scenario, about the rise of neo-fascists like the Golden Dawn faction in Greece.

Mr. Connolly isn't just any Cassandra. When he predicted disaster, he was running the European Commission's Monetary Affairs Unit, the Brussels bureaucracy charged with ushering the euro into being. His public confession of fear that the monetary union would inevitably produce an economic crisis not only cost him his job, he says, and he was barred from his office even before his dismissal was official. In the introduction to the paperback edition of "The Rotten Heart of Europe," Mr. Connolly describes how his photograph was posted at entrances to the commission's offices, as if he were a wanted criminal.

Mr. Connolly went on to a career as a private economist. His research notes while at [American International Group's](#) [AIG +3.04%](#) trading division showed the same flair for bold prognostication. In 2003, as then-Federal Reserve Chairman [Alan Greenspan](#) cut interest rates to an unprecedented 1%, Mr. Connolly described the U.S. economy as a debt-driven Ponzi scheme and predicted that interest rates would have to fall even further in the next cycle to keep the scheme going.

Today Mr. Connolly provides his research notes to clients who presumably pay a great deal for his thoughts. He generally doesn't talk to the press. And he doesn't make public pronouncements or market calls, lest he "agitate" his clients.

But with his book back in print, Mr. Connolly agreed to sit down in his publisher's office to explain why the euro went wrong, why nothing has been fixed, and what he expects to happen next.

Superficially, there is some basis for the official view that the worst of the crisis is over: Interest-rate spreads, current-account deficits and budget deficits are down. Greece's departure from the single currency no longer seems imminent.

Yet unemployment is close to 27% in Spain and Greece. The euro-zone economy shrank ever-faster throughout 2012. And—most important in Mr. Connolly's view—the economic fundamentals in France are getting worse. This week France announced it would miss its deficit-reduction target for the year because of dimming growth prospects.

It's one thing to bail out Greece or Ireland, Mr. Connolly says, but "if the Germans at some point think, 'We're going to have to bail out France, and on an ongoing, perpetual basis,' will they do it? I don't know. But that's the question that has to be answered."

The official view is that the bailouts of Greece, Ireland and Portugal—and maybe soon Spain—are aberrations, and that once those countries get their budgets on track, their economies will follow and the bad patch will be a memory. Mr. Connolly calls this "propaganda."

And here we get to the heart of Mr. Connolly's rotten-heart argument against the single currency: The cause of the crisis, according to the "propaganda," he says, was "fiscal indiscipline in countries like Greece and financial-sector indiscipline in countries like Ireland." As a consequence, "the response is focused on budgetary rules, budgetary bailouts and rules for the financial sector, with the prospect, perhaps, of financial bailouts through the banking union, although that remains unclear."

But even if the Greeks were undisciplined, he says, "both the sovereign-debt crisis and the banking crisis are symptoms, not causes. And the underlying problem has been that there was a massive bubble generated in the world as a whole by monetary policy—but particularly in the euro zone" by European Central Bank policy.

The bubble formed like this: When countries such as Ireland, Greece and Spain joined the euro, their interest rates immediately dropped to near-German levels, in some cases from double-digit territory. "The optimism created by these countries' suddenly finding that they could have low interest rates without their currencies collapsing, which had been their previous experience, led people to think that there was a genuine rate-of-return revolution going on," he says.

There had been an increase in the rates of return in Ireland "and to some extent in Spain" in the run-up to euro membership, thanks to structural reforms in those countries in the pre-euro period. But by the time the euro rolled around, money was flowing into these countries out of all proportion to the opportunities available.

"And what kept the stuff flowing in," Mr. Connolly says, "was essentially the belief, 'Well, yes, there is a high rate of return in construction.' " That in turn depended on "ongoing expectations" about house appreciation "that were in some ways not dissimilar to what was happening to the United States in the middle of the last decade. But it was much bigger."

How much bigger? "If you scale housing starts by population, then the housing boom in Spain and Ireland was something like three or four times as intense as the peak of the boom in the U.S. That's mind boggling."

That torrent of money drove up wages far faster than productivity improved, while cheap borrowing led to major deficit spending. After the 2008 financial panic, the bubble inevitably burst.

So what's needed now is not simply a fiscal retrenchment, or even a retrenchment along with banking reform. Wages and prices have to adjust to something like their pre-bubble trends, Mr. Connolly says, to make these economies competitive again. One way to accomplish that would be a massive depreciation of the euro—"really massive."

If that's not feasible, he says, Europe can try to "recreate the bubble" by bringing back the conditions that allowed Spain to borrow so cheaply. That is "essentially what [Mario] Draghi"—the European Central Bank president—"appears to be trying to do: to recreate a bubble." Mr. Draghi, by threatening to intervene in the sovereign debt markets, has driven interest rates in Spain down substantially. But because the banking system is distressed, and because house prices continue to fall, even these lower rates are not driving investment into the country the way they did before. And even if Mr. Draghi were to succeed, Mr. Connolly says, the ECB president would merely be "recreating exactly the dangerous, unsustainable situation that we had in the middle of the last decade."

**Which leaves Europe with the last option: Germany pays.** As Mr. Connolly puts it: "You can say to a country like Spain: 'No need to adjust your competitiveness, you don't need to have full-employment trade balance. You can still have full-employment current-account balance because we will give you transfers instead.' And by definition, if the point of that is to avoid adjustment, you have to do it this year, the next year, the year after, and every year, forever."

That is not how Brussels and Frankfurt see it. In their view, a little help now will simply ease the transition back to a stable future, when the transfers will cease. Of all the countries that have been bailed out so far, Ireland comes closest to realizing this goal. But Ireland, Mr. Connolly notes, "is a much more flexible and much more open economy than Spain, Greece, Portugal, France, Italy." The less flexible economies have been slower to adjust, with the consequence that wages, instead of dropping to a sustainable post-bubble level, remain high—resulting in mass unemployment.

Which brings us back to the politics of the euro crisis. At some point, the people in the affected countries presumably will call a halt to the pain and sweep in a government willing to think the impossible—leaving the euro, for example.

To avoid that, Germany could well agree to pay for a transfer union, either believing that the transfers needn't be permanent, or hoping they'd be less expensive than a euro break up. But, Mr. Connolly warns, once a mechanism is in place to transfer money from Germany to the current-account deficit countries, it's only a matter of time before Germany is faced with the question of adding France to its list of dependents—something even Berlin may not be willing or able to afford.

German reunification has cost the former West Germany about 5% of GDP a year, with no end in sight. The expense has proved politically tolerable, Mr. Connolly says, because there was a strong sense that "they were reuniting their country." But such solidarity does not exist within Europe.

"There is no European demos, and you're not going to create a demos by setting up a system in which you say, 'We will give you money, you will follow these rules,' " says Mr. Connolly. "It simply will not work."

*Mr. Carney is editorial page editor of The Wall Street Journal Europe.*

## Bundesregierung einigt sich auf Fracking-Gesetz

25.02.2013 · Die Bundesregierung will die Gas- und Ölförderung aus tiefen Gesteinsschichten unter strengen Auflagen in Deutschland zulassen. Umweltminister Altmaier und Wirtschaftsminister Rösler einigten sich auf einen entsprechenden Gesetzentwurf.

Bundesumweltminister Peter Altmaier (CDU) und Bundeswirtschaftsminister Philipp Rösler (FDP) haben sich am Montagabend offenbar auf einen Verordnungsentwurf geeinigt, der das sogenannte Fracking unter strengen Auflagen zulässt. Diese Form der Gas- und Ölförderung aus tiefen Gesteinsschichten soll in Trinkwasserschutzgebieten indes verboten werden.

Gemäß dem der Deutschen Presse-Agentur vorliegenden Entwurf soll es eine Änderung des Wasserhaushaltsgesetzes geben. Zudem soll es bei allen neuen Vorhaben eine Umweltverträglichkeitsprüfung geben.

Bei der neuen Fördertechnik wird mit hohem Druck unter Einsatz von Wasser, Sand und Chemikalien das Gestein so aufgebrochen, dass das Gas nach oben entweichen kann. Zwar hatte das Umweltbundesamt (UBA) in einer Studie 2012 geschätzt, dass sich allein mit den vermuteten Schiefergasvorkommen der deutsche Gasbedarf für 13 Jahre decken lassen könnte. Da aber 14 Prozent der Fläche als Wasserschutzgebiete ausgewiesen sind, dürfte das Potenzial weit geringer sein.

### Risiken noch nicht geklärt

Viele Bürger fürchten durch den Einsatz von Chemikalien bei dem Aufbrechen des Gesteins eine Verseuchung des Trinkwassers. In den Vereinigten Staaten hat das Gas-Fracking die Energiepreise teils stark sinken lassen. Eine Arbeitsgruppe der Fraktionen von Union und FDP hatte von der Regierung eine bundesweite gesetzliche Klarstellung für die neue unkonventionelle Gasförderung verlangt. In Deutschland ist unter anderem der amerikanischen Konzern ExxonMobil an dem lukrativen Geschäft interessiert.

Der Bundesrat hatte gefordert, den Einsatz umweltgefährdender Substanzen beim Fracking solange komplett zu verbieten, bis die Risiken restlos geklärt sind. Altmaier hatte stets betont, dass er nur ein äußerst begrenztes Potenzial für Fracking in Deutschland sieht. Von einem Boom wie in den Vereinigten Staaten könne daher auf absehbare Zeit keine Rede sein. Die Opposition kritisiert, dass die Bundesregierung die neue Förderung überhaupt zulassen will. Es gibt zwar seit Jahren eine Gasförderung in Deutschland, es fehlt aber bisher eine klare Regelung zur Ausbeutung von Gasvorkommen in tiefen Schiefergesteinsschichten.



## Le patron de la Bundesbank fait la leçon à la France

Par [Jean-Pierre Robin](#) Mis à jour le 25/02/2013 à 20:07 | publié le 25/02/2013 à 17:28 [Réactions](#) (105)

71,41



Jens Weidmann, président de la Bundesbank, en septembre dernier. Crédits photo : © Alex Domanski / Reuters/REUTERS

### **Le président de la banque centrale allemande, Jens Weidmann, considère que la France, en tant que «poids lourd» de la zone euro, doit donner des «signes clairs» d'assainissement de ses finances et respecter les 3%.**

Venu lundi après-midi à Jouy-en-Josas, où il a reçu le diplôme HEC d'honneur, le patron de la [Bundesbank](#), Jens Weidmann, en a profité pour donner une leçon de politique économique devant les élèves de l'école. Après avoir noté que François Hollande et Pascal Lamy comptent parmi les anciens HEC, il a certes pris grand soin de distinguer la France des pays «au centre de la crise», comme la Grèce, le Portugal, l'Irlande et l'Italie. Mais il n'en est pas moins essentiel que «la seconde économie la plus importante de la zone euro» respecte ses engagements, a-t-il martelé.

«Il est particulièrement important pour les poids lourds de l'Union monétaire européenne (UME) de donner des signaux clairs, qui renforcent la crédibilité des règles budgétaires et des accords conclus au sein de l'UME et de sa stratégie d'assainissement», a insisté le patron de la Buba. «Il est important que les gouvernements s'en tiennent aux programmes de consolidation qu'ils ont annoncés», a-t-il précisé.

Maintenant qu'il est admis, «selon les [dernières prévisions de la Commission européenne](#), que la [France](#) ne respectera pas l'échéance de 2013 pour réduire le déficit en dessous de la norme de 3% du PIB», la question se pose de savoir «si cette échéance devrait être reportée ou pas». Le patron de la «Buba» ne semble pas enthousiaste à l'idée d'un tel report.

### **Compétitivité, dette, chômage**

Jens Weidmann, qui connaît particulièrement bien la France pour y avoir accompli une partie de ses études d'économie à l'université d'Aix-en-Provence, a dressé un état des lieux des «défis structurels» auxquels est confronté l'Hexagone. «Le taux de chômage s'établit à plus de 10%, ses parts du marché mondial à l'export ont reculé de 25% depuis la mise en place de l'union monétaire et la dette publique à environ 90% du PIB a atteint un niveau qui pourrait être dommageable à la croissance», estime-t-il.

Mettant sur le même plan les questions budgétaires et les handicaps de [compétitivité](#) auxquels la France est confrontée, le président de la Bundesbank estime qu'il s'agit de problèmes nullement «temporaires mais persistants». Les remèdes ne peuvent être donc que de nature structurelle et c'est essentiellement aux pays en déficit qu'il convient de trouver la réponse.

Weidmann récuse l'idée parfois avancée, et notamment en France, selon laquelle l'Allemagne devrait devenir moins compétitive, en augmentant les salaires de 2%. «Selon nos modèles économiques le PIB de l'Allemagne reculerait de 0,75% et l'emploi de 1%, alors que l'effet (positif) pour les pays en déficit serait proche de zéro.»

## Strischka

25.02.2013 · Mit **der Rettung Zyperns gelangt ein neues Wort in die Euro-Debatte: Haircut auf Russisch.**

Von [Michael Martens](#)

Die griechischen Zyperer haben ihrem neuen Präsidenten bis zum Jahr 2018 Zeit gegeben, den überschuldeten Staat zu reformieren. Ohne Hilfe kann Zypern der Schuldenfalle allerdings nicht mehr entkommen. Zyperns abgewählte Regierung hat verkündet, der Staat habe noch bis März Geld, danach drohe der Bankrott. Die Erfahrungen mit Griechenland zeigen aber, dass solche vermeintlichen Stichtage oft als Druckmittel eingesetzt werden, um die Verhandlungen zu manipulieren. Athener Finanzminister haben mehrfach angeblich letzte Fristen genannt, die dann folgenlos verstrichen. Sicher ist allerdings, dass Nikosia Anfang Juni für dann fällig werdende Staatsanleihen 1,4 Milliarden Euro aufwenden muss.

Für die Eurozone stellt sich nun die Frage, ob auch Zypern gerettet werden muss. Zyperns Bruttoinlandsprodukt macht weniger als 0,5 Prozent der Jahreswirtschaftsleistung der Eurozone aus. Dennoch wird auch in diesem Fall eine Rettung oft als „alternativlos“ bezeichnet, da Zypern „systemrelevant“ sei. So sagen es Politiker aus europäischen Nehmerstaaten sowie - stets mit Verweis auf die angeblich schon wieder nervösen „Märkte“ - die Fürsprecher von Banken oder Investoren, die um ihre Gewinne fürchten.

Nicht allein Steuerzahler aus den Geberstaaten der Eurozone fragen sich unterdessen, was das eigentlich für ein System sei, in dem offenbar alles relevant ist, nur nicht jener einst im Vertrag von Maastricht festgeschriebene Vorbehalt, der die Teilnehmer der Eurozone davor bewahren sollte, für die Misswirtschaft einzelner Mitglieder haften zu müssen. Sollte ein Staat, der nicht einmal für ein Hundertstel der Wirtschaftsleistung in der Eurozone steht, tatsächlich deren gesamte Architektur zum Einsturz bringen können, war die sogenannte Nichtbeistandsklausel offenbar überflüssig. Ein griechischer Banker verkündete unlängst, der Umgang mit Zypern werde zeigen, wie die Eurozone sich künftig im Falle der Zahlungsunfähigkeit eines Mitgliedstaates verhalten werde. Erhält auch Zypern Hilfe, hätte sich der in der Krise entwickelte Grundsatz, dass überschuldete Staaten die Steuerzahler anderer Länder der Eurozone zur Begleichung ihrer Rechnung heranziehen können, wohl endgültig als Gewohnheitsrecht etabliert.

### Keine Kredite, sondern Geschenke

Befürworter eines Rettungsprogramms für Nikosia sagen, wer Zypern sich selbst überlasse, gefährde das mit einem vielfach höheren Wetteinsatz vorläufig stabilisierte Griechenland. Nach einem Staatsbankrott Zyperns werde die Frage lauten, welchen Staat es als nächsten treffe, und Athen werde wieder in den Sog der Krise geraten. Eine solche Entwicklung vor Augen, würden die Griechen dann tun, was jeder an ihrer Stelle täte: Geld von ihren Konten abheben und in andere Staaten überweisen. Das gab es schon einmal, und ein Zusammenbruch des griechischen Bankensystems konnte nur knapp vermieden werden.

Wer sich dieser Rettungslogik fügt, sollte indes offen sagen, dass ein Großteil der Hilfszahlungen oder Rettungspakete für Zypern keine Kredite, sondern Geschenke sein werden. Ein Rettungspaket in einem Umfang, der fast dem derzeitigen Bruttoinlandsprodukt Zyperns entspricht, würde den Schuldenstand des Landes sofort weit über jene Marke treiben, die der Internationale Währungsfonds (IWF) noch als tragfähig ansieht. Von dieser Schuldentragfähigkeit - also der realistischen Aussicht darauf, dass ein Staat das ihm geliehene Geld auch zurückzahlen kann - macht der IWF aber verständlicherweise seine Beteiligung an Rettungsprogrammen abhängig. Der Fonds fordert daher einen Schuldenschnitt („haircut“) für Zypern. Da ein Großteil der zyprischen Staatsanleihen von den Banken des Landes gehalten wird, würde ein Schuldenschnitt auf diese Papiere allerdings automatisch den Rekapitalisierungsbedarf dieser Institute erhöhen.

Von den potentiellen Zypernrettern ist nun zu hören, dass nicht einzusehen sei, warum Investoren, die über Jahre von den niedrigen Steuersätzen und anderen (legalen) Schlupflöchern auf Zypern profitierten, nun mit

dem Geld der europäischen Steuerzahler gerettet werden sollten. Angesichts des hohen Anteils an russischem Kapital auf zyprischen Konten wäre es daher an der Zeit, ein neues Wort in die Debatte um den Euro und seine Rettung einzuführen: Strischka. So heißt ein haircut (Haarschnitt) auf Russisch.

Sicher ist, dass Zyperns Krise die Teilung der Insel verfestigen wird. Schon bei dem gescheiterten Referendum im April 2004 hatten die griechischen Zyprioten demonstriert, dass sie nicht bereit sind, für eine Überwindung der seit 1974 bestehenden Teilung ihrer Heimat substantielle Kompromisse einzugehen. Inzwischen haben auch die türkischen Zyprioten, die 2004 angesichts der nahenden Aufnahme Zyperns in die EU noch für eine Vereinigung mit dem Süden gestimmt hatten, das Interesse daran verloren. Nordzypern entwickelt sich immer deutlicher zur 82. Provinz der Türkei. Auch deshalb wächst bei vielen griechischen Zyprioten die Bereitschaft, Kompensationszahlungen für ihre Häuser oder Grundstücke im türkischen Norden der Insel zu akzeptieren. Die Teilung der Insel wird auf diese Weise per Grundbucheintrag verfestigt.

## Ein Alarmzeichen

25.02.2013 · Die Hälfte der Italiener hat für Parteien gestimmt, die aggressiv antieuropäisch auftreten. Das ist ein besorgniserregendes Signal für den gesamten Kontinent.

Von [Günther Nonnenmacher](#)

Selten war der Wahlkampf in einem Land, das sich in einer ernsten Krise befindet, von so viel Klamauk beherrscht. Dafür verantwortlich war Beppe Grillo, von Beruf Komiker, der den Anti-Politiker gab und dessen Liste Stimmen von den vielen Italienern einsammelte, die sich voller Verachtung von der gesamten politischen Klasse des Landes abgewandt haben. Der andere Klamauk-Künstler ist Silvio Berlusconi, der den Wählern das Blaue vom Himmel versprach und mit seinem Showtalent sein Parteienbündnis, das zuvor als hoffnungslos abgeschlagen galt, noch einmal zur zweitstärksten politischen Kraft in der Abgeordnetenkammer und zur stärksten im Senat machte.

Der Verlierer dieser Wahl ist der amtierende Ministerpräsident Mario Monti. Seine Zentrumsbewegung kam abgeschlagen auf den vierten Platz. Der Mann, der im Ausland so viel Ansehen genießt, ist - vielleicht gerade deswegen - von den Italienern für seine Sparpolitik abgestraft worden. Viele haben in ihm vor allem den Vollstrecker des Willens der Finanzmärkte gesehen. Es kommt hinzu, dass er auch das Image des Technokraten ohne eigenen politischen Ehrgeiz verlor, als in der zweiten Hälfte seiner Amtszeit immer deutlicher wurde, dass der „professore“ doch nicht so unpolitisch war, wie er sich gerne gab, sondern recht zielstrebig auf eine führende Rolle in der italienischen Politik nach der Wahl hinarbeitete. Dass er dann im Wahlkampf von den gnadenlosen Populisten Berlusconi und Grillo regelrecht vorgeführt wurde, war dann nur noch das Tüpfelchen auf dem i.

Die Demokratische Partei mit ihrem Spitzenkandidaten Bersani ist, wie erwartet, der Wahlsieger. Sein Bündnis bekommt deshalb nach italienischem Wahlrecht eine „Prämie“, also mehr Abgeordnete, als ihm nach dem Proporz zustünden. Aber es ist nicht sicher, ob ein Spektrum, das von Kommunisten bis zu den Abgeordneten der Monti-Liste reicht, eine regierungsfähige Mehrheit zusammenbekommt. Der Weg vom Wahlergebnis zur Regierungsbildung ist ohnehin schwierig in einem Zwei-Kammer-System mit labilen Parteien, in dem Splittergruppen Erpressungspotential haben. Selbst wenn es für ein Mitte-links-Bündnis reicht, ist diese Wahl ein Signal: Die Hälfte der Italiener hat für Listen gestimmt, die aggressiv antieuropäisch auftraten. Das ist über Italien hinaus ein Alarmzeichen.

## Politik vor dem Kollaps

### Blindflug, Selbstlob, Wortbruch, Lüge

24.02.2013 · Es ist viel schlimmer, als man denkt: Die Erinnerungen des französischen Ministers Bruno Le Maire bieten erschütternde Beobachtungen zur europäischen Spitzenpolitik.

Von [Nils Minkmar](#)

71,46



© AFP Bruno Le Maire im Jahr 2009 als Vorsitzender eines Treffens der europäischen Landwirtschaftsminister

Wer das Gefühl hat, dass die europäischen Spitzenpolitiker den Kontakt zu ihren Wählern verloren haben, dass die Gesellschaft den Parteien und politischen Instanzen weit voraus ist, dass also jene, die uns regieren, irgendwo den Faden verloren haben und Kompetenz seitdem weitgehend simulieren, der darf sich nun in blendender Deutlichkeit bestätigt fühlen. Denn was Bürger nur ahnen und Journalisten zwar beschreiben, aber selten beweisen können, das bezeugt nun ein ernstzunehmender Akteur der europäischen Politik.

Seit einigen Tagen liegt der glänzend geschriebene Memoirenband „Jours de Pouvoir“ (Gallimard 2013) des ehemaligen französischen Landwirtschaftsministers Bruno Le Maire vor, in dem es freilich weniger um die im Titel angekündigten Tage der Macht geht, sondern mehr um durchwachte Nächte und zunehmende Ohnmachtsgefühle. Der Autor ist kein Hasbeen oder verbitterter Außenseiter, sondern ein relativ junger und sehr ambitionierter Mann, der gerne eine wichtigere politische Rolle spielen möchte.

Umso verblüffender, dass Le Maire, Mitglied der konservativen Partei UMP, mit absoluter Offenheit den drohenden Kollaps der parlamentarischen Demokratie beschreibt: „Die Regierung hält nicht mehr alle Fäden des Kapitalismus in der Hand, höchstens noch einen oder zwei, und wenn sie nicht achtgibt, so ist sie morgen selbst die Marionette und der Kapitalismus die Hand. Der Tag wird kommen, an dem Unternehmen, ausländische Firmenchefs, Pensionsfonds und Investoren uns sagen ‚Macht!‘ und wir gehorchen.“

### Grotesk überdimensionierter Pomp

Doch es sind nicht nur die Geldgeber, die die Ansagen machen, auch die aufstrebenden Staaten lassen die französische Staatsspitze nach Gusto auflaufen. Le Maire beschreibt einen Auftritt von Nicolas Sarkozy vor dem indischen Premierminister Singh, der cool und regungslos studiert, wie der Franzose mit Komplimenten, Druck und Anbiederei versucht, seine Kampfflugzeuge und Atomkraftwerke loszuwerden. Lorient's Staubsaugervertreter machte dagegen eine souveräne Figur und hatte ja auch mehr Erfolg

Mit Unbehagen beschreibt Le Maire den grotesk überdimensionierten Pomp des französischen Staatsapparats. Bei offiziellen Besuchen im eigenen Land steht ein Präfekt in Uniform am Flughafen bereit, dann geht es mit Motorradbegleitung durch die Provinzhauptstadt. Einmal weist er einen Chauffeur an, das Tempo zu drosseln und aus der Busspur wieder in den normalen Verkehr zurückzukehren, denn er weiß: Es kotzt die Leute nur noch an. Die Rituale des Staates, nicht zuletzt die hypertrophen Sicherheitsmaßnahmen, scheiden die Politiker von der Gesellschaft. Welchen Eindruck von Schwäche macht es denn, wenn der Präsident selbst zum Kaffeetrinken bei einer Landwirtin mit einer kleinen Armee anrückt. Während die Kaffeemaschine durchläuft, steht der Hubschrauber genau über dem Haus, an der Unterseite eine Kamera, die alles im Blick behält. Die Menschen in der Politik verlieren alles aus den Augen, alles außer anderen Politikern.

## Der Ausschnitt von Angela

Das Buch hält neben beklemmenden Endzeitbeobachtungen echte Rosinen bereit. So schreibt Bruno Le Maire, dass Sarkozy sich Mitte November 2011 ganz konkret mit der Frage beschäftigte, wo er denn Banknoten für Francs herbekommt, falls, womit er rechnete, der Euro in der folgenden Woche kollabiert. Damals hat das Sarkozy vehement dementiert. Le Maire resümiert die damalige Lage der Französischen Republik wie folgt: „Unser Schicksal entgleitet uns, es liegt nun allein in den Händen der deutschen Kanzlerin und des Präsidenten der EZB.“

Sarkozy entwickelt eine Obsession mit der Kanzlerin, die zu ernstesten Entgleisungen führt. So einer Szene wohnt Le Maire am Rande des G-20-Gipfels in Cannes bei, jener verregneten Veranstaltung, die eigentlich die Wiederwahl Sarkozys sichern sollte, dann aber ganz im Zeichen der griechischen Krise stand. Während einer Beratungspause ziehen sich der Präsident und die Bundeskanzlerin in ein separates Zimmer zurück. Sie beobachtet, wie sich Sarkozy von seiner persönlichen Visagistin schminken lässt, sie reden dann auch über Frisuren, bis Sarkozy, sehr zum Unbehagen des Dolmetschers, behauptet, Merkel sei kokett. Sie zeigt sich überrascht, dann antwortet der Präsident: „Aber ja. Meinst du, die Sache mit deinem Ausschnitt ist mir entgangen? Ah, der Ausschnitt von Angela! Ganz Frankreich hat darüber geredet!“ Außenminister Juppé eilt dem bereits transpirierenden Dolmetscher zu Hilfe: „Nun wird es aber wirklich intim, sollen wir euch allein lassen?“ Und während der Präsident noch lacht, greift sich Merkel einen Keks.

## Frankreich als Kfz-Werkstatt

Durch Le Maires Schilderung wird aber auch deutlich, wie raffiniert Merkel ihren französischen Partner auszubremsen versteht. Wenn Sarkozy sie mit Forderungen oder gar Ratschlägen bedrängt, weicht sie aus, indem sie auf das föderale System oder das Bundesverfassungsgericht verweist. In Deutschland weiß man freilich, dass die Richtlinien der Politik nicht in Karlsruhe bestimmt werden und dass sich das höchste Gericht durchaus schwer damit tut, Entscheidungen von Parlament und Regierung komplett zu kippen. Man weiß auch, dass sich kein Länderfürst der Union dauerhaft gegen die Kanzlerin durchzusetzen vermochte. Dennoch erweckt Merkel bei den Franzosen gerne diesen Eindruck. Sie sagt dann „Ich bin nun mal nicht so mächtig wie du, Nicolas.“ Das hört der gerne, erzählt es seinen Leuten weiter - und merkt zu spät, dass seine Macht dahinschmilzt, während die der Kanzlerin gerade durch solche Verzögerung intakt bleibt.

Le Maire beschreibt im politischen Schicksal Sarkozys nicht allein ein persönliches Manko, sondern das strukturelle Problem eines Systems, das Mediendauerpräsenz mit politisch-administrativer Dominanz verbindet. Teamarbeit ist hier unbekannt, das Land wird geführt wie eine Kfz-Werkstatt auf dem Lande: Wenn der Chef schweigt, schweigen alle. Nur er bringt Themen auf. Solche, die er nicht anspricht, werden nicht besprochen. Und wenn er etwas Falsches sagt, korrigiert ihn niemand. So sind die Minister darauf angewiesen, das Gesicht, die Mimik des Präsidenten zu lesen wie Landwirte den Himmel. Le Maire macht daraus Sätze von bestechender literarischer Qualität, was einem anderen Autor Naturschilderungen sind, sind bei ihm Skizzen über Sarkozys Augen, die sich binnen Sekunden verdunkeln können wie ein Bergsee bei Gewitter.

## Gute Gründe für Protest

Der Autor legt die Memoiren auch als eine Art Bildungsroman an. Nachdem die Finanzministerin Christine Lagarde in der Folge des Strauss-Kahn-Skandals zur neuen Chefin des IWF nach Washington berufen worden

war, darf sich Le Maire Hoffnungen auf den bedeutenden Posten machen. Sarkozy nimmt seinen „lieben Bruno“ beiseite: „Also du machst jetzt das Finanzministerium, eine gute Entscheidung.“ Typisch Sarkozy: Eine von ihm getroffene Entscheidung wird auch umgehend gelobt, von ihm selbst. Doch der entscheidende Tag der Kabinettsumbildung vergeht, ohne dass das Telefon läutet. Am Abend teilt man ihm mit, dass ein anderer Finanzminister wird. Eine Erklärung dafür gibt es nicht.

In den ersten Jahren als Minister wurde Le Maire mit den üblichen Salven von Obst und Gemüse, mit Flaschenwürfen und deftigen Flüchen empfangen. Irgendwann dämmerte ihm, dass die Bauern ja vielleicht auch gute Gründe hatten, derart zu protestieren. Ihm ging ein Licht auf: Man sollte ihnen helfen, dann werfen sie auch nicht mehr mit Tomaten. Er bereist die Nachbarländer, findet Kompromisse und erreicht etwas für seine Bauern. Ob es sinnvoll sei, für die Landwirtschaft in Europa so viel mehr auszugeben als für Forschung und Entwicklung, diese Frage stellt Le Maire nicht. Er will als Fachminister reüssieren, zumal der Landwirtschaft in Frankreich ein eminenter symbolischer und emotionaler Wert zukommt. Das zeigt sich bei jeder Landwirtschaftsmesse: Je mehr die Politiker den Zugriff auf die großen Systeme und Probleme verlieren, desto beherzter streicheln sie ein Rind.

## Zu viel Obrigkeit

Aber die Bilder lügen. Das ist Bruno Le Maires politische Urerfahrung. Er war als junger Diplomat im Sitzungssaal der Vereinten Nationen in New York anwesend, als Colin Powell ein Röhrchen in die Luft hielt und erklärte, darin sei Anthrax. Le Maire und sein Chef, der französische Außenminister, wussten genau, dass Powell in diesem Moment die Unwahrheit sagte. Doch diese Lüge ging um die Welt und führte zu einem Krieg, für den kein damals handelnder Politiker je zur Rechenschaft gezogen wurde. Ist diese Verantwortungslosigkeit selbst in Fragen von Krieg und Frieden ein Grund für den Vertrauensverlust bei den Bürgern?

Bruno Le Maires wichtiges Buch sollte so schnell wie möglich auch ins Deutsche übersetzt werden. Jedem Leser wird einleuchten, dass wir in Europa noch zu viel Obrigkeit haben, den Regierungen zu viel zutrauen und leichtfertigerweise die Gewissheit pflegen, Spitzenpolitiker hätten mehr Kompetenz, Informationen, Erfahrung und Durchblick als wir. Wenn es je einen Beweis für die Dringlichkeit vermehrten politischen Engagements gegeben hat, dann durch dieses Buch.



## L'Europe va-t-elle enfin traiter la crise italienne ?



Cela fait deux ans que ce blog tente en vain d'attirer l'attention sur l'Italie.

Lors de mes conversations avec les dirigeants européens, je faisais figure de porteur de mauvaises nouvelles. Au Moyen-Age, j'aurais été pendu haut et court.

Depuis des mois, la société de mutuelle admiration européenne ne manque pas une occasion de faire l'éloge de Mario Monti. Tout le monde minaude autour du Super Mario, qui est un "ancien" de la Commission et de Goldman Sachs, *conditio sine qua non* pour une carrière européenne transalpine.

Le premier ministre Mario Monti aura échoué : il n'a pas réussi à mettre en place l'austérité et a laissé filer la dette. Il aura à son actif une augmentation de 100 milliards d'euros.

Dans ce contexte, c'est l'aveuglement qui règne face à un endettement excessif ou l'absence de contrôle par le gouverneur de la Banca d'Italia, Mario Draghi, face aux manœuvres de Monte dei Paschi, soutenue par... le *Partito Democratico*. Celui-ci vient en tête des élections. Les problèmes sont d'une gravité qui menace l'ensemble de l'Europe, et singulièrement la France.

On vient d'apprendre que la BCE détenait dans le cadre du *Securities Market Program* près de la moitié de ce programme en dette italienne : 107 milliards d'euros.

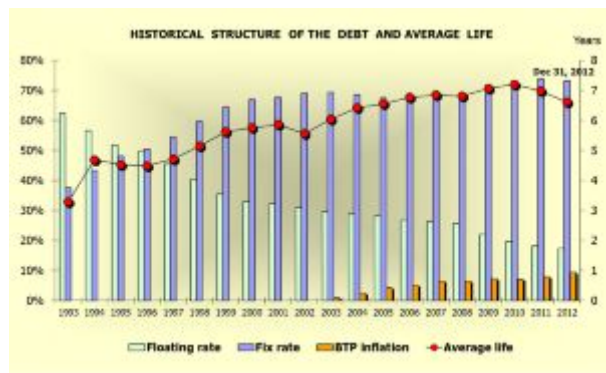
Il n'y a évidemment aucune corrélation avec le leadership de la BCE.

### [La menace italienne est réelle, présente et sous-estimée](#)

L'Italie est le dernier bastion avant une déferlante contre la France. Le président de la Banque centrale européenne, Mario Draghi, est prêt à intervenir "*sans limites*" avec les deniers européens pour empêcher une hausse des taux italiens et espagnols. On n'est jamais servi si bien que par soi-même.

Mario Monti, Mario Draghi et le ministre des finances, Vittorio Grilli, n'ont rien fait pour restructurer la dette italienne, dont la vie moyenne est descendue d'un an à un peu plus de six ans.

En refusant de consolider au bon moment cette dette de 2 000 milliards d'euros, soit 127 % du PIB italien, l'Italie s'est lancée dans une stratégie financière suicidaire : raccourcir les échéances en empruntant à court terme.



Le résultat est inquiétant : il faudra trouver 400 milliards en 2013, soit 20 % de la dette italienne. Plus de la moitié de ce refinancement se fera sur une dette à court terme dont rien ne dit que les investisseurs sont disposés à remettre l'argent au pot.

### Une irresponsabilité à tous les niveaux

C'est tant au niveau de la Banque centrale européenne, de la Commission européenne, du gouvernement de Mario Monti et de la Banca d'Italia que l'inadmissible léthargie a servi de réponse complaisante à une situation qui aurait pu être atténuée. Le déni régnait partout.

Mais l'électorat italien, en donnant plus de 50 % des sièges sénatoriaux à deux bouffons, dont l'un est un artiste et l'autre un dépravé sexuel malhonnête, a envoyé un message dangereux. Nous sommes arrivés au stade où les politiciens italiens ont tellement perdu leur crédibilité que la *commedia dell'arte* est préférée à la gestion de l'Etat.

Devrons-nous rappeler à nos amis transalpins la fable de *La Cigale et la Fourmi*, chère à Jean de la Fontaine ? Comment un peuple qui a eu le destin de l'Europe entre ses mains dans l'Antiquité, et donne des artistes, des écrivains et des penseurs parmi les plus exceptionnels de l'Europe, a-t-il pu exprimer un tel vote de dégoût. Ce n'est même plus du populisme, c'est un rejet qui contient les ferments d'une évolution qui n'exclut pas l'insurrection.

### La crise souveraine européenne est devant nous, pas derrière

Dans ce contexte, il ne nous reste plus qu'à attacher nos ceintures. Wall Street a perdu 200 points sur les nouvelles des élections italiennes : c'est l'ensemble des économies mondiales qui sont concernées.

Personne n'a les moyens d'enrayer une vente massive de dette italienne. Elle entraînerait avec elle l'entière de l'Europe, et plus encore.

Les calamars grecs n'étaient qu'un hors-d'œuvre. Maintenant arrive le plat de résistance : les pâtes italiennes. Elles sont six fois plus lourdes à digérer.

February 25, 2013

## Split Vote Sends One Clear Message in Italy: **No to Austerity**

By [RACHEL DONADIO](#)

71,51

ROME — Italian voters delivered a rousing anti-austerity message and a strong rebuke to the existing political order in national elections on Monday, plunging the country into political paralysis after results failed to produce a clear winner.

Analysts said that the best-case scenario would be a shaky coalition government, which would once again expose [Italy](#) and the euro zone to turmoil if markets question its commitment to measures that have kept the budget deficit within a tolerable 3 percent of gross domestic product. News of the stalemate sent tremors through the financial world, sending the Dow Jones industrial average down more than 200 points.

Although analysts blamed the large protest vote on Italy's political morass and troubled electoral system, the results were also seen as a rejection of the rapid deficit-reduction strategy set by the European Commission and European Central Bank — from a country too big to fail and too big to bail out.

“No doubt Italy has an imperfect political culture, but this election I think is the logical consequence of pursuing policies that have dramatically worsened the economic and social picture in Italy,” said Simon Tilford, the chief economist of the [Center for European Reform](#), a London research institute.

“People have been warning that if they adhere to this policy there will be a political cost, there will be backlash,” he added. “It couldn't have taken place in a more pivotal country.”

In an election marked by voter anger and low turnout, the center-left Democratic Party appeared to be leading in the Lower House with 29.6 percent, with 99 percent of the votes counted, and in the Senate with one-third of the votes counted by midnight local time.

But that outcome did not give the Democrats a clear victory because the center-right People of Liberty Party of former Prime Minister [Silvio Berlusconi](#) was leading in several populous regions that carry more Senate seats, potentially giving him veto power and raising the prospect of political gridlock.

Even before the final result, the election was a clear victory for the Five Star Movement of the former comedian Beppe Grillo, which in its first-ever national elections appeared to win about 25 percent of the vote in the Lower House. Italians from both right and left — and the wealthier north and poorer south — were drawn to Mr. Grillo's opposition to austerity measures and cries to oust the existing political order.

And it was a stinging defeat for the caretaker prime minister, [Mario Monti](#), a newly minted politician whose lackluster civic movement appeared to win around 10 percent in both houses. “Grillo had a devastating success; the rest of the situation is very unclear,” said Stefano Folli, a political columnist for the daily business newspaper *Il Sole 24 Ore*.

Either the Democratic Party and the People of Liberty Party “will form a grand coalition committed to reforms and changing the electoral law, which would be very difficult, or Italy will be ungovernable,” Mr. Folli added.

Mr. Monti's caretaker government remains in place with full powers until a new government is formed. Appearing on television on Monday evening, Mr. Monti said he felt “tremendous regret” that during his tenure the political parties were not able to change Italy's electoral law so as to guarantee more political stability. “It is a great responsibility of the political forces, and one of the reasons for the disaffection and distance from and the revindication of the political class,” he added.

Under Italy's complex electoral laws, it is extremely hard for any one party to gain a strong ruling majority needed to manage an economy with rising unemployment and a credit crunch, let alone push through structural changes to the ossified economy. Instead, the parties have resisted change to protect their own power bases.

The results of this election would appear to represent new depths of gridlock, and few experts expected any party to form a governing coalition strong enough to prevail for long. Nicolas Véron, an economist and a senior fellow at Bruegel, a Brussels-based research institute, said that regardless of who ultimately controls the levers of government, "the key question is whether we can have serious structural reform."

Italy "was a work in progress before the elections," Mr. Véron added, "and I think investors understand that it will remain a work in progress for some time."

When he came to power in November 2011, after Mr. Berlusconi stepped down amid intense market turmoil, Mr. Monti was praised for restoring international confidence in Italy. Although he won plaudits from European leaders and President Obama, Italians disliked him for raising the retirement age and taxes.

"Taxes, taxes and more taxes, that's what voters remember the most from Monti," said Stefano Sacchi, a professor of political science at the University of Milan. "When he stopped being a technocrat and became a politician, he came under fire for the same issues Italians blame other politicians for."

While Mr. Monti said repeatedly that if Italy managed to make its economy more competitive, taxes could eventually be lowered, his message was drowned out in the final days of a chaotic campaign by Mr. Grillo's anti-austerity message — his party may even decide to hold a referendum on whether Italy should remain in the euro zone — as well as by Mr. Berlusconi's antics.

The former prime minister told voters that he would reimburse them for an unpopular property tax and sent campaign literature in envelopes that read "2012 Tax Refund" in the same typeface used by Italy's tax collection agency.

But the most startling result of the election was the success of the Five Star Movement, which triumphed after Mr. Grillo campaigned tirelessly while leading a powerful Web-based initiative that drew young people and first-time voters, as well as former supporters of Mr. Berlusconi, all united more by their anger at the current system than by any shared ideology.

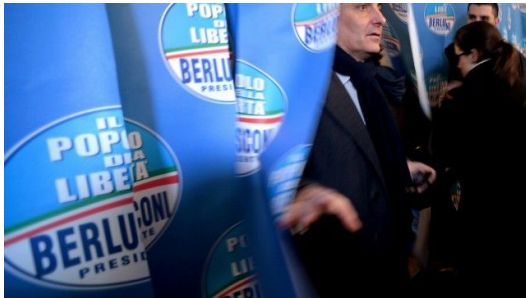
The Five Star Movement drew votes that might have gone to the Democratic Party, especially after the Democratic Party's leader, Pier Luigi Bersani, a former industry minister who grew up in the Communist Party, defeated Matteo Renzi, the charismatic 38-year-old mayor of Florence, in a party primary.

Davide Barillari, the Five Star Movement candidate for president of the Lazio region, said in a television interview that the so-called "Grillini" would not ally with any coalition, but would vote according to their own views on individual laws.

"People want to send them all home," he said of the current Parliament. "Old politics is over."

Gaia Pianigiani contributed reporting from Rome, and Nicola Clark from Paris.

## Wahl in Italien Es regieren Populismus, Geschrei und Lüge



Wir haben nicht verstanden: Diese simple Botschaft haben Italiens Wähler an der Urne hinterlassen. Zwei Komiker sind zur Wahl angetreten und wurden für ihr verleumderisches Geschrei auch noch belohnt: Silvio Berlusconi und Beppe Grillo. Wie konnte das geschehen?

### Ein Kommentar von Stefan Kornelius

[Die italienische Wahl](#) hält eine besondere Lektion für alle Teilnehmer der Euro-Krise parat: Wer zaudert, verliert; wer herumdruckt, wird bestraft; halbe Sachen werden nicht verbucht. Italiens Wähler haben nämlich eine ganz simple Botschaft an der Urne hinterlassen: Wir haben nicht verstanden.

Beschimpfen darf man sie deswegen nicht, sie leben in einem politischen Klima, das die Halbwahrheit befördert und die Satire zur Staatsraison erhebt. Zwei Komiker sind zur Wahl angetreten und wurden für ihr verleumderisches Geschrei auch noch belohnt: Silvio Berlusconi und Beppe Grillo. Warum das geschehen konnte? Weil die seriöse Politik in Person des Experten-Premiers [Mario Monti](#) und des Mitte-links-Kandidaten Pier Luigi Bersani zauderte, herumdruckte und halbe Sachen machte.

### Monti musste Berlusconis Regierungssaustall aufräumen

Die Wiederauferstehung von [Silvio Berlusconi](#) rangiert in der Kategorie "Comebacks seit Lazarus" ganz weit oben. Wie der Entfesselungskünstler Houdini befreite sich Berlusconi zwar nicht von seinen juristischen, so doch von den politischen Fesseln. Er hatte dem Nachlass-Verwalter Mario Monti einen - um es in der Wahlkampf-Sprache der Komiker-Kandidaten zu sagen - Regierungssaustall hinterlassen. Monti tat ihm den Gefallen und rettete Italien vor dem anstehenden Staatsbankrott, das die Märkte mit ihrem Misstrauensvotum ausgelöst hätten. Ohne Montis Seriositäts-Versprechen gäbe es heute das Euro-Land Italien nicht mehr.

### Anzeige

Aber diese Botschaft ist in all ihrer Härte in Italien nicht angekommen. Nein, es waren nicht die sparbesessenen Deutschen, die Italien zu einer Kur zwangen. Es waren die politischen Verhältnisse in Berlusconis Italien, die ökonomische Stagnation und schließlich die Märkte, die Monti keine andere Option ließen, als endlich den Reformstau anzugehen und die aberwitzige Verschuldung zu reduzieren.

### Profiteure sind die Populisten

Monti, ganz der umsichtige und bedächtige Professor, der er nun mal ist, leistete gute Arbeit, aber er verkaufte sie schlecht. In seiner defensiven und fast schon aristokratischen Noblesse mutete er den Italienern die Wahrheit nicht zu. Und als das Getöse des Wahlkampfes einsetzte und ein Berlusconi gar vier Milliarden aus eigener Tasche zur Rückerstattung von Steuern zu zahlen versprach, da erlitt Italien einen bösen Rückfall. Nun regieren wieder der Populismus, das Geschrei und die Lüge. Fast schon muss man dankbar sein, dass die längst

überfällige Wahlrechtsreform nicht umgesetzt wurde. Sie hätte vielleicht die Kräfteverhältnisse auch im Abgeordnetenhaus zugunsten der Populisten Grillo und Berlusconi verschoben.

In den griechischen Wahldramen der vergangenen Jahre haben die Radikalen von der Krise profitiert. In Italien sind es die Populisten. Auf ihre Art sind sie auch radikal: Sie leugnen die Realität, sie verlagern die Schuld für die Misere auf Feinde jenseits der Landesgrenze, sie faseln von der einfachen Lösung aller Probleme. Italien wird nach dieser Wahl keine einfache Lösung bekommen. Höchstens Neuwahlen. Und die wären auch kein Segen.

## Wahl in Italien

# Triumph der Populisten

26.02.2013 · Wenn die Vernunft schläft, triumphieren die Populisten: Die antieuropäische Aggressivität, welche den italienischen Wahlkampf durchzog und die sich auch im Wahlergebnis für Berlusconi und Grillo ausdrückt, gibt zu denken. Eine handlungsfähige Regierung in Rom ist in weite Ferne gerückt.

Von [Klaus-Dieter Frankenberger](#)

71,55

Die Italiener haben gewählt, und die Märkte stehen unter Schock. Das ist auch kein Wunder, schließlich dürfte es mehr als schwierig bis unmöglich werden, eine auch nur annähernd handlungsfähige Regierung zu bilden. [Von stabilen Mehrheiten kann keine Rede sein.](#) In der Abgeordnetenkammer hat der Sozialdemokrat Bersani knapp die Nase vorn, im nicht weniger wichtigen Senat liegt er gleichauf mit Berlusconis Mitte-rechts-Allianz. Und dann ist da noch der sogenannte Komiker Grillo, für den sich rund ein Viertel der Wähler entschieden haben. Soviel Klamauk war nie, aber soviel Politikverdrossenheit, Enttäuschung und Zynismus gab es auch schon lange nicht: italienische Verhältnisse. Schön sind die nicht.

Diese Wahl des Verdrusses liefert mindestens zwei Botschaften; beide sind bedenklich oder nicht gerade erheiternd. Die eine straft diejenigen Lügen, die schon das Ende des Silvio Berlusconi nach dem halb erzwungenen, halb freiwilligen Abgang von der Macht im November 2011 vorausgesagt hatten. Dem Cavaliere, der dominanten Figur der italienischen Politik in den vergangenen zwanzig Jahren, ist es gelungen, mit unverschämter antideutscher Rhetorik und dreisten Versprechungen knapp dreißig Prozent der Stimmen auf sich zu vereinen.

Auch das zeigt, welche Art von Politik und von Politikern bei einem beachtlichen Teil der Italiener ankommt. Berlusconi denkt offenbar gar nicht daran, abzutreten; seine Partei, das Volk der Freiheit, ist auch ganz auf ihn ausgerichtet.

Die andere Botschaft ist gewissermaßen die Kehrseite des Erfolges der Populisten: Der Sanierer Monti, der Liebling der Europäer, hat enttäuschend abgeschnitten. Er konnte die Wähler nicht davon überzeugen, wie notwendig Reformen von Staat und Wirtschaft sind. Und zwar einschneidende. Die wollen die italienischen Wähler offenkundig nicht, lieber suchen sie die Schuld für die Malaise in ihrem Land bei anderen. Bei wem wohl? Dabei hat Italien Reformbereitschaft und Reformfähigkeit so nötig wie eine kühle Brise im Sommer. Dafür muss man kämpfen.

Auch, vielleicht gerade auf Italien trifft dieser Satz zu: Wenn die Vernunft schläft, triumphieren die Populisten. Das ist kein schöner, heller Triumph, sondern ein fauler Erfolg des Maulens und des Ressentiments. Das wird das Land, in dem sich die Wähler von der „normalen“ Politik ab- und Krakeelern zuwenden, noch zu spüren bekommen; es ist bedauerlich, dass auch Italiens europäische Partner in Mitleidenschaft gezogen werden.

**Apropos Europa: Die antieuropäische Aggressivität, welche den italienischen Wahlkampf durchzog und die sich auch im Wahlergebnis für Berlusconi und Grillo ausdrückt, sollte zu denken geben. Sie ist ein Echo der französischen Präsidentenwahl vor einem dreiviertel Jahr.**

February 26, 2013

71,56

## European Markets Dip Amid Italian Uncertainty

By [DAVID JOLLY](#)

PARIS — Stocks fell Tuesday across Europe and investors sold Italian bonds, a day after an inconclusive election in Italy raised fears that political deadlock there could hamper efforts to restore the economy and complicate the governance of the euro zone.

European leaders argued for calm, stressing that the political confusion would soon clear up and that negative market reaction would be short-lived as Italians and their European partners returned to the work of building greater integration. But they also stressed that the course of reform started under the current prime minister, [Mario Monti](#), must be continued, for the good of the 17-nation euro zone.

Results indicated that the center-left Democratic Party, led by Pier Luigi Bersani, would have a majority in the Lower House, thanks to the premium of bonus seats given to the largest bloc. But it would only have about 119 seats in the Senate, compared to 117 seats for the center-right People of Liberty party, led by former Prime Minister [Silvio Berlusconi](#) — far short of the majority of 158 required to govern.

**Mr. Berlusconi hinted that his party might be inclined to form a grand coalition with the Democratic Party, a prospect that would be ideologically incoherent but that experts said might be the only governing coalition possible, given the results.**

Mr. Monti's party, which had helped restore investor confidence at the cost of unpopular spending cuts and tax increases, dropped into last place, behind the protest vote winner, the Five Star Movement of the former comedian Beppe Grillo. The result left the recession-weary nation with no clear path forward and the possibility that another round of elections will be necessary.

In afternoon trading in Europe, the Euro Stoxx 50 index, a barometer of euro zone blue chips, was down 2.29 percent, while the FTSE 100 index in London dipped 1.28 percent. The yield on the Italian 10-year sovereign bond, which moves in the opposite direction of the price, gained 0.31 percentage points, to 4.79 percent. The MIB index in Milan was down 4.23 percent.

**Bond yields have a direct effect on government financing costs, and it was the rise in Italian and Spanish government yields that led the European Central Bank to promise last July that it would do whatever necessary to save the euro.**

The euro, which fell sharply on Monday, was up slightly at \$1.3087 from \$1.3056 late Monday in New York.

Uncertainty about the Italian situation has echoed around the world. Asian shares dropped Tuesday, with the Nikkei 225 stock average in Tokyo closing down 2.26 percent and the Hang Seng index in Hong Kong closing down 1.32 percent. New York stocks ended Monday down more than 1 percent.

Olivier Bailly, a spokesman for the European Commission, the policy making arm of the [European Union](#), on Tuesday urged Italy to form a government and to continue policies aimed at bringing down its public debt.

“The European Commission places its full confidence in Italian democracy, and the European Commission will work closely with the new government in order to relaunch growth and the creation of jobs in Italy,” Mr. Bailly said during a news conference in Brussels.

He suggested that continuing reforms was the best way to combat the instability on financial markets that followed the vote. “Markets are free to react the way they want,” he said. Italian leaders needed to “establish a



political majority that will continue to deliver a growth and jobs agenda, which is basically what Italy needs in order to reduce the unsustainable level of its debt.”

According to a recent and wide-ranging [study](#) on the reform prospects for countries in the euro zone, the Lisbon Council, a research organization based in Brussels, concluded that Italy ranked last among all countries that use the euro in terms of its ability to generate economic growth over the long term.

Luis de Guindos, the Spanish economy minister, said on Tuesday that he was confident that the negative impact of the Italian vote on financial markets would be “only in the short term.” He told Spanish reporters that Italy would eventually manage to form “a stable government,” which would also be in the interest of Spain and the rest of the euro zone.

**Before the election, Germany made very clear its expectations that whoever takes over in Rome must continue to implement the course of reforms begun under Mr. Monti. This line echoed throughout Berlin on Tuesday.**

“It is important that Italy have a functioning government,” Michael Grosse-Broemer, an important ally of Chancellor Angela Merkel and parliamentary floor leader of her center-right party, said Tuesday. “Mr. Monti’s course of reform must be continued.”

“There is no alternative to the course of structural reform that has been started,” Philip Rösler, Germany’s economy minister, told the German public broadcaster ARD, adding his disappointment at the apparent lack of support for the country’s pro-reform parties .

Guido Westerwelle, the foreign minister, also called for Italy to swiftly form a “stable and functioning government,” stressing its importance for the rest of Europe.

But Werner Faymann, chancellor of Austria, warned against allowing concerns over the future Italian government to spark another debate over the future of the euro, insisting that the common currency was strong enough to withstand a period of instability.

“The euro remains stable even when it is not yet clear in any given country how a government will be formed,” Mr. Faymann said, according to ARD.

How worried Germans are about what political chaos in Rome could mean for them came across clearly in the German media.

“The election shows that Italy remains susceptible for populist slogan. This is demonstrated by the nearly 25 percent support for the cheap, angry outbursts of the anti-party of comedian Beppe Grillo. And then the 30 percent for Berlusconi,” wrote the daily Tagesspiegel in a commentary on Tuesday, pointing out that amounted to about every second voter supporting a populist.

“It is a very scary prospect that does not engender hope for Italy’s future,” the newspaper wrote. “We are a long way from a cure for the Berlusconi disease.”

*David Jolly reported from Paris. Rachel Donadio in Rome, James Kanter in Brussels, Melissa Eddy in Berlin, Raphael Minder in Madrid, and Landon Thomas Jr. in London contributed reporting.*

## Italian politics

### A dangerous mess

Feb 25th 2013, 23:50 by J.H. | ROME

71,58



AMID the chaos of Italy's election night, with projections contradicting exit polls and partial results confounding projections, three facts stood out.

The first was the spectacular advance of a movement spun out the internet just over three years ago, which is fronted by a comedian **and has no comprehensive plan for running the country. The Five Star Movement (M5S)**, founded by Beppe Grillo in 2009, secured the ballots of roughly one in four of the Italians who voted, more than went to any other party. It was an astonishing result that will dismay chancelleries and scare markets, all the more so because of the second fact.

This was that, because of Mr Grillo's success, neither of the two main alliances (of centre-right and centre-left) obtained an outright majority in the upper house, the Senate. Though at least one M5S official was not prepared to rule out a deal with one of the other coalitions, Mr Grillo himself however was adamant: there would be "no stitch-ups and no little stitch-ups," he declared.

**This is crucial to Italy's stability because, unlike many other countries, the two chambers of its parliament have equal powers. Without control of both, a government cannot legislate.**

The third fact was that, in both houses, Silvio Berlusconi's conservative alliance ran the centre-left far closer than had been expected. With all but a tiny percentage of the ballots counted, it looked as if the centre-left would win the lower house by less than half a percentage point, and despite a fractionally higher proportion of the vote, slightly fewer seats in the Senate.

The likely outcome bore witness to the inaccuracy of the polls (including those conducted on the very eve of the election) and Mr Berlusconi's brash campaigning skills. But more than anything else it was testimony to the effectiveness of a highly questionable pledge.

The former prime minister promised not only to abolish, but give back the revenue from an unpopular tax on primary residences imposed last year by Mario Monti's outgoing "technocratic" government. Mr Berlusconi has claimed, improbably, that he can offset the impact on Italy's public finances with the proceeds of a deal with Switzerland on cash stashed away there by Italians. It is precisely the kind of fast-and-loose approach to the government's accounts that explains why investors are so wary of Mr Berlusconi and alarmed to see him climb back out of what had seemed like his political grave.

There are several ways of looking at this mess. All contain an element of truth. The most generous is to see the huge vote for the M5S as encouraging: a sign that many Italians, and particularly younger ones, have had enough of the sleaze, cronyism and sheer immobility of Italy's aged political class. The people who belong to Mr Grillo's movement are idealists. The M5S refuses to accept public money. Its elected representatives agree to take only part of the salaries to which they are entitled and stand down after two terms. The movement

espouses many good things, along with others that are impractical and some that are troubling (such as its opposition to the easing of citizenship requirements for the Italian-born children of immigrants).

Another way to interpret what has happened is as an example of Mr Berlusconi's thoroughly malign effect on Italian public life. **The reason parliament has emerged deadlocked from this election is because of the absurd electoral law his government introduced in 2005 as a way of minimising its defeat in the election of the following year.**

**Yet another, equally valid, approach is to regard the outcome as a victory for populist candidates on the one hand and irresponsible voters on the other.** It is entirely understandable that, after more than a decade of economic stagnation, Italians should shrink from yet more austerity. That helps explain the dismal result for Mr Monti and his allies, who were hard put to scrape even 10% of the vote. **But there was a perfectly respectable, if somewhat humdrum, alternative in the form of the centre-left and its leader, Pier Luigi Bersani, who offered a more growth-oriented strategy.**

Instead, more than half the electorate opted for Mr Berlusconi or Mr Grillo (who, among other things, promises to close down the tax collection agency and call a referendum on whether to abandon the euro). **They clearly felt it was an easy way out. It was not.**

## Italian Election Outcome Sparks Selloff

By [CHARLES FORELLE](#)

A general election has left Italy with no clear winner. WSJ's Chris Emsden suggests that even a grand coalition of the major parties would prove unworkable, making another election more likely. Photo: Reuters

Italy's political stalemate jolted European financial markets on Tuesday, weighing on stocks around the continent and sending investors scurrying out of bonds of Europe's troubled south and into northern havens.

Yields on 10-year Italian bonds jumped nearly half a percentage point in early-afternoon trading to 4.84%, their highest level this year. Spanish yields were more than 0.2 percentage point higher, and bonds of Portugal and Greece were also hit. Bond yields rise when their prices fall.

Strategists at [Commerzbank CBK.XE -2.35%](#) predicted Italian yields would keep climbing toward 5%. Italy is poised to sell new bonds on Wednesday, which could be a catalyst for a further rise.

The euro fell and European stocks tumbled Tuesday. But most concerning is the return of euro-zone contagion, as the borrowing costs of Italy and other debtors start to rise again, says Dow Jones's Katie Martin.

The lurching trading on Tuesday replayed a financial-market pattern that has become emblematic of the euro zone's crisis: Investors, moving as a herd, shunned risk wherever it lurked. That has meant selling stocks, selling weak-country bonds and pouring into solid assets like German government securities. The yield on the 10-year German Bund dropped to 1.47%.

Stock markets in France, Germany, Spain and Italy were each down. Hardest hit was the Italian benchmark, which traded down 4.4% and reached intraday lows not seen since December. Italian banks—whose health depends greatly on that of Italy itself—particularly suffered. Shares in [UniCredit SpA UCG.MI -7.31%](#) and [Intesa Sanpaolo SpA ISP.MI -6.78%](#) both fell, and Italy's stock-market regulator suspended short-selling shares in the latter.

**The euro crisis, which has persisted with varying degrees of intensity since early 2010, has been in a sort of hibernation since last summer, when the European Central Bank stepped in to provide promises of assistance to troubled European government bond markets.**

Tuesday's market moves suggest the crisis is waking up again. In a small, early sign, Italy paid more to borrow on Tuesday at a regular auction of Treasury bills than it has in six months. Italy sold €8.75 billion (\$11.4 billion) of six-month bills at an average yield of 1.237%, up from a yield of 0.731% at the previous sale on Jan. 29. Sales of such short-term debt aren't necessarily a solid gauge of investor appetite; a clearer test will come in Wednesday's sale of five- and 10-year bonds.

**The relative calm that had reigned over the euro zone came mostly thanks to the ECB's pledge of support. But the ECB hasn't yet acted, and the political chaos in Italy may make action less likely: the central bank has said it will buy bonds of countries in trouble only after the country requesting help has agreed to a reform program.**

**Italy now has no stable government able to agree to such reforms.**

Another central piece of the euro zone's recovery plan is economic growth. But Italy's growth prospects are tepid at best, and the election result demonstrates in spades that its fractious politics haven't been mastered. Mario Monti, the Brussels-approved technocrat caretaker who has run the country for more than a year, was

trounced in the elections. [Silvio Berlusconi](#), the colorful media mogul and politician who earned the ire of his euro-zone peers and the financial markets when he was last prime minister, performed astonishingly well.

News of the inconclusive elections rattled U.S. markets late Monday, and Asia saw declines overnight. The Nikkei slid 2.3%.

"We expect risky assets to remain under pressure until the picture in Italy becomes clearer," said strategists at [Barclays BARC.LN -3.85%](#).

The foreign-exchange market was relatively steady on Tuesday. The euro hovered just under \$1.31. But the price of foreign-exchange options, which traders use to shield themselves from large exchange-rate shifts in the future, surged.

U.S. stock-index futures pointed to a slightly higher open.

World From Berlin

## Italy's 'Childlike Refusal to Acknowledge Reality'

**The Italian election, in which more than half of voters backed two comedians in the form of Silvio Berlusconi and Beppe Grillo, shows Italians are unable or unwilling to grasp the depth of their economic plight, argue German media commentators. The ungovernable nation poses a major risk to the euro zone.**

Italy faces political stalemate after its election left [no group with a clear majority in parliament](#), effectively making the euro-zone's third-largest economy ungovernable at a time when it urgently needs to continue reforms.

Predictably, Italian share prices fell and government bond yields rose on Tuesday. The euro fell as far as \$1.3042, its lowest since Jan. 10. Investors around Europe and worldwide have been spooked by the election outcome, which has the potential to reignite the euro crisis.

They are unlikely to be reassured by a suggestion on Tuesday from former prime minister Silvio Berlusconi that his center-right might be open to a grand coalition government with the center-left bloc of Pier Luigi Bersani, which has secured a majority in the Chamber of Deputies, the lower house of parliament, but not in the upper house, the Senate.

Any coalition government must have a working majority in both houses to be able to pass legislation. German media commentators note on Tuesday that more than half of Italian voters backed two populists -- Berlusconi and comedian Beppe Grillo with his anti-establishment Five-Star Movement -- who told people what they wanted to hear, rather than the simple truth that Italy will have to keep on tightening its belt and reform its economy to maintain investor confidence and be able to cope with its burgeoning public debt.

Grillo's party won the most votes of any single party, with 25 percent of ballots cast. He wants Italy to hold a referendum on remaining in the euro. He also wants cuts in politicians' privileges, a minimum income for the unemployed, clean energy and free Internet access.

Conservative **Die Welt** writes in an editorial headlined "Poor Italy!":

"Silvio Berlusconi ruined Italy -- a founding member of the European Community -- and brought it almost as close to bankruptcy as Greece. One had hoped that he wouldn't get another chance after a lean but necessary year of reforms under Prime Minister Mario Monti. He probably won't get that chance -- but he succeeded in at least getting close to the winning Democratic Party. It is worrying that voters didn't punish this jester by ignoring him."

"In the campaign he promised the abolition of the IMU real estate tax and even the repayment of the taxes already paid under it. The failure to punish such nonsense casts a bad light on a country that requires a fundamental political renewal. If you count the results of the Five Star Movement of the rabid Beppe Grillo, who has been preaching wild hatred of the 'freeloaders up there,' then more than half of Italians voted for some form of populist. This amounts to an almost childlike refusal to acknowledge reality."

Center-left **Süddeutsche Zeitung** writes:

"The Italian election has a special lesson for everyone involved in the euro crisis: If you hesitate, you lose; if you hum and haw, you get punished; and half-measures don't count. Italian voters left a simple message at the ballot box: We haven't understood. One can't criticize them for that, they live in a political climate that rewards half-truths and elevates satire to state reason."

"Two comedians stood in the election campaign and were rewarded for their defamatory shouting: Silvio Berlusconi and Beppe Grillo. How could that happen? Because the serious politics in the form of technocrat Prime Minister Mario Monti and the center-left candidate Pier Luigi Bersani hesitated, hummed and hawed and resorted to half-measures."

"Without Monti's pledge of a return to seriousness, Italy as a euro nation wouldn't exist anymore today. But this blunt message hasn't reached Italy. No, it wasn't the austerity-obsessed Germans who forced Italy to tighten its belt. It was the circumstances, the markets, it was the political and economic conditions in the country itself that left Monti with no other option than to tackle reforms and reduce the ludicrously high debt levels."

"Now populism, yelling and lies rule Italy once more. In the Greek election dramas of recent years it was the radicals who profited from the crisis. In Italy it has been the populists. They're radical too in their ways: They deny reality, they pass blame for the misery to enemies outside the country, they witter on about the simple solution to all the problems. Italy won't get a simple solution after this election. It will get a new election at most. And that wouldn't be a blessing either."

Conservative **Frankfurter Allgemeine Zeitung** writes:

"The road from this election result to the formation of a government is difficult in a two-chamber system with fragile parties vulnerable to blackmail by splinter groups. Even if enough support emerges for a center-left alliance, this election is a signal: half the Italians voted for aggressively anti-European platforms. That's an alarming signal that rings out beyond Italy's borders."

Berlin liberal daily **Der Tagesspiegel** writes:

"Italy is ungovernable. But that's only the one side of the Italian drama. The election also shows that Italy remains vulnerable to populist rhetoric. The 25 percent support for the hackneyed outbursts of rage by the antiparty party of comedian Beppe Grillo prove that. As does the 30 percent for Berlusconi. More than one in two Italian voters succumbed to populist temptations. A pretty eerie thought that doesn't bode well for Italy's future. The Berlusconi disease is far from being cured."

*David Crossland*

## Gas Guidelines

# Berlin Agrees on Fracking Regulations

**Chancellor Angela Merkel's government on Monday took an important step toward establishing regulations for fracking, the controversial method of exploiting unconventional gas deposits. A natural gas boom similar to the one in the US seems unlikely.**

Calling it an energy revolution [is an understatement](#). Across the United States, hydraulic fracturing -- or fracking -- has opened up new deposits of shale gas and has dramatically increased the amount of natural gas and oil produced in America. Indeed, there is so much fracking activity in North Dakota that, viewed from space, gas burn-offs make it look as if the sparsely populated region has suddenly become home to a vast megalopolis.

Such a boom, as became clear on Monday, is not in Germany's future. Environment Minister Peter Altmaier, of Chancellor Angela Merkel's conservative Christian Democratic Union, and Economics Minister Philipp Rösler, head of Merkel's junior coalition partner, the business-friendly Free Democratic Party, have reached agreement on far-reaching regulations for the fracking industry. Once the deal becomes law, shale-gas deposits near drinking water aquifers will be prohibited. Furthermore, drilling companies will be forced to fulfil strict environmental regulations. Still, the measures would effectively remove what has widely been seen as a hold on fracking in Germany.

The deal is consistent with assurances issued by Altmaier [after SPIEGEL reported earlier this month](#) that the government was interested in creating clear parameters for the practice. "We want to restrict fracking, we aren't trying to promote it," he told German public radio two weeks ago, adding that he can't imagine that "fracking will be allowed to take place somewhere in Germany in the foreseeable future."

Fracking involves injecting a high-pressure mix of water, chemicals and sand deep into the ground to free up natural gas deposits trapped in rock formations. Little is known about the potential long-term environmental effects of the method, but profits, as the fracking boom in the US has demonstrated in recent years, can be substantial. The result has been an [ideologically loaded debate](#) and a confusing array of regulations that differ on a state-by-state and, sometimes, even a locality-by-locality basis. The White House is currently reviewing regulations for federal lands.

## Decision Expected Before the Elections

Germany's Federal Institute for Geosciences and Natural Resources estimates there is between 0.7 and 2.3 trillion cubic meters of natural gas to be found in the country, enough to cover German demand for up to 13 years. But some 14 percent of those reserves are in areas near aquifers, making them unexploitable under the newly agreed upon rules.

It remains unclear when Merkel's government plans to introduce a fracking law for consideration in parliament, but it seems likely the chancellor will move on the issue [well before elections this autumn](#). Center-left opposition parties have voiced their extreme skepticism of the practice and have used their majority in the Bundestag, Germany's upper legislative chamber, to demand that environmentally suspect chemicals used in fracking be completely banned until their possible negative effects have been exhaustively researched.

Still, a new law could clear the way for limited fracking in Germany. ExxonMobil, together with the German natural gas company Wintershall, is hoping to undertake test drillings as soon as possible. Thus far, however, test drillings have been the extent of hydraulic fracturing activity in the country. And it seems likely to remain that way for some time.



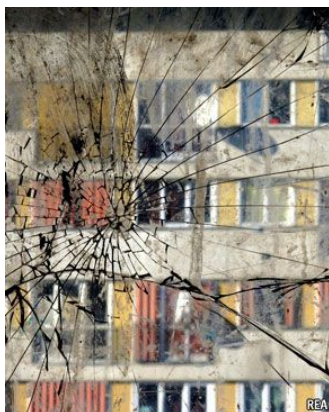
## France's troubled suburbs

### Forgotten in the banlieues

## Young, diverse and unemployed

Feb 23rd 2013 | SEVRAN | [From the print edition](#)

71,65



Shattered view, broken suburb

WHEN the director of a job centre organised a visit to the Louvre for unemployed youngsters, she knew it would be a rare event. Sevrans is one of France's poorest places, north-east of the Paris *périphérique*. The jobless rate is 18%, and over 40% among the young. Yet the director was taken aback by how exceptional the visit proved. Of the 40 locals who made the 32km (20-mile) trip, 15 had never left Sevrans, and 35 had never seen a museum.

Sevrans is one of France's 717 "sensitive urban zones", most of them in the *banlieues*. In such places unemployment is over twice the national rate. More than half the residents are of foreign origin, chiefly Algerian, Moroccan and sub-Saharan African. Three-quarters live in subsidised housing; 36% are below the poverty line, three times the national average.

In 2005, after three weeks of rioting that ended in a government-imposed state of emergency, there was talk of a "Marshall plan" for the *banlieues*. Over €44 billion (\$55 billion) was set aside in a nine-year programme. Tower blocks have been blown up in clouds of dust and replaced with lower-rise buildings lined with freshly planted saplings. Jean-Marc Ayrault, the prime minister, has just visited Clichy-sous-Bois, to the east of Paris, where the riots began, to say "we can no longer accept that areas feel abandoned". He announced another, 27-point plan, but no more cash.

For all the schemes and money, the *banlieues* are a world apart. From 2008 to 2011 the gap widened between unemployment rates in "sensitive urban zones" and in surrounding areas. Schools have a high turnover of often-inexperienced teachers, gaining merit by doing time in the *banlieues*. Job centres are understaffed. The unemployed say their postcode stigmatises them. Drug dealers compete with careers advisers to recruit teenagers. "Here, drug trafficking has always helped circulate money," says Stéphane Gatignon, Sevrans's Green mayor. "It's how people scrape by, despite the crisis."

Last year Mr Gatignon took his troubles to parliament, literally: he planted his tent outside the building to stage a hunger strike meant to extract more subsidies for Sevrans and other places. He got an extra €5m. He is a keen promoter, against the odds, of his town's virtues. He argues that Sevrans's youthful multicultural vitality is its greatest asset, and hopes it can be channelled into entrepreneurship. Qataris are investing in businesses in the *banlieues*, he says, because the French will not. He does not place much hope in grand plans devised by bureaucrats on high.

The sense of isolation in a place like Sevrans is social as much as physical. Too many teenagers grow up with little connection to the world of work. Manuel Valls, the interior minister, who cut his teeth as mayor of the multicultural *banlieue* of Evry, talks of de facto “apartheid” in France. Over 70 different nationalities, and many faiths, crowd into Sevrans; new migrants from Africa’s poorest corners are joined by more recent arrivals from Spain and Italy. Even today in France, according to new research by Yann Algan and colleagues at Sciences-Po university, somebody called Mohamed, Ali or Kamel is four times more likely to be unemployed than somebody named Philippe or Alain.

Sevrans’ disconnection is rich in paradox. The town has good railway links, yet Paris feels a world away. At the dimly lit Sevrans-Beaumont station, where the *halal* butcher and Rotisserie Couscous trade beneath advertising for Vita Malt African bottled drinks, fast trains tear through, carrying travellers from the airport direct to Paris. “We have to wait for the slow trains that stop at the stations in-between,” says a woman from Sevrans who commutes to the airport for work each day. “There’s too much theft here, and they want to keep the tourists away.”

## French business

### Arnaud Montebourg vs "The Grizz"

Feb 21st 2013, 15:16 by S.P. | PARIS

71,67



IT WAS supposed to be the week that Arnaud Montebourg, the French industry minister, put aside hard hats and overalls and transformed the country's business image. On February 19<sup>th</sup>, he held a glitzy evening event to showcase high-tech design and celebrate "those who are inventing the new industrial France". Instead, the next day, he ended up in a transatlantic war of words with an American tyre boss who has accused French industrial workers of being lazy, overpaid and unproductive.

The row began when a letter to Mr Montebourg from Maurice Taylor (pictured above), the American boss of Titan International, a tyre company that had been considering buying a French factory, was leaked to the French press. In it, Mr Taylor, whom the firm's own website helpfully says is known as "The Grizz" for "his tough negotiating style", indeed held nothing back.

"The French workforce gets paid high wages but works only three hours," he wrote: "They have one hour for their breaks and lunch, talk for three and work for three." When he asked unions about this, he wrote, he was told: "That's the French way!" As for the French government's request for talks about his firm taking over the site, he told Mr Montebourg: "How stupid do you think we are?"

The French twittersphere went hyperactive, and the airwaves buzzed with indignation. At the French tyre plant, the local head of **the Confédération Générale du Travail, the country's biggest (communist-backed) trade union, said that the tyre boss belonged in the "psychiatric ward"**. The right was scarcely more indulgent. "Unfair and insulting," declared Claude Guéant, a right-wing politician. "Totally unacceptable," replied Laurence Parisot, the head of the business confederation.

Last night, Mr Montebourg fired back. In an open letter to Mr Taylor, he accused him in return of being "extremist" and "insulting". "May I remind you," he went on, that "the company you run is one twentieth the size of Michelin, our world-class French technological leader, and one-thirty-fifth as profitable." If Titan is serious about importing low-cost tyres to France, he declared, he would make sure his officials monitored every move.

**Behind this row is a certain political undercurrent.** Mr Taylor once ran for the Republican presidential nomination in America, so will doubtless have relished the chance to have a dig at a Socialist French government. For Mr Montebourg's part, he delighted in praising Barack Obama: "I must tell you how much the French government admires the policy put in place by President Obama", he wrote.

**Yet the fact that the dispute has made the French so cross shows how raw a nerve the letter touched. For every measure of hyperbole and gratuitous insult in Mr Taylor's letter there was also a grain of truth.** It is an absurd exaggeration to say that French industrial workers spend only three hours a day doing anything productive. **Yet it is also the case that the 35-hour working week, combined with an entrenched role for unions within companies and intrusive labour rules, gives little flexibility for bosses. Mr Taylor has a point when he says that the French government seldom confronts unions with the awkward truth that it is better to make concessions than to see potential investors flee and factories shut.**

It is unlikely that there will be much domestic political fall-out from the tyre row. François Hollande, the French president, knows very well that Mr Montebourg, for all his talent in provoking rows with foreign industrialists, is more useful to him inside government than out. Last year, the industry minister declared that he did not want Arcelor-Mittal in France any longer, and threatened to nationalise a site that the steelmaker was partially closing. Mr Montebourg was over-ruled, but not fired.

**Yet the damage to France's image may be harder to shake off.** At a time when the country has lost competitiveness to Germany, the economy is sliding into recession, taxes are at a record high, and the government has conceded that it will miss its deficit-reduction target for 2013, genuine concerns about the prospects of turning things around are wide-spread. Clara Gaymard, the French head of GE, an American conglomerate which successfully manufactures high-tech industrial stuff in France, put it well in her response to Mr Taylor's letter. **Yes, she said, "France's image abroad is poor". But "we are both a wonderful country and a very irritating one.**

## Italy: ‘A serious warning to Europe’

26 February 2013

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Presseurop

Süddeutsche Zeitung, De Volkskrant, I Kathimerini & 3 others



Martirena

**The narrow victory of the centre-left coalition in elections on February 24 and 25 has left the country without a clear majority. The European press wonders about the implications of the vote and considers the consequences for Europe.**

The [result of general and senatorial elections](#) amounts to a rejection of the austerity policies of outgoing Prime Minister Mario Monti, who was the major loser. This is the underlying logic of the surge in support for the unashamedly populist comic, Beppe Grillo, and the extraordinary comeback of former PM Silvio Berlusconi, in spite of the fact that many consider the former prime minister to be the main instigator of the crisis affecting the country.

“Populism and the clamour of lies hold sway,” [remarks](#) *Süddeutsche Zeitung*, in the wake of general and senatorial elections in Italy. Without Mario Monti, the major loser in the vote, Italy would never have survived the crisis, points out the Munich daily. The newspaper continues —



The Italian vote should be a lesson to all of the participants in the EU crisis: he who hesitates will lose and he who stammers will be punished, because half measures simply do not count. In casting their ballots, Italian voters sent a very simple message: “we don’t understand a thing.” We should not insult them for this reason, because they have the misfortune to live in a political climate of half-truths, where satire has become a "raison d'état". With Silvio Berlusconi and Beppe Grillo, there were two comics running for office, and both of them have been rewarded for their libellous ranting.

“The electorate has plunged Italy into chaos,” complains *De Volkskrant*, [which argues](#), in the light of Mario Monti’s defeat, that “Europe was the main loser in the elections” —



In Brussels and most European capitals, the hope was that Monti, who took office and saved Italy from financial collapse in 2011, would be able to pursue his policy of reforms by forging a coalition with Pier Luigi Bersani [...] The rise of Silvio Berlusconi and the protest vote accorded to [Beppe] Grillo should be serious cause for concern among European leaders, all the more because the toxic mix of anger over austerity and corruption has also emerged in Spain.

In Athens, *Kathimerini* worries about “the risk of anarchy in Italy”. Almost a year after elections plunged Greece into a political deadlock that could only be resolved by a fresh vote, [the daily examines the parallels](#) between the two countries —



In Greece, the election divided the "indignados" into three groups: those who voted for the radical-left coalition Syriza, which was already present in parliament, those who backed the populist Independent Greeks and those who gave their support to Golden Dawn. In Italy, the entire population fell under the spell of the tragedian's pose adopted by the anti-establishment and non-fascist Grillo, and a much smaller number succumbed to the theatrical gestures of political veteran, Berlusconi. Along with their populist rhetoric, Grillo and Berlusconi have demonstrated a degree of similarity in their opposition to German hegemony and their appeals to national pride.

“It seems that new PM [Pier Luigi] Bersani will have his hands tied by a strong conservative opposition, which will prevent him from continuing reforms begun by Mario Monti,” [writes Rzeczpospolita](#) in Warsaw. For the conservative daily —



Several scenarios may be in the offing. One possibility is fresh elections. However, the problem is that to avoid a repeat of the current situation, the electoral law must be changed. But how can this be done in a split parliament? Can a new parliament be elected for just one bill? Italy is in a trap.

[Le Monde's editorial](#) describes the political deadlock in the wake of the Italian elections as amounting to a “Basta Così!” [Enough is enough!] on the part of Italian voters, a slogan that is not only “worrying for Italy but also alarming for Europe” —



The Italian deadlock is a serious warning to Europe. In a country that has helped cement commitment to Europe since the signing of the Treaty of Rome in 1957, more than half of the electorate gave its support to candidates who based their campaigns on opposition to a “German Europe” (Berlusconi), or a simple ‘no’ to Europe and the constraints imposed by the euro (Grillo). As a result, Brussels, Berlin and Paris will now have to come up with answers to a number of questions: To what extent is it possible to impose austerity policies on a public that is increasingly hostile to them, not just in Italy, but also in Spain, Greece and Portugal? How can this be done without further undermining Europe’s democratic legitimacy? And how can this contradiction be overcome without threatening the future of the European Union? Europe’s leaders can no longer expect to stand back from these issues.

“Europe stumbles over Berlusconi”, headlines [ABC](#) in Madrid, which examines the options for a European Union faced with the “the obstacle of populism”. In the light of the success of former prime minister Berlusconi and Beppe Grillo, Mario Monti’s failure amounts to a failure of the “orthodox reformist agenda in Europe.” It follows that “the EU and the political leaders who were responsible for ‘operation Monti’ will have to think seriously about the reasons for this debacle,” remarks the daily. The newspaper’s columnist Ignacio Camacho also wonders if the success of Beppe Grillo’s Five Star Movement can be replicated elsewhere in Europe, notably in the South, adding —



The strong surge in support [for Grillo] has highlighted a social pathology in the Mediterranean region, which, in the political doldrums of Italy, has found expression in an anti-establishment sentiment. Attempts to imitate him will be facilitated by the plummeting prestige of political elites in countries like Spain.

## Italy: And the winner is... Beppe Grillo

26 February 2013

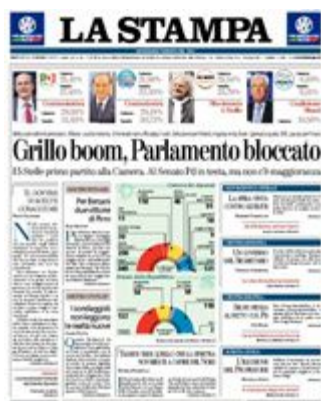
[La Stampa](#) Turin

71,72



By bringing together the many Italians disillusioned by old-style politics, former comedian Beppe Grillo has robbed the coalition of the left, under Pier Luigi Bersani, of what was looking like certain victory. Italy will now have to reckon with a new player who is as indispensable as he is unpredictable.

[Massimo Gramellini](#)



The clear outcome of these elections is that Beppe Grillo has won. And that's an understatement. In a mass uprising at the polls against the elite, at least one in four voters ticked the [box for the bearded comic](#), often without having the courtesy to tell the pollsters, who are also considered part of the elite. Not everything can be reduced to a question of gut feelings, even if the grumbling does come from something more than empty stomachs.

Feelings are running high here, and they are not merely resentments. There is a desperate hope that the parliamentarians of the Five Star Movement [Grillo's party] are different, that they won't be out to line their pockets, and that – most importantly – they will listen, which the others had stopped doing long ago.

It is as if there had come, from a thousand offices, the cries of a thousand solitudes, bound together by computer cables. A virtual emotion that, over time, turned into a protest gathering of individuals who feel misunderstood and shunted into the gloomy shadows of interest groups that have fallen deaf to them: the caste of politicians, journalists, bankers, string-pullers.

Each member of the Grillo community has a history and a different kind of defeat: has lost a job or never found one, or lost confidence in the future, in the state and in the bodies that stand between them, like the political parties and the unions. They do not hate politics, only those who have held onto their job far too long, without having the competence or the moral authority for it.



## Grillo's 'Vaffanculo'

A vacuum of attention gathered around these despairing souls, and Grillo has filled it. At first with a rude *Vaffanculo* [*Up yours*], and then with a series of concrete proposals and a good dose of utopia. He sketched landscapes that everyone could colour as they pleased. In its social composition, his movement is a franchise: in Turin, he has attracted the alternative types who want to bring down capitalism; in Bergamo, the SME owners in trouble with the IRS; in Palermo, the desperate and those who are allergic to all forms of public or private oppression. Where there is a malaise, Grillo has provided a format and a face – his own.

The professional politicians have failed, or may not be able, to offer an alternative. It would have been enough to come up with a dignified self-reform of the system, a few cuts in costs and in the number of parliamentarians, an electoral campaign that spoke not about figures but about the environment, life, the future. Instead, lost in their own world, they reeled off cold figures, discussed Merkel and muttered in baffling metaphors.

Down here on the ground, only an old impresario was left standing, pockets full of free tickets to the world of dreams, and a ham who has studied the Berlusconi mechanism of seduction so well that he has managed to perfect it. Grillo has chosen the language of the spectacle – the only show that, after 20 years of vacuum, the Italians understand.

But he chose to use it to say serious things, helped along by his popularity, his energy and even his flaws. Even the listing of unknown candidates and candidates not altogether representative of the population proved a strong point. If, among the many names of new politicians put forward, the only one that wasn't there was his own, it was also because – unlike the outgoing head of government, the technician Mario Monti and former judge Antonio Ingroia – he had not stuffed the Five Star list with pseudo-personalities, cold technocrats and dusty notables.

## Five Star everyman

Future historians will find everyone among the ranks of Grillo supporters: from the pragmatic dreamer to the perpetual victim. But among the many last-minute voters there is, I believe, a merger of two seemingly opposed frames of mind. On the one hand, the passionate desire to bring down the system in the hope that new leadership may emerge from the ruins of the different castes. On the other, the rational calculation that sending to Parliament a group of outsiders with keen eyesight will help to keep a close eye on the schemers in the halls of power.

And now? The movement of reliable watchmen is so new that it is still a mystery even to those that voted for it. Is Grillo the absolute master of this team, or is he merely the referee who blows the whistle and hands out the red cards? Will the parliamentarians take orders from him, or, as they assure in chorus, strictly from their followers on the Internet, to whom they will submit every proposal, from the make-up of an unlikely coalition to the naming of the next head of state?

The only really stupid question is whether Five Star voters are politically right or left. Grillo did not take votes away from the other parties. He was limited to picking up the ones they dropped. Next time, there may be a lot more of them.

## French Industry Minister Wants Lower Euro And Currency War Entry ASAP: Demands ECB Start Monetizing Debt

Submitted by [Tyler Durden](#) on 02/26/2013 08:41 -0500

71,74

The French industry minister, Arnaud Montebourg, appears to have taken a break from writing [rambling, factless letters](#) to US CEOs who have in the past week openly [snubbed and ridiculed](#) his demands to provide jobs to the French labor unions, and instead has focused his brilliant socialist mind on something far more appropriate of its unique polymathness: currency wars, and specifically demands that the ECB finally "get involved." Why? Because if it has not been made clear in the past month, France now blames its lack of expert competitiveness not on the same issues previously highlighted by Maurice Taylor such as disintegrating work ethic and a complete lack of competitive productivity, but on the soaring EURUSD - the same soaring EURUSD (well, not soaring so much in the past few weeks) which is also crushing German exports, but because it is crushing France even more, both Merkel and Weidmann are delighted to put up with it. As a result, Montebourg will have no more of it.

As Dow Jones reports "Mr. Montebourg said that within the current European treaties the ECB can be more pragmatic and less dogmatic. **It should act more like other major central banks, which Mr. Montebourg said had monetized debt...** There are efforts to be made to bring order to public finances, but thinking that the entire effort should come from taxes and spending cuts is excessive. **We should share part of the effort with the monetization of debt.**" And so a French industry minister, who has already been humiliated once on the international arena in the current month, is about to get his second stern talkdown, this time over what happens when you try to "teach" Merkel and the Bundesbank a lesson. Expect more inbound letters into Arnaud's inbox, which we expect will be even more amusing than those penned by Taylor.

From the [WSJ](#):

France's industry minister Tuesday called for a lower euro and said the European Central Bank's role should be reinterpreted, wading back into a currency debate that had been calmed by an agreement between the world's top finance ministers earlier in the month to refrain from competitive devaluations of their currencies.

**"I am for a less-strong euro,"** Arnaud Montebourg said at a meeting with journalists in Paris, adding that it is "good news" the euro has recently declined against other currencies.

The single currency has fallen around 4.6% against the U.S. dollar since the beginning of February.

"I am very happy, [the decline] should continue," Mr. Montebourg added.

Earlier this year, French officials complained about the euro being too strong and making the country's exports less competitive. In a speech to the EU parliament in early February, French President Francois Hollande said the euro shouldn't be left to fluctuate according to the mood of the markets and warned that a strong euro wipes out efforts to make economies more competitive.

However, later in February, finance ministers and central bankers from the Group of 20 industrial and emerging countries agreed they would refrain from competitive devaluation and would not target exchange rates for competitive purposes. That commitment has reduced the number of comments from European politicians on the euro and the ECB.

Still, the industry minister also said Tuesday the role of the European Central Bank should be reinterpreted. The Frankfurt based institution's primary mandate is to fight inflation, but Mr. Montebourg said that within the current European treaties the ECB can be more pragmatic and less dogmatic. **It should act more like other major central banks, which Mr. Montebourg said had monetized debt.**

"There are efforts to be made to bring order to public finances, but thinking that the entire effort should come from taxes and spending cuts is excessive. **We should share part of the effort with the monetization of debt, which is natural because it is directly linked to the errors of the banking industry which the central bank did not sufficiently monitor in the past,**" Mr. Montebourg said.

Perhaps most importantly, the cracks within the European facade are now appearing, as more and more demand that Draghi throw in the towel and proceed to *enact* the OMT debt monetization, instead of *just talking about it*: something we predicted would happen some time ago, and as we said, all that was needed was a crisis to allow the ECB to go ahead and monetize debt outright now that it is rapidly falling behind the global race to debase, and as the market no longer gives it credit for unlimited "off-balance sheet" liabilities.

Sure enough Italy was just that "crisis" that will not be allowed to go to waste.

February 26, 2013

71,76

## Italian Deadlock Rekindles Anxiety About Euro Zone

By [LIZ ALDERMAN](#) and [JACK EWING](#)

ROME — The political gridlock in Italy revives a question that hasn't been heard lately: Is the euro zone crisis really over?

Judging by the panic that seized financial markets on Monday and carried over into European stock and bond trading on Tuesday, the answer seems to be no.

After months of calm, investors are nervous, and not only because Italy again seems to have become ungovernable after an inconclusive political election. They are also worried because voters in Italy, the euro zone's third-largest economy after Germany and France, soundly repudiated government austerity policies that the region's leaders have long embraced but that have hampered growth in Italy and elsewhere in the euro currency union.

By supporting a protest-vote candidate, the comedian Beppe Grillo, and backing the return of former Prime Minister [Silvio Berlusconi](#), who has vowed to reject austerity, Italians appear to be embracing a return to nationalism, experts say.

Swept aside by the Italian elections was the technocratic government led for the last 13 months by [Mario Monti](#), who has been crucial to an unwritten accord: the European Central Bank promised to help contain the financial contagion that was threatening the euro zone as long as political leaders like him made headway in improving their economies.

The upheaval in Italy means that other euro zone leaders may no longer have a reliable partner in the drive to create a more durable currency union and that Rome's voice in making European policy will be diminished, for now at least.

"This brings back all the political risk issues" that had seemed to fade from the euro zone, said Jacob Funk Kirkegaard, a senior fellow at the Peterson Institute for International Economics in Washington.

On Tuesday, [stocks fell across Europe](#), with the Euro Stoxx 50 index, a barometer of euro zone blue chips, down 3.1 percent. Investors also continued to dump Italian debt, pushing up the yield on the 10-year sovereign bond 40 basis points to almost 4.9 percent. Portuguese, Spanish and Greek bond prices also fell. Perhaps most significant is the role of the European Central Bank in this period of renewed euro zone uncertainty. The bank rode in as a white knight in September by agreeing to buy large amounts of bonds from countries with shaky finances, including Italy, to calm a contagion of fear then sweeping the euro zone. The bank, run by Italy's former central banker, Mario Draghi, vowed to do "whatever it takes" to hold the euro union together.

The issue now, experts say, is that Mr. Draghi's promise was based on an implicit trade-off with euro zone governments. If countries agreed to conditions intended to make their economies perform better, the central bank would buy their bonds to hold down market interest rates.

So far, the bank has not bought any bonds. The mere commitment to do so has been enough to reassure international markets. But Italy's new political turmoil might prompt investors to test the central bank's resolve. If so, many experts doubt that the bond-buying program is workable — for Italy, at least.

“Without a stable government, it will be hard to qualify” for the program, said Lucrezia Reichlin, a former director of research at the bank who is now a professor at the London Business School. “Draghi has to have somebody to talk to.”

[Europe’s debt crisis](#) is not nearly as dire as it once was. Although Italy’s borrowing costs, as measured by its 10-year bond yield, hit a three-month high on Tuesday of nearly 4.9 percent, that is still nowhere near the 6.5 percent danger zone of last summer.

And despite renewed fears of instability, no one is talking about a breakup of the euro zone — as might have happened last year if such political uncertainty had troubled one of Europe’s most crucial economies. A shift in sentiment took hold last autumn after Mr. Draghi and European politicians, led by Chancellor Angela Merkel of Germany, made clear that the euro union was here to stay — no matter what.

But experts said the Italian vote served as a warning shot that a new round of political instability could be coming in the neighboring large economies of Spain and France. Their leaders have also adopted austerity programs to keep the euro [debt crisis](#) from engulfing their economies, despite concerns that the programs are impeding the economic rebound that might help them grow their way out of financial distress.

With Italy sidelined and France and Spain weakened, Germany will very likely be even more dominant in European policy forums. Ms. Merkel may be tempted to talk even tougher with weaker euro zone members. And facing elections herself in the fall, she may be less willing to commit German taxpayer money to holding together the currency union.

“We are going to have six or nine months of Italy being absent, which leaves Germany as dominant as ever,” Mr. Kirkegaard said. For the rest of the year, Germany is the first among equals, he said.

Few experts anticipated the depth of anger displayed by Italian voters over the austerity that Mr. Monti, the technocrat beloved by other European leaders but resented at home for pushing tax increases and spending cuts, represented. The electorate chose two men convicted of crimes — Mr. Berlusconi and Mr. Grillo — over the one Italian leader in whom the rest of Europe had put great faith.

Mr. Monti initially resisted Ms. Merkel’s harsh austerity prescription, warning that it would stifle growth. But he nonetheless pushed a number of measures that reflected the Merkelian view that prudent finances were the fastest way to reduce Italy’s staggering debt and restore its reputation with international investors. In the end, Ms. Merkel’s embrace played a big part in Mr. Monti’s undoing.

“The fact that Merkel was so involved and interested in our elections — her support was very negative for Monti’s fate,” said Tito Boeri, an economist at Bocconi University. “There is no doubt that in the Italian campaigns and vote there was a clear message against Europe.”

Since the euro zone crisis began in 2010, European voters have generally shown remarkable forbearance in the face of recession, soaring unemployment, tax increases and cutbacks in government services. Ireland, Spain, the Netherlands, Greece and, last week, Cyprus chose centrist governments that offered the best chance of staying in the euro zone.

Italy may just be being Italy. But this latest vote may be a sign that Europeans are reaching the limit of their patience. Experts said the developments here served as a warning that a new round of economically driven political turmoil could confront the Spanish prime minister, Mariano Rajoy, and France’s president, François Hollande. Both have grudgingly adopted austerity to keep the euro crisis at bay, despite recessions and rising unemployment.

Italy, for its part, is mired in a recession that so far has lasted a year and a half. The economy is expected to contract further before improving — largely, many Italians say, because of a host of tax increases and spending cuts that Mr. Monti put in place.

And like other countries, Italy is finding that austerity is making it harder, rather than easier, to stoke the growth needed to reduce the mountain of debt that set off the euro zone's crisis in the first place. Its gross debt is expected to peak above 128 percent of gross domestic product this year — the highest level in the euro zone after Greece, and up from 126 percent last year.

With these latest developments, analysts say, market pressures could nevertheless return to Italy and other euro zone countries, even if not with the make-or-break urgency that characterized the euro crisis just a few months earlier.

“It will be more like strangling someone in a slower way,” said Federico Fubini, an economics columnist at the *Corriere della Sera* newspaper. “It will not be immediate and dramatic, but the pressure will be unsustainable and unrelenting.”

Liz Alderman reported from Rome, and Jack Ewing from Frankfurt.

## France's Firebreak Weakens

Author: [Marc Chandler](#) · February 26th, 2013 · [Comments \(0\)](#) Share This Print 34 0

71,79

France had pinned its hope that threat to EMU would be turned back before the wolf came to its door. The Italian political tensions come at the poor time for France. Its ability to absorb shocks is terribly constrained.

Recall what has happened in recent days. Q4 GDP showed a larger contraction than expected. The flash PMI showed the contraction is carrying into 2013 (though not for Germany). The EU's updated forecasts released last week shows France significantly overshooting the 3% deficit target this year.

**A confrontation over its budget is looming.** Do not be misled by German Finance Minister Schaeuble's recent comments. Many in the media read Schaeuble's comments as defense of France, saying it will not flout the rules. He wants to prevent a German-French confrontation. He wants the EU to rule on what this means for the stability and growth pact.

**German representatives on the European Central Bank—Asumussen and Weidmann were more directly confrontational. They argued that it is important for the credibility of EMU that France sticks to the EU-mandated deficit targets. Separately, Austria and Finland are also insisting that France make a greater effort.** For their part, French officials have intimated that they will request an extra year to meet the target as EU Commissioner Rehn has suggested may be possible on a case-by-case basis.

French bonds have advanced today, but both the 2-year and 10-year yields have declined the least EMU the core EMU bond markets. Still, the pressure is modest. The 11 bp spread between German and French 2-year notes is the widest of the year, but still well below levels since in Q4 12. The correlation between the two on the basis of levels is still a high 0.97.

The 10-year interest rate differential is just above 72 bp, also the highest for the year and is actually back to levels since last November. The correlation is also high near 0.96.

**Nevertheless, the divergence between German and French interests appear to be growing.** This is clearly evident in the fx space, where France presses for a weaker euro, while Germany is nonplus. French Industry Minister Montebourg is calling on the ECB to fight back in the "currency wars". He calls on the ECB to be less dogmatic and more pragmatic. Yet from the SMP, to the OMT, the ECB has shown itself to be very pragmatic. Arguably, French insistence that the strong euro is the main obstacle to its exports is dogma.

**French President Hollande has also taken on the ECB. A few weeks ago, he told the European parliament that the euro shouldn't be determined by the markets. Clearly he was rebuffed by the G7 and G20 statements (as much as Japan was). However, it does illustrate that France is singing from a different song book.**

- See more at: <http://www.economonitor.com/blog/2013/02/frances-firebreak-weakens/#sthash.93SeW75c.dpuf>

## Italy Votes for Chaos and the Euro Crisis Is Back

By [Megan Greene](#) Feb 26, 2013 4:23 PM GMT+0100

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[Italy](#)'s parliamentary election could not have gone worse for the country or the euro area.

It is now possible that in the coming months the currency zone's third-largest economy will need a bailout from international creditors, at a time when Italy will have no government in place to ask for, or negotiate, a rescue. In case you had any doubts, the euro-area crisis is back.



### [About Megan Greene»](#)

Megan Greene is the chief economist at Maverick Intelligence, which advises governments and companies on political, ... [MORE](#)

As has so often been the case in Italy, the political gridlock has come in the Senate. Neither Pier Luigi Bersani's center-left coalition, nor the center-right led by [Silvio Berlusconi](#) managed to win a majority, in a political system where a government needs the support of both houses in order to get anything done.

Even more worrisome, Beppe Grillo's Five Star Movement, which has called for a referendum on whether Italy should keep the euro, has emerged as a major political force with a quarter of the vote.

Most observers had expected a partnership between Bersani's [Democratic Party](#) -- which scraped a win in the lower house -- and Prime Minister [Mario Monti](#)'s centrists to get a majority in the Senate. But Monti scored just 10.6 percent of the vote, while Berlusconi and Grillo did better than expected in regions that are key to winning the Senate.

### Long Road

Italy now has a long road to travel before it can put together a government able to pursue the painful changes to the economy that the markets and the European Central Bank demand. Financial markets hadn't priced in such an inconclusive result, and the selloff of Italian assets that it triggered this week will probably continue, pushing up the country's borrowing costs.

The bottom line is that Italy will almost certainly have to hold a second election; the only real question is when. In the meantime, there are four central scenarios for attempts to form a government.

The first would be for Bersani and Monti to create a minority coalition in the Senate, with Berlusconi offering his support in exchange for certain measures to be passed. This kind of horse trading would be unstable, and we could expect Berlusconi to withdraw his backing at the first hint that he wasn't getting his way. "Il Cavaliere" (the Knight), as Berlusconi is known, has a long track record -- it was he who forced early elections.

A second possibility is that the center-left and center-right could form a grand coalition. The difficulty here is that Berlusconi's and Bersani's partner on the left, Left Ecology Freedom party leader Nichi Vendola, has already ruled this out. The third option is a coalition between Berlusconi and Grillo in the Senate, the least likely outcome of all, given Grillo's disdain for his fellow comedian.



The final possibility is for Grillo to join forces with Bersani and Monti. The Five Star Movement leader has insisted throughout the election campaign that he would not partner with other parties, and may stick to this line to maintain his anti-establishment credentials. Even if Grillo changes his mind, it seems unlikely that he will sit quietly on the sidelines while Bersani and Monti pursue a policy of structural reform and austerity. So this arrangement would also be unstable.

## Quick Collapse

What all of these potential governments have in common is that it would be politically impossible for them to implement the kinds of changes to Italy's spending, labor and product markets that the bond markets, the ECB and potential creditors, such as [Germany](#) and the [International Monetary Fund](#), would want to see. We could expect any of these arrangements to collapse quickly.

Nevertheless, a parliament will have to be formed, because in Italy, the president of the republic holds the power to call a vote, and President Giorgio Napolitano is near the end of his term. So before new elections can be held, parliament must choose a new president to call them.

The new parliament will probably also want to pass an electoral law, which should be reasonably easy to do, if the center-left, the centrists and Grillo can form a temporary coalition. All three groups are in favor of reducing the number of provinces and members of parliament, as a way of lowering the cost of politics. Any other political permutation would see protracted wrangling over an electoral law.

Electing a president, passing an electoral law, holding a new election and forming a new government will take time. In the interim, investors will be concerned that Italy may be unable to repay its loans. Italy has the world's third-largest debt pile, at \$2.16 trillion and [126 percent](#) of gross domestic product, with 273 billion euros (\$356 billion) due for repayment this year. Voters not only failed to bring to power a government that can implement the reforms necessary to stabilize Italy's mountain of debt, but roughly half of them cast a ballot for anti-austerity parties (Berlusconi's center-right coalition and Grillo's Five Star Movement). Italy clearly suffers from an advanced case of austerity fatigue.

Worst of all, the country could be shut out of debt markets at a time when it cannot make use of the support mechanisms that exist for such an occasion. If investors decide that buying Italian debt is not worth the risk and Italy loses [market access](#), the government could normally request support from the [European Stability Mechanism](#) -- the European Union's bailout fund -- and the ECB's [Outright Monetary Transactions](#) bond-buying program.

## No Access

**In order to use these mechanisms, the Italian government would have to agree to a series of structural reforms and fiscal targets that are stricter than those the country has been pursuing. If the government in place cannot make progress on the latter, it can't credibly sign up to the former. No conditionality means no access to [Europe's](#) bailout fund and no ECB bond purchases. Without access to the markets or to these support mechanisms, Italy could face a default.**

The euro area has shown itself adept at crafting last-minute solutions when pushed to the brink, so that could happen again. But, by nature, this will be an extremely unsettling time for a currency area whose collective economy is already under severe strain.

These are significant risks before a second ballot takes place. There is also a chance that a second election might deliver a majority to Berlusconi or -- even worse -- to Grillo. It is too early to guess what the results of a second election might be, or who would even run in them. What is clear is that Italy and the euro area are in for some rough months ahead.

Nach Wahl-Patt

## EZB verlangt Reformen von Italien

27.02.2013 · Hilft die EZB Italien, solange das Land keine Regierung hat? Chefvolkswirt Peter Praet ist solchen Spekulationen entgegengetreten. Die EZB kaufe nur dann Anleihen, wenn es ein Sparprogramm gebe.

Von [Stefan Ruhkamp](#)

71,82



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EZB-Chefvolkswirt Peter Praet hat Länder aufgezählt, die Fortschritte machen. Italien war nicht dabei.

Die Europäische Zentralbank hat die Notwendigkeit von Strukturreformen in Italien betont und zugleich bekräftigt, dass es keine Interventionen auf dem Anleihemarkt geben werde ohne ein vom Europäischen Stabilisierungsfonds ESM überwachtes Anpassungsprogramm. „Das Anleihekaufprogramm OMT wird nur aktiviert, wenn das davon begünstigte Land sich den strikten Bedingungen eines Programms unterworfen hat“, sagte EZB-Direktor Peter Praet am Mittwoch

Auf den Kapitalmärkten wird dennoch darüber spekuliert, ob die EZB im Notfall zum Eingreifen bereit wäre, [so lange Italien keine handlungsfähige Regierung hat](#), die um Hilfe ersuchen und sich Bedingungen unterwerfen kann. Praets Äußerungen dämpften solche Spekulationen. Zudem sagte der Chefvolkswirt der EZB, je länger die lockere Geldpolitik andauere, desto mehr verliere sie an Wirkung. „Je länger wir unsere sehr wachstumsfördernde Geldpolitik fortführen, desto deutlicher werden wir erleben, dass ihre Wirksamkeit abnimmt. Es wird sich zeigen, dass wir immer größere Dosen dieser Politik verabreichen müssen und dabei einen immer geringeren makroökonomischen Nutzen erzielen.“

Es gebe einige Anzeichen, dass die wirtschaftliche Anpassung in den Krisenländern voranschreite, sagte Praet. Er führte dabei Irland, Spanien, Portugal und Griechenland auf und erwähnte Italien nicht. Strukturreformen seien die richtige Antwort auf die Krise. Wenn es ein klares Bekenntnis dazu gebe, könne man in Bezug auf die Fiskalpolitik etwas entspannter sein.

Auch EZB-Direktoriumsmitglied Yves Mersch warnte vor Gefahren durch eine Überdosierung der Krisenpolitik. In der Krise seien verstärkt Notfall-Liquiditätshilfen der nationalen Zentralbanken (ELA) zugelassen worden. Zwar handelten diese auf „eigene Rechnung und eigenes Risiko“, „aber es werden geldpolitische Spannungen zwischen nationaler und europäischer Ebene aufgebaut, die nicht von Dauer sein sollten“, sagte Mersch. Eine renationalisierte geldpolitische Architektur sei nicht zielführend.

## Czech politics

### The Sudeten German question

Feb 27th 2013, 11:23 by B.C. | PRAGUE

71,83



<http://www.economist.com/blogs/easternapproaches/2013/02/czech-politics-0>

AN apology it was not, but speaking in the Bavarian Parliament on February 21st, Petr Nečas (pictured above), the Czech prime minister, took a step toward soothing persisting anger related to the forcible deportation of millions of ethnic Germans from his country after the second world war. What seems like history is still very much of the present.

"The Czech side regrets that, by the forcible expulsion and forced resettlement of Sudeten Germans from the former Czechoslovakia after the war, as well as by the expropriation and deprivation of citizenship, much suffering and injustice was inflicted upon innocent people, also in view of the fact that guilt was attributed collectively," Mr Nečas said.

Czechoslovakia was carved out of portions of the Austro-Hungarian Empire following its demise after the first world war. The new country encompassed Germans, Czechs, Austrians, Slovaks, Hungarians, Poles and other groups. After the second world war, Germans collectively were blamed for the lengthy and brutal Nazi occupation. Under the infamous Beneš Decrees, which remain law today, nearly 2.5m Germans, most of whom lived in the Sudetenland in the north west of the country, were stripped of their Czechoslovak citizenship and property and faced forcible deportation. Up to [19,000](#) are estimated to have died in the process, with some 6,000 suffering a violent death.

This is not the first time a Czech leader has expressed such regret. Mr Nečas's line derives from a 1997 declaration signed by Helmut Kohl, the then German chancellor and Václav Klaus, then Czech prime minister. Still, the symbolic setting and the regret expressed is certainly notable. Mr Nečas received a standing ovation. "We did not expect it. We must also take the internal political situation in the Czech Republic, which is not easy after the recent presidential campaign, into consideration. My expectations have been highly exceeded," said Horst Seehofer, the Bavarian prime minister.

Miloš Zeman, the Czech president elect who will take office in a matter of days, stirred nationalist sentiments to win elections earlier this year. Mr Klaus, the current president, has long been reticent to go any further on the issue than the 1997 declaration. He demanded an exemption for the Czech Republic from the Fundamental Rights Charter of the European Union's Lisbon Treaty, before reluctantly signing the document in 2009. Mr Klaus had argued that the charter could open the Czech Republic to restitution claims from aggrieved Germans. The opt-out provision has yet to be officially ratified. It was originally meant to be included as part of a vote on Croatian accession, but has since been separated so as to not hold Croatian membership hostage to domestic debate over the opt-out, which is opposed by the Social Democrats, parliament's largest single party, among others.

Mr Klaus's office was also one of the first [to condemn](#) the speech, as one of the president's deputies said the speech "is a basis for which, combined with the Lisbon Treaty and the treacherously non-ratified Klaus opt-out,

makes the door wide open for property claims raised by deported Germans." The chairman of the Communist Party, which commands some 15% public support, said the speech was emblematic of a "subservient attitude." For his part, Mr Nečas sought to address the restitution issue, noting that while "searching for a joint interpretation of history brings a moral satisfaction, the pre-war ownership [arrangements] cannot be revived".

It is unlikely William Faulkner had Central Europe in mind when he wrote "The past is never dead. It's not even past." But the maxim is very apposite in the Czech Republic today.

## The euro crisis

### Far from over

Feb 26th 2013, 15:43 by R.A. | WASHINGTON

71,85

PAUL KRUGMAN [quips](#):

This is the way the euro ends: not with the banks but with bunga-bunga.

As he says, the market gyrations spurred by Italy's [discomfiting election](#) are not a sign of the single currency's imminent demise, but they are a clear warning that Europe's crisis is anything but over.

There are quite simply too many ways for things to go wrong and so few ways for things to go right. An exit from recession remains elusive—unsurprisingly, given the continent wide commitment to budget cuts and too-tight monetary policy. And recession is exerting consistent and intense pressure on governments across many different countries. For the crisis to remain in check, political systems in every country must withstand that pressure. Because when they don't, there are spillover effects; Italy's mess is generating a rise in Spanish bond yields.

Today's market jitters are the creaks and groans of a shaky euro-zone infrastructure straining under the heavy weight of macroeconomic weakness. Ideally, Europe's leaders would work to shore up that infrastructure and lessen the economic load. Instead, they seem determined to make us all wait and watch, to see if the flimsy structure will stand or collapse. Maybe it will stand. But it only takes the failure of one little strut to bring the whole thing down. And there are so many little struts.

02/27/2013 11:35 AM

## Stalling for Time

# Greek Reform Effort Slows to a Crawl

By Georgios Christidis in Thessaloniki

71,86

**The troika is back in Athens this week and with all eyes on Italy, Greece feels it has little to fear. But important reforms have stalled and the government's belt-tightening efforts seem paralyzed. Politicians are playing for time and hoping for fresh money.**

The troika mission has returned to Greece, but this time things are different. No front page headlines are warning about new painful demands made by Greece's international creditors, no government officials are pleading for unity in the three-party coalition in support of unpopular measures. And there is no overhanging fear of a long drawn-out process of evaluation, full of innuendos about a catastrophic default or euro-zone exit.

For the moment, Europe is watching developments in Italy. Following the election debacle there, concerns have reawakened that the euro crisis might return. The Greek government, on the other hand, is confident that the inspection started on Monday by the troika -- comprised of officials from the European Central Bank (ECB), the European Union and the International Monetary Fund (IMF) -- will be over by March 10 and will approve the release of the next two tranches of bailout aid -- €2.8 billion in March and a further €6 billion in April. No one seems to fear a repetition of the drama of the previous troika inspection, which lasted a full five months.

On the contrary, the government in Athens is going on the offensive this time, presenting its own list of demands. The Greek government is determined to push lenders to agree on a list of concessions it hopes will help to alleviate the crisis. They include a lower VAT, or sales tax, for restaurants, the allocation of EU funds to combat unemployment and a new law aimed at making life easier for indebted households.

## Reforms Lose Traction

But such complacency seems unfounded given the situation on the ground. The Greek economy remains mired in recession, and is expected to contract by another 4.5 percent of gross domestic product in 2013. The latest statistics show that 27 percent of Greeks are unemployed, and among those under the age of 24, that figure is 62 percent. Many are already fearful of the "Bulgarian syndrome," a reference to the street violence and anti-austerity protests that have shaken the government in Greece's northern neighbor.

Furthermore, it has become increasingly clear that the government in Athens is failing to implement promised reforms:

- On the privatization front, Greece is supposed to generate €2.5 billion in proceeds by the end of 2013. To meet this goal, the government plans to sell the state gambling monopoly OPAP and Greece's natural gas assets before the summer. Yet given the dismal track record, optimism is misplaced. Total revenues so far for all of Greece's previous privatizations have been a meagre €2 billion, making the 2020 revenue target of €25 billion look increasingly unattainable.
- Even the sale of those companies that have been dubbed the "crown jewels" of publicly owned enterprises and have attracted a lot of interest from foreign investors, is full of pitfalls. OPAP is considered a cash cow, and many are wondering why the government should sell one of the few companies it has that is actually making money. Furthermore, betting giants StanleyBet, SportingBet and William Hill are seeking to contest what they view as an OPAP monopoly at the Hellenic Council of State, the country's highest administrative court. It is still

unclear whether the court will take on the case. Pending a decision, investors might be unwilling to participate in the sale or significantly lower their offers.

- Different but equally serious are the problems at state gas company DEPA and its subsidiary DESFA. Russian gas giant Gazprom and Sintez are among the bidders and they have awoken the resistance of the EU as well as the United States, which want to keep Moscow away from valuable energy resources in Europe.
- Nor is much progress being made in the matter of slimming down the public sector. Under the provisions of the bailout program, the public sector is to shrink by 25,000 employees by the end of the year, half of them by June. So far, only 2,000 employees have been put on reserve (meaning they will receive 75 percent of their income for a year and are to be dismissed if they aren't moved to another post within the public sector by the end of a 12-month period). Courts have frequently been overturning decisions made under this provision and the latest data shows that more than half of those employees put on reserve have already returned to their old posts. Greek media reports indicate that of the 500 municipal workers put on reserve, a full 300 have won their jobs back by court order or interim measures.

So how can this new Greek complacency be explained? Prime Minister Antonis Samaras believes that if the government manages to remain on top of things by June, then Greece will be out of the woods. Talking with members of parliament over lunch last week, Samaras said: "If we hold on tight and make it to the summer, in September we will liftoff." A record number of tourists are expected in Greece this year and Samaras is calculating that a good summer season will boost the economy. At the same time, politicians in Athens are impatiently counting the number of days until German federal elections in September. Expectations are running high that a newly formed German government might agree to a second debt haircut that would [impose losses](#) on euro-zone governments and make Greece's explosive debt viable.

Still, Samaras is very aware that a lot can happen in six months. He wants to preserve the good faith his government seems to be enjoying in Europe at the moment and deal with the maladministration in his government. Greek government representatives have already stated that the troika is expected to demand immediate dismissals if the bailout provisions for reducing the size of the public sector aren't met. Athens continues to insist that the reduction can be achieved via retirements and the firing of corrupt public officials.

Still, Samaras appears to be losing his patience as well. He has publicly expressed his frustration over delays in reforms, and a cabinet reshuffle appears to be imminent. Samaras is expected to sack ministers who have proven unable, unwilling, or both, to implement the terms of the bailout. The cabinet reshuffle is expected in early March.

## Déficit, chômage : l'épreuve de vérité de M. Hollande

LE MONDE | 27.02.2013 à 11h35 • Mis à jour le 27.02.2013 à 19h10 Par Éditorial du "Monde"

71,88



C'était il y a un an. La brochure présentant le projet du candidat [François Hollande](#) s'ouvrait sur ces quelques phrases : "Au quotidien, la crise se fait durement [sentir](#). Notre pays est confronté à un chômage record et s'enfonce dans la récession autant que dans l'austérité. (...) Mon [devoir](#) est de [permettre](#) le changement. Un vrai changement. Je suis candidat pour [redonner](#) confiance aux Français et [faire](#) redémarrer le progrès."

**Le constat reste d'une brûlante actualité : crise, chômage record, récession (ou presque), austérité pèsent plus que jamais. La différence, c'est que M. Hollande est président depuis dix mois. Et que la promesse s'est envolée : redressement, confiance, progrès, ne sont pas au rendez-[vous](#), et le doute gagne jusqu'au camp du président.**

**Lire (en édition abonnés) : [Les parlementaires PS inquiets et désemparés face à la crise](#)**

Comment pourrait-il en être autrement ? Le chef de l'Etat avait fixé deux objectifs décisifs : [accentuer](#) l'effort d'assainissement de nos [finances](#) en ramenant le déficit public à 3 % du produit intérieur en 2013 ; [inverser](#), d'ici à la fin de l'année, la courbe du chômage, sans cesse ascendante depuis bientôt deux ans. Le message au pays était rude, mais clair : les efforts douloureux de 2013 (purge fiscale et austérité budgétaire) permettront de [sortir](#) du tunnel en 2014.

La réalité s'est chargée de démentir sèchement ce scénario encourageant. Au mieux, la croissance sera nulle cette année comme l'an passé, la crue dévastatrice du chômage ne sera pas enrayerée, les déficits resteront très supérieurs à la borne fixée et, pour [reprendre](#) les mots déjà cités, le pays "s'enfonce dans l'austérité". Pour encore deux ans, selon toute vraisemblance.

Le président doit s'en [expliquer](#) et, sauf à [admettre](#) sa propre impuissance, [tracer](#) le chemin permettant de [sortir](#) de l'impasse. On peut [comprendre](#) ses prudences : les Français sont fragilisés et anxieux, la gauche rétive à la [politique](#) menée, la droite sans pitié, la conjoncture exécrationnelle, l'[Europe](#) et les marchés vigilants, la marge de manoeuvre plus qu'étroite.

**[Les promesses s'éloignent, le doute s'installe](#) (édition abonnés)**

L'heure n'est plus à [finasser](#), à [chercher](#) à [rassurer](#) à tout prix, à [gagner](#) du temps en escomptant une reprise de l'économie européenne que rien n'indique pour l'instant. L'heure n'est plus aux habiletés tactiques. L'épreuve que traverse le pays suppose une large mobilisation. Celle-ci n'est pas concevable sans une stratégie plus vigoureuse, sans une pédagogie plus courageuse de la crise. La confiance est à ce prix. Pour le pays, comme pour le président de la République, c'est une épreuve de vérité.



## "La colère italienne est une colère européenne"

Le Monde.fr | 26.02.2013 à 15h17 • Mis à jour le 27.02.2013 à 16h53 Par Vivien Pertusot, Ifri; Marc Lazar, CERI; Guillaume Klossa, EuropaNova; Beatrice Biagini et Enrico Sama, Parti démocrate italien - Fondation Jean-Jaurès 71,89

L'[Italie](#) est entrée dans une crise [politique](#) à l'issue des élections générales des 24 et 25 février. Avec une Chambre des députés à gauche et un Sénat sans majorité, la troisième puissance économique européenne est plongée [dans une impasse](#) qui la rend [ingouvernable](#) et dont les effets se font déjà [sentir sur les marchés](#).

Ces élections, marquées par le rejet de la classe politique, la colère contre l'austérité et la défiance à l'égard de l'[Europe](#), sont-elles révélatrices d'une particularité politique et sociale de la Péninsule ? Ou, au contraire, ses voisins européens doivent-il s'en inquiéter ? Des chercheurs et des membres du Parti démocrate italien donnent leurs [points de vue](#) au Monde.fr.

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*"La colère italienne est une colère européenne", par [Vivien Pertusot](#), responsable du bureau de l'[Institut français des relations internationales](#) à Bruxelles.*

Ce n'est plus que la [crise de l'euro](#), c'est désormais aussi la crise de l'austérité. L'éruption de Beppe Grillo en Italie en serait la preuve ultime. En fait, le problème n'est pas l'austérité, mais plutôt le manque de visibilité des mesures imposées et, au-delà, la question d'une vision européenne pour [sortir](#) de la crise. Cela laisse un espace béant aux populistes.

La crise est européenne et de plus en plus, ce sont les colères qui s'europanisent. La Commission européenne vient d'[annoncer](#) des prévisions en baisse pour la zone euro en 2013, avec un recul de 0,3 % du PIB. Elle pourra [maquiller](#) un tableau noir de taches blanches d'espoir, il ne faut pas se [tromper](#) : la torpeur des économies européennes n'est pas finie. A force de prôner des solutions européennes qui tardent à se concrétiser, ce sont les colères qui traversent les frontières. En novembre 2012, une grève européenne a touché plusieurs pays, dont l'Italie, l'[Espagne](#), le [Portugal](#), la [Grèce](#) et, dans une moindre mesure, la France.

Le résultat des élections italiennes n'est pas le premier – et probablement pas le dernier – cri d'alarme, il en est peut-être le plus puissant ; la Grèce avait connu son lot de rhétorique anti-européenne au printemps dernier. [Surfer](#) à contre-courant de l'[Union européenne](#) paie.

Malheureusement, ce sont les partis souvent populistes et de fait les plus critiques à l'encontre de l'Union européenne (UE) qui en profitent. Il n'y a donc rien de surprenant que l'[Eurobaromètre](#), sondage européen, indique les avis négatifs sur l'Union (29 % à l'automne 2012) à un petit point des avis positifs.

## L'EUROPE ASSOCIÉE À LA CRISE

Les mesures imposées par le haut souffrent de visibilité. [Imposer](#) l'austérité peut [prendre](#) tout son sens au niveau macro-économique afin de rétablir certains déséquilibres que la crise a accentués, mais, les premiers touchés sur le court terme sont les citoyens et le bout du tunnel semble encore loin.

Et l'Europe ? Elle est associée à la crise, parce que les élus nationaux ont martelé qu'il fallait "*plus d'Europe*". Les Européens semblent se [retrouver](#) dans ce message. Les deux points de rupture sont ailleurs. Le premier est immédiat : cela fait trois ans que l'UE devrait être la solution, mais plus ça change, plus c'est pareil. Le deuxième est plus lourd de conséquences à terme : pourquoi faut-il vraiment "*plus d'Europe*" ? Que veut-on [faire](#) de cette Europe ? Le projet européen avance dans le noir et cela devient de moins en moins accepté et acceptable. L'Italie le rappelle de manière retentissante.

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**"Un changement de stratégie à Bruxelles est urgent"**, par [Beatrice Biagini](#), secrétaire du Parti démocrate Paris, présidente de l'assemblée du Parti démocrate à l'étranger, et [Enrico Sama](#), membre du Parti démocrate en Italie, auteurs de [Elections italiennes : sprint final](#) (Fondation Jean-Jaurès, février 2013).

Le résultat des élections italiennes confirme une tendance qui s'est déjà révélée dans d'autres Etats membres de l'Union européenne, comme la Grèce et l'Espagne, eux aussi durement touchés par la crise économique et les scandales politiques.

Ces élections témoignent du désaveu des Italiens à l'égard de la politique – le taux de participation a été de 75 % (- 8 % par rapport à 2008) – et plus particulièrement à l'égard des partis traditionnels. Le Peuple de la Liberté, le parti de [Silvio Berlusconi](#) qui avait remporté les élections en 2008, a perdu plus de six millions de voix (- 46 %). Même le Parti démocrate (PD), le parti de [Pier Luigi Bersani](#), perd environ 3,5 millions de voix (- 28,4 %). Il est clair que les électeurs italiens ont sanctionné le soutien de ces partis au gouvernement de [Mario Monti](#) et à ses politiques d'austérité. Même la Ligue du Nord, affectée par des scandales politiques, perd 50 % des voix par rapport à 2008, en dépit de son opposition au gouvernement Monti et à "l'Europe technocratique".

Le vrai gagnant est [Beppe Grillo](#), leader du Mouvement cinq étoiles, qui obtient huit millions de voix, devenant ainsi le premier parti italien avec 25,6 %. Ses critiques adressées à la classe politique, à l'Europe ainsi qu'à la monnaie unique ont recueilli un large consensus parmi les jeunes qui, en Italie, sont fortement touchés par le chômage. Un chômage qui les affecte à hauteur de 37,1 %, selon les [statistiques ISTAT de novembre 2012](#), plaçant les jeunes Italiens à la quatrième place en Europe, derrière la Grèce (57,6 %), l'Espagne (56,5 %) et le Portugal (38,7 %).

## LES MOUVEMENTS EUROSCEPTIQUES SE MULTIPLIENT

Selon l'[Eurobaromètre de l'automne 2012](#), les trois problèmes les plus importants pour les Italiens sont le chômage (51 %), la situation économique (45 %) et les [impôts](#) (28 %).

En Italie comme dans le reste de l'Europe, les mouvements eurosceptiques et critiques à l'égard des politiques d'austérité se multiplient. En [Autriche](#), la liste Stronach – mouvance eurosceptique – est gratifiée de 10 % des intentions de vote ; le FPÖ – ancien parti du leader d'extrême droite Jorg Haider – en recueille 20 %. En [Slovénie](#), le 8 février dernier, une foule de manifestants venus [protester](#) contre les politiques économiques du gouvernement de [centre-](#) droit et la corruption généralisée a envahi les rues de Ljubljana.

Les élections européennes de 2014 risquent de [confirmer](#), voire d'[aggraver](#), la montée en puissance de ces mouvements. Traditionnellement caractérisées par de forts taux d'abstention, elles peuvent se [transformer](#) en échec cuisant pour les partis traditionnels et pro-européens. Pour éviter un tel scénario, dangereux pour le futur de l'Europe, un changement de stratégie à Bruxelles est urgent.

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**"L'Italie n'est pas une anomalie"**, par [Marc Lazar](#), professeur des universités à [Sciences Po](#), professeur à la SOG-Luiss (Rome), et chercheur associé au [CERI](#)

Le résultat des élections italiennes constitue un tremblement de terre qui ne secoue pas la seule péninsule mais bien l'Europe entière. En effet, ce scrutin a été plombé par la combinaison de trois fortes crises.

Une crise sociale provoquée par la rude thérapie du gouvernement Monti qui a certes assaini les [finances](#) publiques et redonné une crédibilité internationale à l'Italie mais a provoqué une récession, laquelle a entraîné une hausse du chômage, un creusement des inégalités de toutes sortes – sociales, de genre, générationnelles, territoriales et entre Italiens et immigrés –, et un accroissement notable de la pauvreté.

Une crise politique de longue durée, près de vingt ans désormais, mais qui n'a fait que s'[accentuer](#) avec la multiplication des affaires de corruption et un rejet croissant de la classe dirigeante.

Enfin, et c'est à l'évidence la grande nouveauté de cette campagne, une crise de confiance envers l'Europe, puisque celle-ci constitue désormais un vrai clivage politique avec des acteurs politiques, Silvio Berlusconi, Beppe Grillo, [Roberto Maroni](#) de la [Ligue Nord](#) et [Antonio Ingroia](#), représentant de la gauche de la gauche, qui l'ont sans cesse fustigée, cependant que Mario Monti et Pier Luigi Bersani se sont retrouvés sur la défensive.

## MESURER LA GRAVITÉ DE LA SITUATION

Or, l'Italie n'est nullement une anomalie et ce qui se passe de l'autre côté des Alpes ne relève pas d'une sorte d'exotisme méditerranéen. Certes, le pays a de nombreuses particularités politiques, économiques, sociales et culturelles. Mais dans presque tous les pays européens, les citoyens se saisissent des élections pour présenter la facture à leurs gouvernements qui leur imposent une politique d'austérité et de rigueur.

Partout, s'exprime un sentiment "anti-politique" qui, d'un côté, se traduit par une défiance à l'égard des institutions et un rejet des élites qu'aiguisent les formations dites populistes, mais qui, de l'autre, traduit une exigence de [construire](#) une autre démocratie, plus honnête et transparente.

Enfin, partout, l'Europe est désormais critiquée et remise en cause, pour ses choix économiques, du fait de son déficit de démocratie, enfin, car elle s'avère dénuée de grands projets et de mythes mobilisateurs. Si les responsables politiques ne prennent pas la mesure de la gravité de la situation présente, les lendemains seront difficiles, pour ne pas [dire](#) catastrophiques. Telle est la grande leçon européenne du vote italien.

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*"Un coup de tonnerre en Europe", par Guillaume Klossa, président d'[EuropaNova](#)*

Les citoyens italiens ont envoyé trois signaux clairs à leurs dirigeants, ainsi qu'à ceux de l'Union européenne, le 26 février. Premier signal, une politique d'austérité sans perspective de croissance et sans vision d'[avenir](#) mobilisatrice. Deuxième signal, les Italiens ont manifesté leur méfiance à l'égard de la classe politique et ont souligné l'incapacité des dirigeants à les [gouverner](#) de manière efficace. Troisième signal, les Italiens, des supporters sans ambiguïté de la construction européenne depuis les années cinquante, en doutent massivement pour la première fois de l'histoire.

Cette situation est aujourd'hui possible grâce à une loi électorale qui ne favorise pas l'émergence d'une gouvernance majoritaire. Il n'empêche que les signaux sont très inquiétants et ne sont plus une particularité italienne. Dans les Etats membres, le doute sur l'intégration européenne est au plus haut. Les conséquences sont flagrantes : des accidents démocratiques sont non seulement possibles, mais de plus en plus probables.

## EMPÊCHER L'EFFONDREMENT DU PROJET EUROPÉEN

Dans cette optique, il est primordial que les dirigeants européens se mettent rapidement autour de la table pour [faire](#) évoluer la stratégie de sortie de la crise, [tracer](#) les perspectives communes pour l'ensemble des Européens et [revoir](#) un budget européen qui ne répond d'aucune manière aux enjeux d'[avenir](#) du continent.

Aurons-nous le courage de [tirer](#) les enseignements de la situation italienne et de [mettre](#) en œuvre les actions concrètes et efficaces pour empêcher l'effondrement du projet européen ?

## Warum Europas Herz immer noch verrottet ist

Von BRIAN M. CARNEY

71,92

Vor 17 Jahren sagte Bernard Connolly die Eurokrise voraus. Weil der EU-Spitzenbeamte seine kontroversen Thesen in seinem Buch „The Rotten Heart of Europe“ veröffentlichte, verlor er seinen Posten. Dass seine Prophezeiungen eingetreten sind, verschafft ihm keine Genugtuung. Aber daran, dass die EU bereits das Schlimmste überstanden hat und jetzt vor einem neuen Aufschwung steht, glaubt er nicht. Aus seiner Sicht rottet das Herz Europas immer noch vor sich hin.



Die politische Klasse glaube, dass die Krise ihren Höhepunkt im vergangenen Sommer überschritten habe: „Damals bestand aus ihrer Sicht die unmittelbare Gefahr, dass ihr schöner Traum verschwindet“, sagt Connolly. Aber aus der Perspektive „normaler Menschen, Familien, Unternehmen und Volkswirtschaften verschlechtert sich die Lage zusehends“. Die Wirtschaftsleistung der Eurozone ist im vierten Quartal 2012 um 0,9 Prozent zurückgegangen. Im ganzen Jahr fiel das Bruttoinlandsprodukt um 0,5 Prozent.

Laut Connolly gibt es nun zwei direkte Auswege – keiner ist allerdings besonders reizvoll. Entweder Deutschland müsse „jedes Jahr etwa 10 Prozent des BIP“ an die Krisenländer zahlen, um sie in der Eurozone zu halten. Oder die wirtschaftliche Lage in Griechenland oder Spanien werde sich so verschlechtern, dass die Wähler ihren Regierungen sagen: „Wir schmeißen euch alle raus“. Dabei denkt er an das Aufkommen von Extremisten wie der „Goldenen Morgenröte“ in Griechenland.

Connolly ist dabei keine Cassandra, die mit düsteren Prophezeiungen um sich wirft. Bis Januar 1996 leitete er in der EU-Kommission das Referat für Geldpolitik, das für die Einführung des Euro maßgeblich verantwortlich war. Er macht die Thesen in seinem Buch dafür verantwortlich, dass er seinen Job verlor. Schon bevor seine Entlassung offiziell war, hatte er in Brüssel Hausverbot. Im Vorwort zur Taschenbuchausgabe des Buches beschreibt er, dass an den Eingängen der Kommissionsbüros sein Foto aushing, als ob er ein gesuchter Krimineller sei.

### *Lage in Frankreich verdüstert sich*

Danach arbeitete Connolly als Volkswirt in der Privatwirtschaft. Seine Analysen für die Handelssparte der [American International Group](#) AIG +0,21% waren ebenfalls für ihre gewagten Prognosen bekannt. Als der damalige Fed-Chef Alan Greenspan den Leitzins auf damals beispiellos niedrige 1 Prozent senkte, bezeichnete Connolly die US-Wirtschaft als schuldengetriebenes Schneeballsystem. Die Zinsen müssten noch weiter fallen, damit dieses System überleben könne.

Heute schreibt Connolly exklusive Analysen für Kunden, die sich seine Einsichten einiges kosten lassen. Er vermeidet es, mit der Presse zu sprechen. Und er äußert sich nicht öffentlich, um seine Klienten nicht „aufzuregen“. Aber weil sein Buch neu aufgelegt wird, erklärt Connolly im Büro seines Verlegers, warum der Euro auf die schiefe Bahn geriet, warum noch nichts repariert wurde und womit er als nächstes rechnet.

Oberflächlich betrachtet hat die offizielle Sichtweise, dass die Krise weitgehend überstanden ist, eine faktische Basis. Die Zinsen auf Staatsanleihen, die Defizite in der Leistungsbilanz und die Haushaltslöcher sind geringer geworden. Die Gefahr, dass Griechenland aus der Währungsunion austritt, scheint erst einmal gebannt. Aber die Arbeitslosigkeit in Spanien und Griechenland liegt bei etwa 27 Prozent. Die Wirtschaft in der Eurozone ist 2012 geschrumpft. Und – für Connolly besonders wichtig – die Lage in Frankreich verdüstert sich. Paris wird seine Ziele zum Schuldenabbau in diesem Jahr wegen schlechter Wachstumsperspektiven nicht einhalten können.

Rettungspakete für Griechenland oder Irland seien das eine, sagt Connolly. „Aber wenn die Deutschen irgendwann denken ‚Wir müssen Frankreich retten, und zwar dauerhaft‘, dann ist die Frage, ob sie das tun. Ich weiß es nicht. Aber diese Frage muss beantwortet werden.“

Offiziell sind die Rettungspakete für Griechenland, Irland und Portugal und vielleicht bald Spanien Ausnahmen. Sobald diese Länder ihren Haushalt in den Griff bekommen, läuft auch die Wirtschaft wieder, und alles wird vergessen sein. „Propaganda“, nennt Connolly das.

Und das führt zum Kern seiner These vom verrotteten Herzen der Gemeinschaftswährung. Laut der „Propaganda“ sei der Grund für die Krise in Ländern wie Griechenland die mangelhafte Haushaltsdisziplin und in Ländern wie Irland die mangelhafte Disziplin der Finanzbranche. „Daher zielt die Antwort auf Haushaltsregeln, Rettungspakete und Regulierung des Finanzsektors, vielleicht mit Aussicht auf eine Bankenunion, auch wenn das unklar bleibt.“

*„Der Boom in Spanien und Irland war drei oder vier Mal so intensiv wie in den USA“*

Aber selbst wenn die Griechen undiszipliniert gewesen sein – „sowohl die Staatsschuldenkrise als auch die Bankenkrise sind Symptome, keine Ursachen. Das grundlegende Problem war die große Blase, die weltweit durch Geldpolitik geschaffen wurde – besonders in der Eurozone“, sagt Connolly und meint die Linie der Europäischen Zentralbank.

Die Blase habe sich folgendermaßen gebildet: Als Länder wie Irland, Griechenland und Spanien dem Euro beitraten, fielen die Zinsen ihrer Staatsanleihen rapide, fast auf dasselbe Niveau wie die Deutschlands. „Diese Länder fanden plötzlich heraus, dass sie niedrige Zinsen haben konnte, ohne dass ihre Währungen zusammenbrachen, wie es zuvor der Fall war. Dieser Optimismus verleitete die Leute dazu zu denken, dass es eine Revolution bei den Renditen gab.“

Bild vergrößern

In Ländern wie Spanien und Irland bildete sich nach der Euro-Einführung eine massive Immobilienblase. Das hat bis heute Folgen.

Die Gewinnraten waren in Irland „und zum Teil auch in Spanien“ schon vor der Euro-Mitgliedschaft als Ergebnis von Strukturreformen gestiegen. Aber als der Euro dann da war, floss viel zu viel Geld in diese Länder. „Was das Geld fließen ließ“, sagt Connolly, sei der Glaube gewesen, dass eine andauernde Wertsteigerung auf dem Immobilienmarkt die Gewinnraten in der Baubranche hoch halten werde. „Das war nicht anders als das, was in den USA in der Mitte des vergangenen Jahrzehnts passiert ist. Aber es war viel größer.“

Wie viel größer? „Wenn man die Baubeginne ins Verhältnis zur Gesamtbevölkerung setzt, dann war der Boom in Spanien und Irland drei oder vier Mal so intensiv wie in den USA an der Spitze. Das ist Wahnsinn.“ Dieser Geldstrom ließ die Löhne schneller steigen als sich die Produktivität erhöhte. Niedrige Verschuldungskosten führten zu Ausgaben auf Pump. Nach der Panik auf den Finanzmärkten 2008 platzte diese Blase.

Was jetzt benötigt werde, sei nicht nur Haushaltskonsolidierung oder eine Bankenreform. Die Löhne und Preise müssten auf ihre früheren Niveaus zurückkehren, damit die Länder wieder wettbewerbsfähig sein könnten. Ein Weg dahin sei eine massive Abwertung des Euro – „wirklich massiv“.

## *„Deutschland zahlt“*

Wenn das nicht durchführbar sei, dann könne Europa versuchen, eine neue Blase zu schaffen, indem man erneut die Bedingungen schafft, zu denen sich Spanien so billig verschulden konnte. „Das ist de facto das, was Draghi versucht“, sagt Connolly. Der EZB-Präsident hat durch die Ankündigung, notfalls auf dem Markt für Staatsanleihen zu intervenieren, die spanischen Zinsen deutlich gesenkt. Aber weil sich das Bankensystem in einer Schieflage befindet und die Immobilienpreise weiter fallen, führt auch das nicht zu verstärkten Investitionen. Selbst wenn Mario Draghi Erfolg habe, sagt Connolly, werde man lediglich „die gefährliche, nicht haltbare Situation neu schaffen, die wir in der Mitte des vergangenen Jahrzehnts hatten.“

Damit bleibe Europa eine letzte Option: Deutschland zahlt. Connolly formuliert es so: „Man kann einem Land wie Spanien sagen: Du brauchst deine Wettbewerbsfähigkeit nicht zu erhöhen, du brauchst keine ‚Vollbeschäftigungshandelsbilanz‘. Du kannst immer noch eine ‚Vollbeschäftigungsleistungsbilanz‘ haben, denn wir überweisen Dir Geld. Und wenn man damit eine Anpassung vermeiden will, muss man das dieses Jahr machen, nächstes Jahr, das Jahr danach und so weiter.“

Das sieht man in Brüssel und Frankfurt anders. Dort glaubt man, dass die Krisenländer nur ein wenig Hilfe benötigen, um wieder zurück auf den rechten Pfad zu finden. Dann könnten die Transfers eingestellt werden. Irland ist diesem Ziel bereits am nächsten gekommen. Aber Irland, erklärt Connolly, „ist eine flexiblere und offenere Wirtschaft als Spanien, Griechenland, Portugal, Frankreich oder Italien“. Diese unflexiblen Volkswirtschaften brauchen für die Anpassungen länger, wodurch die Löhne hoch bleiben. Das führt zu Massenarbeitslosigkeit.

## *„Es gibt keinen europäischen Demos“*

Damit ist man wieder bei der Politik der Eurokrise angelangt. Irgendwann werden die Menschen in den betroffenen Ländern ein Ende des Spardiktats fordern und eine Regierung einsetzen, die bereit ist, das Unmögliche zu erwägen – einen Austritt aus dem Euro beispielsweise.

Um das zu verhindern, könne Deutschland sich bereit erklären, für eine Transferunion zu zahlen: Entweder in dem Glauben, dass die Transfers nicht dauerhaft sein werden, oder dass die billiger kämen als die Kosten eines Zusammenbruchs des Euro. Aber Connolly warnt, dass wenn einmal ein Transfermechanismus von Deutschland in die Defizitländer installiert ist, sei es nur noch eine Frage der Zeit, bis auch Frankreich auf die Empfängerliste komme. Das wäre etwas, das nicht einmal Berlin leisten wolle – oder könne.

**Die deutsche Wiedervereinigung hat den früheren Westteil etwa 5 Prozent des jährlichen BIP gekostet. Ein Ende ist nicht in Sicht. Diese Ausgaben seien politisch durchsetzbar gewesen, sagt Connolly, weil es das gemeinsame Ziel gegeben habe, das Land wieder zu vereinen. Eine Solidarität wie diese existiere nicht für Europa. „Es gibt keinen europäischen Demos. Und man schafft keinen Demos, in dem man ein System errichtet, das sagt: Wir geben euch Geld, und ihr befolgt dafür die Regeln. Das funktioniert einfach nicht.“**

## Der Lohn der Arbeitsmarkt-Reform

28.02.2013 · Deutschlands Arbeitsmarkt trotz der Konjunkturflaute, Frankreich dagegen hat viele Arbeitslose: Am Arbeitsmarkt zeigt sich, wie gut die Wirtschaftspolitik eines Landes ist.

Von [Holger Steltzner](#)

Am Arbeitsmarkt zeigt sich, wie gut die Wirtschaftspolitik eines Landes ist. Der Staat kann Wachstum nicht diktieren; mit Ausgabeprogrammen auf Pump entfacht er nur kurze konjunkturelle Strohfeuer, schafft aber keine dauerhaften Arbeitsplätze. Das leistet langfristig nur die private Wirtschaft, die hierfür jedoch einen guten Rahmen aus flexiblen Arbeitsmärkten, leistungsfördernden Steuern und maßvoller Tarifpolitik benötigt.

Diese Lektion lernte Deutschland in schmerzhaften Zeiten, als man es in London als kranker Mann Europas verspottete. Damals brachte Bundeskanzler Gerhard Schröder mit der Agenda 2010 ein ganzes Bündel an Reformen auf den Weg, deren Erfolge heute am deutschen Arbeitsmarkt gefeiert werden.

Aus den [sich schneidenden Kurven zur deutschen und französischen Arbeitslosigkeit](#) sollte Frankreich seine Konsequenzen ziehen. Frankreichs Staatspräsident Hollande diskutiert lange genug mit Managern und Politikern beider Ländern über die Hartz-Reformen. **Hollandes Klagen über ein angebliches Spardiktat aus Berlin können nicht länger kaschieren, dass ihm Kraft und Wille zur Reform fehlen. Denn bei Strukturreformen geht es gar nicht ums Sparen.**

## Ohne Sanktionen

### EU beschließt Stellengarantie für Jugendliche

28.02.2013 · Arbeitslose Jugendliche sollen in der Europäischen Union künftig eine Stelle angeboten bekommen - spätestens nach vier Monaten. Wenn Staaten die Garantie nicht einführen, werden sie aber nicht bestraft.

Von [Hendrik Kafsack](#)

71,96



© dpa In den Peripheriestaaten der EU demonstrieren immer wieder Jugendliche gegen die hohe Arbeitslosigkeit - hier in Spanien.

Arbeitslose Jugendliche sollen in der Europäischen Union künftig Stellen angeboten bekommen. Am Donnerstag haben die zuständigen Minister die Schaffung einer Jobgarantie für Jugendliche beschlossen. [Diese hatte Sozialkommissar Laszlo Andor erst im Dezember vorgeschlagen](#). Die Mitgliedstaaten verpflichten sich mit der Jugendgarantie dazu, Jugendlichen spätestens vier Monate nach dem Ende ihrer Ausbildung oder nach dem Verlust des Arbeitsplatzes eine Stelle, einen Ausbildungsplatz oder aber zumindest einen Praktikumsplatz zu verschaffen.

Insgesamt waren nach Angaben der Europäischen Kommission im Dezember 5,7 Millionen Jugendliche in Europa ohne Arbeitsplatz. Das entspricht einer Quote von 25,4 Prozent. Am höchsten war die Jugendarbeitslosigkeit in Griechenland und Spanien, mit einer Quote von mehr als 55 Prozent. Die Staats- und Regierungschefs der EU-Staaten hatten im Rahmen ihrer [Einigung über den Finanzrahmen 2014 bis 2020](#) beschlossen, 6 Milliarden Euro für den Kampf gegen die Jugendarbeitslosigkeit bereitzustellen.

Wie die Staaten die Garantie umsetzen, soll weitgehend ihnen überlassen bleiben. Sanktionen für Staaten, die die Garantie nicht einhalten können, sieht der Beschluss nicht vor. Die Mittel der EU könnten bei der Umsetzung der Jugendgarantie einen wichtigen Beitrag leisten, sagte Andor. Es lohne sich für die Mitgliedstaaten aber auch, eigenes Geld zu investieren, um die Folgekosten von hoher Jugendarbeitslosigkeit zu vermeiden.

Die SPD-Europaabgeordnete Jutta Steinruck sagte, die Jugendgarantie nehme nicht nur die südeuropäischen Staaten, sondern auch die Bundesregierung in die Pflicht. Jugendliche seien in Deutschland doppelt so häufig von Arbeitslosigkeit betroffen wie Menschen über 25 Jahre. Die offiziellen Statistiken dazu seien beschönigt. Offiziell stünden hierzulande 33.000 offenen Lehrstellen nur 15.700 unversorgten Jugendlichen gegenüber. Dabei würden aber mehr als 250.000 Jugendliche in Weiterbildungsmaßnahmen, Umschulungen oder Praktika nicht berücksichtigt.

Quelle: F.A.Z.



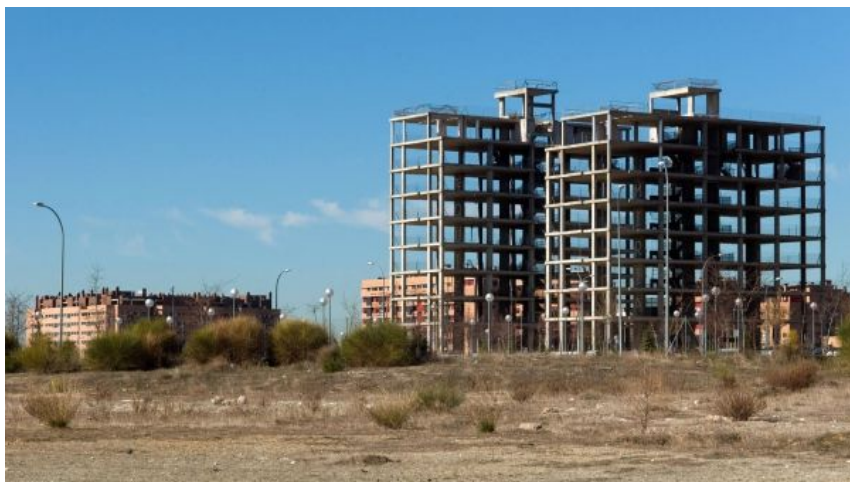
## Keine Erholung in Europa

### Im fünften Jahr der Krise

28.02.2013 · Wie ein Virus hat die Finanzkrise die Welt erfasst. Einige Länder haben sich von der Rezession erholt, halb Europa liegt unter dem Vorkrisenniveau. Das „Endspiel“ der Krise trifft die Staaten.

Von [Philip Plickert](#)

71,97



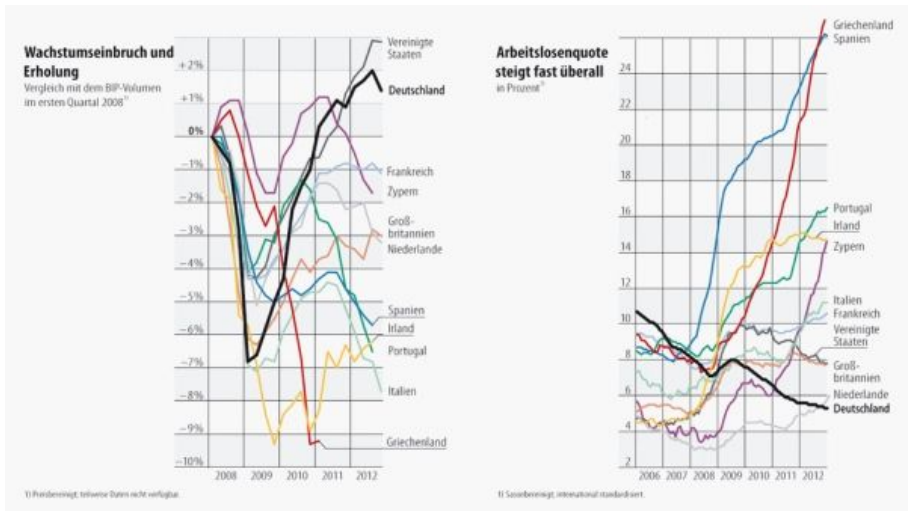
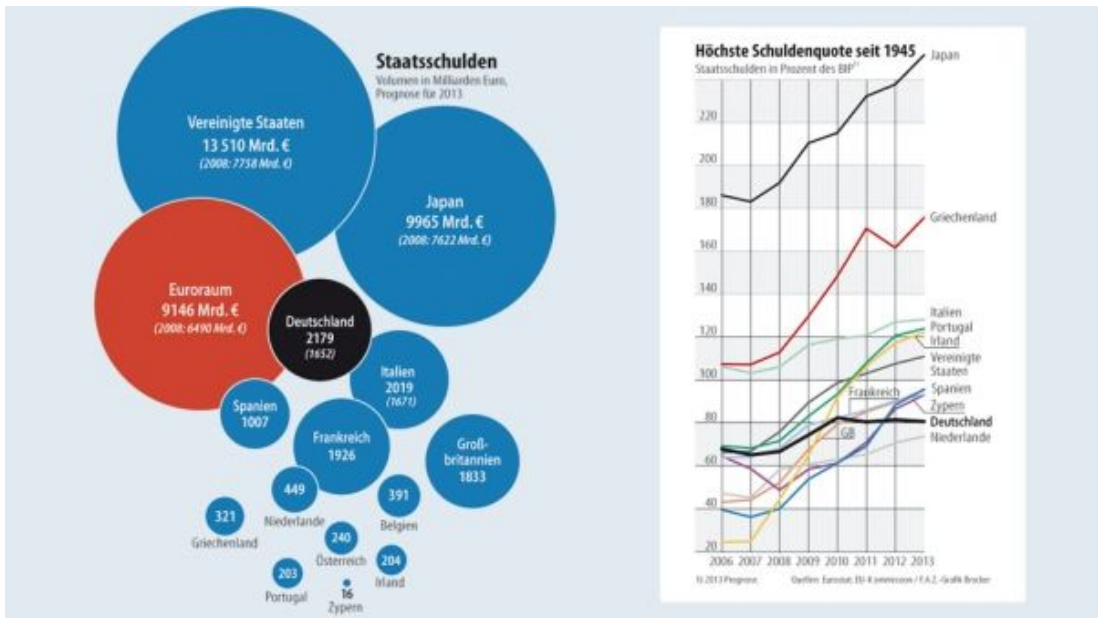
Es war einmal eine Zeit, da die Welt glaubte, es werde keine großen Wirtschaftskrisen mehr geben. Zumindest einige Top-Ökonomen in Amerika glaubten das. Die moderne Makroökonomie „war erfolgreich: Ihr zentrales Problem, eine Depression zu vermeiden, ist gelöst“, versicherte Nobelpreisträger Robert Lucas vor zehn Jahren. Von „Great Moderation“ sprachen die Ökonomen: Niedrige Inflation und konstant hohes Wachstum seien möglich. Die wichtigsten Zentralbanker - von Fed-Chef Alan Greenspan bis zu seinem Nachfolger Ben Bernanke - waren davon überzeugt.

Wann immer der Finanzsektor oder die Realwirtschaft einen Schwächeanfall bekamen, pumpte Greenspan billiges Geld ins System. Zunächst ging das gut. Die Vereinigten Staaten erlebten einen langen Boom. Dann aber bildete sich eine gigantische Blase am Immobilienmarkt. Als diese zu platzen begann und die faulen Kredite, verpackt in Verbriefungen und verkauft in die ganze Welt, den hoch gehebelten globalen Finanzsektor vergifteten - da brach die schöne neue Welt zusammen. Im Herbst 2008, nach dem Kollaps von Lehman Brothers, rückte sie nahe an den Abgrund.

### Wichtigste Börsen brachen ein

Im Verlauf von 2008 rauschten die Aktienkurse mit einer zuvor nicht gesehenen Dramatik in den Keller. Die wichtigsten Börsen der Welt brachen um mehr als ein Drittel bis fast die Hälfte ein. Die Krise vernichtete an den Finanzmärkten „Werte“ von 50 Billionen Dollar, errechnete die Asiatische Entwicklungsbank (ADB). Das entsprach in etwa dem damaligen Weltsozialprodukt. Doch just als ADB-Präsident Haruhiko Kuroda im März 2009, vor genau vier Jahren, die Worte aussprach: „Ich fürchte, es wird noch schlimmer, bevor es wieder besser wird“, da drehte die Stimmung an den Märkten. Geholfen hat dabei ganz maßgeblich die Billig-Geld-Politik der Zentralbanken der Welt.

Zuvor hatten die Zentralbanken wie die amerikanische Fed, die Bank of England sowie die Bank of Japan die Leitzinsen im Herbst 2008 sturzflugartig bis fast null gesenkt, die Europäische Zentralbank blieb bei 1 Prozent stehen. Noch wichtiger waren die Liquiditätsprogramme und der Ankauf von Anleihen und Wertpapieren. Die Fed begann mit den Quantitativen Lockerungen. Die Fed hat seitdem ihre Bilanzsumme auf 3 Billionen Dollar mehr als verdreifacht. Auch die anderen Zentralbanken haben die Geldbasis massiv ausgeweitet.



## Bilanzsummen der großen Notenbanken

Entwicklung des Volumens  
in Milliarden Euro



1) Schätzung.

Relation zum BIP  
Aktuelles Volumen in Prozent des BIP 2013<sup>1)</sup>



Quelle: Bloomberg / F.A.Z.-Grafik fbr.

## Entwicklung wichtiger Aktienmärkte

seit Lehman-Insolvenz (15.9.2008 = Index 100)<sup>1)</sup>



1) Monatswerte.

Quelle: Bloomberg / F.A.Z.-Grafik Brocker

Als die Realwirtschaft im März 2009 am Boden lag, begannen die Aktienbörsen eine beispiellose Rally. Seitdem haben Dow Jones und Dax sich rund verdoppelt und übertreffen nun allesamt die Vorkrisenstände um gut 20 Prozent. Nur der Eurostoxx liegt weit darunter. Darin spiegelt sich auch die unterschiedliche Erholung oder Nichterholung von der Krise 2008/2009. Deutschlands BIP brach 2009 um gut 5 Prozent ein.

Die exportorientierte Wirtschaft litt besonders unter der schlagartig wegbrechenden globalen Nachfrage nach Investitions- und Industriegütern. Als die Weltwirtschaft einen Boden fand und die Nachfrage wiederkam, profitierte Deutschland besonders davon. Die Erholung nahm einen V-artigen Verlauf. 2010 und 2011 wuchs Deutschland um 4 und gut 3 Prozent. Im vergangenen Jahr bremste die Euro-Krise, doch gab es noch ein kleines Plus.

## Griechische Wirtschaft im freien Fall

Damit hat Deutschland sein Vorkrisenniveau real um etwas mehr als 1 Prozent überschritten. Weiter über dem Vorkrisenniveau liegen die Vereinigten Staaten - und natürlich die Schwellenländer wie China, das nach einer Delle mit starken Raten weiterwuchs. In Teilen (Süd-)Europas jedoch hat die Finanz- und Wirtschaftskrise eine tiefsitzende Wettbewerbsschwäche offenbart, die zuvor durch Bau- und Konsumbooms auf Pump überdeckt war.

Griechenlands Wirtschaft ist seit fünf Jahren praktisch im freien Fall, es hat mehr als ein Fünftel seines aufgeblähten Vorkrisenniveaus eingebüßt. Spanien, Portugal und Italien stecken in Rezessionen. Das italienische BIP liegt fast 8 Prozent unter dem Stand von 2008, das spanische um fast 6 Prozent. Von den

Peripherieländern hat allein Irland die Wende geschafft und kann nach einer schweren Rezession wieder Wachstum vorweisen.

Wie ein Virus hat die Schuldenkrise 2008/2009 alle Bereiche infiziert. Die erste Welle erfasste den Finanzsektor, in der zweiten Welle wurde die Realwirtschaft in eine Rezession gerissen. In der dritten Welle schließlich erfasste das Virus die Staatsfinanzen. Seither leben wir in einer Wirtschaftskrisenwelt, auch wenn einige Länder sich erholen und es an den Börsen zeitweise sogar wieder Euphorie gab. Die Nachwehen der geplatzen Blase werden die Welt noch länger beschäftigen.

## 19 Millionen arbeitslose Menschen im Euroraum

Bis zu 50 Millionen Menschen könnten ihre Arbeit verlieren, warnte die internationale Arbeitsagentur ILO auf dem Höhepunkt der globalen Rezession. Damals, Anfang 2009, waren auf der Welt nach ILO-Zahlen 190 Millionen Menschen ohne Erwerbsarbeit - eine Quote von rund 6 Prozent. Der Alarm erwies sich als überzogen. Die globale Quote liegt heute wieder dort. Aber die Arbeitslosigkeit hat regional doch dramatisch zugenommen. Im Euroraum waren vor der Krise weniger als 12 Millionen Menschen erwerbslos, heute sind es fast 19 Millionen. Die Quote ist von gut 7 auf fast 12 Prozent geklettert. Nach der EU-Prognose wird diese traurige Marke in diesem Jahr überschritten.

In Griechenland und Spanien ist nach offiziellen Statistiken mehr als jeder Vierte ohne Arbeit, wobei unklar ist, wie viele in der Schattenwirtschaft beschäftigt sind. In Frankreich hat die Arbeitslosigkeit mit fast 11 Prozent den höchsten Stand seit 15 Jahren erreicht. Nur in Deutschland ist die Arbeitslosigkeit markant gesunken - die große Ausnahme unter den Industriestaaten. Die Vereinigten Staaten, wo auf dem Höhepunkt mehr als 10 Prozent ohne Job waren, haben die Quote unter 8 Prozent gedrückt - doch der Abbau geht trotz stärksten Einsatzes fiskalischer und monetärer Stimuli nur langsam.

Der Schuldenaufbau der Staaten ist das markanteste Zeichen der dritten Welle der Krise. 2008 kam der Durchschnitt der Staatsschuldenquoten der Industrieländer auf gut 80 Prozent des BIP. Im fünften Jahr der Krise überschreitet die Schuldenquote nun die Schwelle von 110 Prozent. Mit Abstand am höchsten verschuldet ist Japan (235 Prozent). Der Schuldenstand der Vereinigten Staaten wächst über den OECD-Durchschnitt hinaus. Mit mehr als 16,5 Billionen Dollar (rund 13 Billionen Euro) ist ihr Schuldenberg heute nominell fast doppelt so groß wie vor der Krise. Die Schulden der Euroländer addierten sich 2008 auf knapp 6,5 Billionen Euro - heute sind es rund 9 Billionen, knapp über 100 Prozent der Wirtschaftsleistung.

„Wir werden erleben, wie eine ganze Reihe von Regierungen versucht, ihre Last durch finanzielle Repression, höhere Inflation, teilweise Zahlungsunfähigkeit oder eine Kombination aus allen dreien zu erleichtern“, warnte der ehemalige IWF-Chefvolkswirt Kenneth Rogoff auf dem Höhepunkt der Finanzkrise. Das schwächste Glied der Europäischen Währungsunion, Griechenland, hat einen ersten Schuldenschnitt im vergangenen Frühjahr durchgeführt - ein weiterer könnte nach Ansicht des Finanzministers folgen.

In den seit der Krise ultraniedrigen Zinsen, die durch Anleihekäufe der Notenbanken - in den Vereinigten Staaten, in England, Japan und auch in Europa - tief gehalten werden, sehen einige Fachleute „finanzielle Repression“. Noch nie seit dem Zweiten Weltkrieg waren die Staaten der entwickelten Welt so hoch verschuldet wie heute. Im „Endspiel der Schuldenkrise“ (Rogoff) geraten sie nun an ihre Grenzen. Zunehmend greifen ihnen da die Notenbanken durch „monetäre Staatsfinanzierung“ unter die Arme. Die Bank von England hält fast 30 Prozent der britischen Staatspapiere, die amerikanische und die japanische Zentralbank haben etwas mehr als 10 Prozent der Papiere ihrer Regierungen gekauft.

Bisher noch am zögerlichsten war die Europäische Zentralbank (EZB) unter Präsident Mario Draghi, die 2 Prozent der Anleihen der Eurostaaten gekauft hat. Wenn die Krise, etwa in Italien, nochmals eskaliert, könnten es rasch mehr werden. Die Hoffnung der Zentralbanken ist, dass die Realwirtschaften wieder kräftiger wachsen und sich die unkonventionelle Geldpolitik dann langsam zurückziehen kann. Die Sorge der Kritiker ist, dass der zu weite Mantel an Zentralbankgeld die nächsten Verzerrungen und die nächste Blase vorbereitet. Noch ist nicht ausgemacht, wer am Ende recht behält.

[http://www.bruegel.org/videos/detail/video/77-the-austerity-debate-what-europe-got-right-and-wrong/?utm\\_source=Bruegel+Update&utm\\_campaign=f921129ab3-130215\\_Bruegel\\_Update2\\_15\\_2013&utm\\_medium=email#.UTEvGPKcTkc](http://www.bruegel.org/videos/detail/video/77-the-austerity-debate-what-europe-got-right-and-wrong/?utm_source=Bruegel+Update&utm_campaign=f921129ab3-130215_Bruegel_Update2_15_2013&utm_medium=email#.UTEvGPKcTkc)

## **The austerity debate: what Europe got right and wrong**

By [Guntram B. Wolff](#), [Jean Pisani-Ferry](#) on 1st March 2013

**VIDEO**

**71,101**

The renewed signs of Europe's economic weakness raised by the Commission's economic forecasts for 2013, the stark contrast within the euro area between a prosperous North and a struggling South, and growing social and political resentment in the countries most affected are triggering a new policy debate. Is austerity working?

„Alternative für Deutschland“

## Die neue Anti-Euro-Partei

02.03.2013 · Kritiker der Eurorettungspolitik bereiten nach Informationen der „Frankfurter Allgemeinen Sonntagszeitung“ die Gründung einer Partei mit dem Namen „Alternative für Deutschland“ vor. Sie soll schon zur Bundestagswahl in diesem September antreten.

Von [Winand von Petersdorff](#)

71,102



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Unterstützer (v.l.n.r.): Bernd Lucke, Hans-Olaf Henkel, Stefan Homburg und Joachim Starbatty

In Deutschland bereiten Kritiker der Eurorettungs-Politik die Gründung einer Partei mit dem Namen „Alternative für Deutschland“ vor. Sie soll schon zur Bundestagswahl in diesem September antreten, spätestens aber zur Europawahl im Juni 2014. Gründer sind der Ökonom **Bernd Lucke**, der Publizist und ehemalige FAZ-Redakteur **Konrad Adam** und **Alexander Gauland**, der unter dem früheren hessischen Ministerpräsidenten Walter Wallmann (CDU) Chef der hessischen Staatskanzlei war.

Das Personal der Initiatoren und der Unterstützer spricht dafür, dass sie Chancen im bürgerlichen Milieu haben. Zu den Unterstützern gehören überproportional viele liberale und konservative Professoren, die Lehrstühle für Volkswirtschaft innehaben oder hatten. Darunter sind bekanntere Namen wie **Stefan Homburg** und **Charles Blankart**. Sie lehren in Hannover und Berlin öffentliche Finanzen. Dazu gesellen sich **Joachim Starbatty**, **Wilhelm Hankel**, **Karl Albrecht Schachtschneider** und **Dieter Spethmann**, die schon gemeinsam gegen die Griechenland-Hilfe vor dem Bundesverfassungsgericht geklagt hatten. Der bekannteste Name auf der Unterstützlerliste ist der des ehemaligen Präsidenten des Bundesverbandes der Deutschen Industrie, **Hans-Olaf Henkel**, der schon mit mehreren Parteigründungen in Zusammenhang gebracht wurde.

Hauptinitiator Bernd Lucke, Professor für Makroökonomie in Hamburg, war 33 Jahre Mitglied der CDU, bevor er im Dezember 2011 wegen der Eurorettungspolitik austrat. Der Volkswirt hatte schon mit der Gründung eines „Plenums der Ökonomen“ versucht, auf die Politik Einfluss zu nehmen. 328 VWL-Professoren wurden Mitglieder des Internet-Plenums, das sich im Februar 2011 mit sehr großer Mehrheit gegen eine Verlängerung des EU-Rettungsschirms aussprach. „Die Empfehlung hinterließ aber keine Spuren“, sagte Lucke. Die Regierung habe sich als beratungsresistent erwiesen.

Die neue Partei wendet sich gegen die Euroretter, bekennt sich aber uneingeschränkt zur friedlichen Einigung Europas. Zudem will man mit aller Macht Extremisten fernhalten und bejaht die freiheitlich-demokratische Grundordnung der Bundesrepublik. Den Publizisten Konrad Adam treibt nach eigenen Worten die Sorge um die Demokratie in Deutschland. Die europäische Einigungspolitik, wie sie von allen im Bundestag vertretenen Parteien betrieben oder gebilligt werde, dürfte die erste Grundsatzfrage sein, bei der eine im Volk weit verbreitete Stimmung im Parlament keine Resonanz mehr findet.

## Gründungsversammlung im April

„Anders als im Streit um die Notstandsgesetze, die Ostverträge, zuletzt auch noch die Wiedervereinigung treffen Einwände und Befürchtungen auf eine Allparteienkoalition, die über Tempo und Umfang der Hilfsmaßnahmen diskutiert, sich in der Richtung aber einig weiß“, klagt Adam. Mit seinen Mitstreitern beklagt der Publizist die Rechtsbrüche: „Nachdem die Maastricht-Kriterien jahrelang missachtet worden waren, wurden sie buchstäblich über Nacht außer Kraft gesetzt.“

Unterstützer Stefan Homburg hat unterdessen geschworen, nie wieder eine Partei zu wählen, die für den Rettungsschirm ESM votiert hat. Bisher hatten - abgesehen von der Linken - alle Bundestagsparteien Stimmen von ihm bekommen. Er hält nicht nur die Eurorettungspolitik für falsch. Das aber hätte ihn nicht bewogen, eine neue Partei zu unterstützen. Ihn empören die „Rechtsbrüche“: Die Verletzung der Maastricht-Kriterien und der No Bailout-Klausel. Er sei mit der Idee groß geworden, „dass Rechtsstaatlichkeit über Gerechtigkeit und auf jeden Fall über Opportunität steht“, sagte Homburg dieser Zeitung.

Einen ersten Testlauf hat die „Alternative für Deutschland“ schon gewagt. Bei der Niedersachsenwahl unterstützte sie die Freien Wähler. Das habe sich aber nicht bewährt, sagte Lucke. Nun will man Partei werden mit einer Gründungsversammlung im April.

Eine Auftaktveranstaltung ist auch schon geplant: Am 11. März um 19 Uhr 30 in der Stadthalle Oberursel mit dem Titel: „Damit Europa nicht am Euro scheitert“. 250 bis 400 Leute passen in den Saal, je nachdem wie man die Stühle stellt.

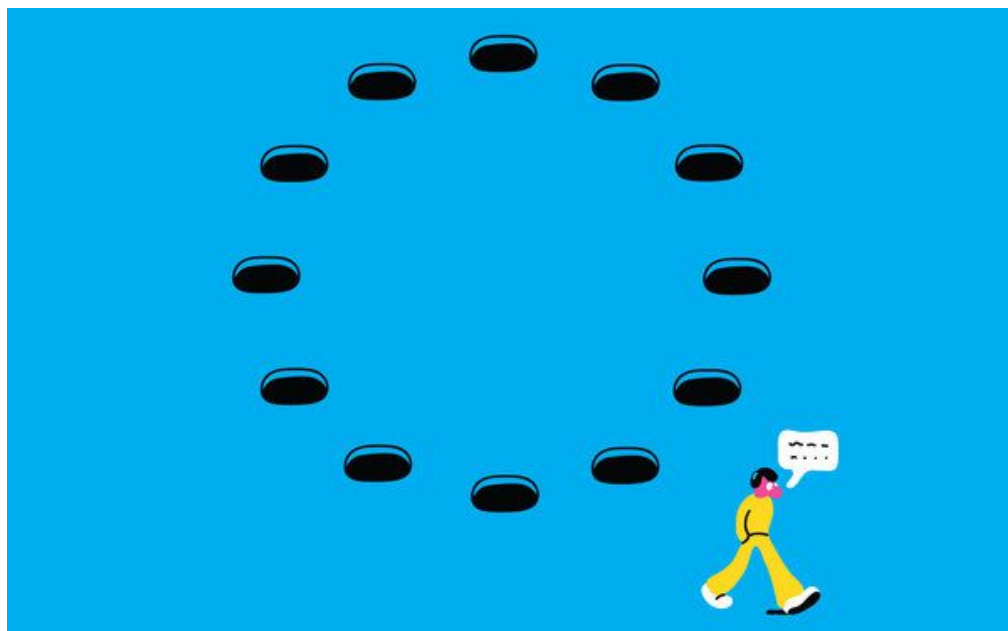
March 2, 2013

## Are There Any Europeans Left?

By OLIVIER GUEZ

PARIS

71,104



Oscar Bolton Green

SO Greece didn't collapse, and Europe began breathing easier. But not for long. Italy's rebellious voters, who opted for a flamboyant billionaire and a clown, reminded us last week how deeply in crisis the Continent is. Meanwhile, France is going it virtually alone in Mali, and Britain talks openly of jumping the European ship **altogether. This is a crisis not just of Europe's currency, but of its soul.**

**If there ever was an emerging vision of a united Europe, it is falling apart for lack of support from its various peoples.** Each has its own resentments or suspicions of its partners. But all suffer the same lack: very few of their citizens think of themselves first as Europeans.

Oddly enough, it turns out, back in the late 20th century, the leaders and institutions of the Old Continent never understood that to build a common Europe, they needed to find, or cultivate, Europeans with a Continental spirit, to give the project a federating mortar.

How could this be? The history of Europe's past half-century is usually depicted as step after step toward a common future. But maybe, to understand where we are now, the story should start earlier — not with the coalescing of France and Germany in the 1960s but with the model of Europe in the decade before the calamity of 1914.

**In important ways, the Europe of 1913 was more cosmopolitan and European than the Europe of today.** Ideas and nationalities mingled and converged in a hotbed of creativity. That year saw the height of Futurism, the beginnings of abstraction in Picasso and Braque, the debut of Stravinsky's "Rite of Spring," the publication of "Swann's Way" by Proust. Collaborations to uncover science's deepest secrets jumped borders easily. The architecture of imperial Austria and republican France found imitators in smaller gems of cities throughout Central and Southern Europe; they were called Little Vienna or Little Paris.

And there were large communities of cosmopolitan expatriates — "passeurs" between cultures, notably urbanized Jews, as well as German minorities, scattered throughout Central and Eastern Europe. Though



prejudice ran deep and they were harshly mistreated in many places, in others they could identify as citizens of a broader European group, not merely the land they inhabited, and aspire to respect and comfort.

Later, at the hands of totalitarians, most of the Jews would be slaughtered, and the Germans — like other groups — deported to their country of origin. **Alongside their greater crimes, Hitler and Stalin thus did their parts to erase the idea of cosmopolitanism as the old Europe had understood it.**

Which makes the usual starting point of the modern European narrative — the rubble of 1945 — all the more poignant. An overwhelming imperative to rebuild, augmented by the cold war, united Western Europe and pushed West Germany center stage. Europeans prospered in an increasingly common market. But the unifying element was not optimism as much as dread — fear of another war among themselves or of Soviet expansion was what spurred West Europeans to bridge differences if they developed.

After the Berlin Wall fell, Western Europe expanded east and seemed to be serenely approaching the End of History — peace, prosperity, social security, democracy, with a unifying token, the euro, from Helsinki, Finland, to Seville, Spain. **For its more than 400 million people, Europe became a theme park, museum, supermarket — the EasyJet continent: efficient, fast, open to all at little cost.**

**But now Europe asks for sacrifices and solidarity, and it finds itself on the decline. Everywhere, populists and nationalists gain. Managing austerity, fighting debt — this, it turns out, is no way to unite Europe.**

Perhaps Europe's leaders should have been more alarmed when enthusiasm for unity began fraying even before the crisis. In 2005, French and Dutch voters blocked progress toward a European constitution. Meanwhile, the newly free countries of Central and Eastern Europe — Milan Kundera's "kidnapped West," disfigured by 45 years of Soviet occupation — hadn't so much re-Europeanized their economies as globalized them. **The same is true of Europe's rising generation; it knows the pleasures of a modern economy. But those are available globally to anyone with their level of wealth and privilege. Apart from that euro in their pockets, Europe's young people do not feel Europe's presence on a daily basis.**

**Leaders of opinion, commerce and government generally agree that the Continent could benefit from greater political unity, since globalization favors continental blocs. But the nations and peoples of Europe would have to give up great areas of sovereignty, and nothing has prepared them for this. At the rate things are going, if Europeans are asked to push for unity, they will refuse.**

For that reason, Europe must find a new idea, a new vision, a mortar for the future. Familiar lofty principles will not be enough. The rights of man, pluralism, freedom of thought, free-market social democracy — all are in the nations' constitutions; citizens don't need the European Union to supply them.

**How, then, to establish emotional ties to Europe?**

Perhaps the answer is to conceive of a Europe in the flesh, with colors, smells, folklore, poetic force. And variety. The goal is not one formed on familiar principles — common language or history or bloodlines — but the very opposite: a supranational, fundamentally Continental cultural understanding and reference point. Mr. Kundera talks of Europe's "maximum diversity in minimum space" — a notion perhaps as powerful as "liberté, égalité, fraternité," or "all men are created equal."

Such a foundational ideal is the sine qua non of Continental political unity. A European culture at large would allow for ties that no longer exist but used to, when the passeurs and the Little Viennas and the flow of brilliance across borders conveyed what it meant to consider oneself a European.

It could be achieved through a European civic curriculum in every school; through emphasis on mastering other languages; through increasing exchange programs (across ages and classes); through improving mobility; through unifying European health and retirement systems; through electing European representatives directly responsible to their constituents; through more equal treatment of guest workers and immigrants.

Now there's food for thought. François Hollande, Angela Merkel and especially David Cameron: remember the passeurs! **Encourage the creation of a *single* European public and cultural space.** Give us a vision for the peoples of Europe: make them dream of being one people, and leave your ambiguities behind. If you sincerely aspire to a political Europe, then take up the responsibility with courage and a vision that goes beyond the next elections and the next economic bump in the road.

Promote the Continent's spiritual unity, organized around its diversity.

Olivier Guez is a [contributor](#) to the German newspaper Frankfurter Allgemeine Zeitung and the author of a book about Jews in Germany since 1945. This essay was translated by Edward Gauvin from the French.

## The Economist vs Italy's "Clowns"

Submitted by [Tyler Durden](#) on 03/02/2013

71,107

A few days ago Bloomberg mag did [all it could](#) to aliantie virtually all racial minorities residing in the US (which in three decades will be [the majority](#)) by insinuating that Bernanke's second housing bubble is the sole source of riches for those not of the Caucasian persuasion. Now it is The Economist's turn to provoke well over half of Italy, by alleging that in not voting for technocratic, Goldman-appointed oligarchs who promote solely the banker backer interests, Italy has made a horrible mistake and has ushered in the circus...



And while it is clear what The Economist's agenda is - the fact that the magazine is owned by the FT, Cadbury, Rothschild, Schroder, and Agnelli is becoming more transparent with every passing day - a far better take on the implications of the Italian election, and the opposite to that of the Economist, was presented here [yesterday](#) by Charles Gave.

*We repost it in its entirety.*

Italian electors' rejection of Brussels-imposed economic diktat is an extraordinarily important moment in the history of modern Europe - perhaps the best political news since the fall of the Berlin Wall. **Given the power of unelected technocrats, it is easy to forget that sovereignty in Europe still resides with the nation state as expressed through elections.** The problem for those unelected officials who conspired to capture the political system - think Jacques Delors, Jean Claude Trichet or Mario Monti - is the obvious failure of their great project. For the first time a majority

# of electors has decisively voted against the euro and rejected policies imposed by technocrats.

As usual, the proponents of technocracy claim that the Italian vote changes nothing substantively and soon it will be business as usual. This is the standard response whenever European electors express disagreement (think of referendums in Ireland, France, and Holland..) and upset this freedom-killing project. Since more than half of Italian voters chose parties with an overt anti-euro stance, I would beg to differ.

The euro project is a financial Frankenstein which could not and has not worked; this Italian vote may mark the beginning of the system's ultimate demise. Italy is different from other European problem economies since it runs a primary budget surplus, a current account surplus and finances most of its debt internally. Hence, Italy can leave the euro tomorrow and be much better off. Italians have led the way and soon the Spaniards, French and the Portuguese will reject this slavery in order to achieve "reforms" whose only purpose is to make a dysfunctional system work.

But let us stop and consider what these technocratic elites mean by "reform"—an end which is apparently worth so much suffering. To translate their bureaucratise into a commonly understood language let's first define the different groups which compete for resources and influence in the modern European context:

1. The fellows who want to take care of themselves and be left alone - i.e., the entrepreneurs and those working in the private sector. These guys and only these guys create economic growth.
2. Those who want someone else to look after them. These fellows tend to work in the public sector or be retired and can be called the "new rentiers." These guys want to lead a stable and uneventful life.
3. The fellows who want to lead their inferiors to a better future because they are smarter and know what is best. Borrowing from Thomas Sowell, I will call them the "anointed" since they very often have a very special relationship with their God, a kind of idol which they call by a strange name: the State. **These guys have one and only one objective: the growth of their own political power.**

Europe's anointed decided a long time ago that we had too many little gods in Europe (The French State, the Italian State, the German State, etc.) and we needed to move to monotheism, thereby creating a European State or an altar where everybody could properly worship. Previously, each little individual god had its own "money," with the peseta, drachma, French franc, etc., used by the local citizens to pay their dues to the local god. But as the French free market economist Jacques Rueff said, "a currency is a sewer in which unearned income is collected." In other words, if compensation is awarded even when nothing of value is produced, such "unearned income" will in time drag down the value of the currency.

The stuff that gets distributed through the sewage system varies greatly from one country to the next. Take the example of Italy, a strange country (which I love dearly) if there ever was one. The north has a large community of entrepreneurs, and the south a majority of "new rentiers". Up until 2000, Italy had a simple way of solving this problem. Massive transfers were made from the north to the south in the local currency, while the fellows in the north were effectively paid in deutschmarks. From time to time, the lira was devalued which guaranteed that the fellows in the north remained competitive against their German competitors. Similarly, the "new rentiers" received their retirement income in the local currency, which minimized transfers taking place between generations.

Balance was maintained since private sector salaries tended to be indexed (with a lag) to the DM, while retirement benefits and public sector salaries were paid in lira. The same thing happened in France, where an abnormally large part of the population (much higher than in Germany) wanted to be "rentiers" i.e. civil servants.

Because the French and Italian currency sewage systems had more waste to recycle than their German equivalent, the exchange rates adjusted accordingly and harmoniously downwards. As 19th century philosopher Ernest Renan noted a nation is defined by "a willingness to live together" - and every nation in Europe, for most of the post WW2 period, found a way to uphold its local social contract.

# **To cut a long story short, it is the constitutional right of every country to be badly managed if the survival of the social contract binding the population is at stake. Finding a way to live together is much more important than being well managed.**

Unfortunately, this common sense formulation was never understood by the European zealots, who were intent on destroying the old gods to replace them with their new and unique god - a new Roman Empire. In this sense, the similarity with the USSR project is striking (see our discussion of a Christian Europe vs the new Roman Empire in [Was The Demise Of The Soviet Union A Negative Event?](#)).

The euro was created as a first step towards a new Roman Empire and the result was that Italians had to effectively transfer deutschmarks to the south. France was also forced to pay its innumerable civil servants in DM. Retirement benefits across the eurozone were effectively set in DM, which savaged the younger generations. The result was that local entrepreneurs lost competitiveness and peripheral eurozone economies started to go bankrupt. The euro has thus caused the probability of recurrent devaluations to be replaced by the certainty of national bankruptcy. This fate can only be avoided by a total surrender of national sovereignty to so called creditor nations, which is a remarkable achievement.

**It is against this dreadful backdrop that the Italians have just voted.**

However, the fact that the euro is a disaster has absolutely no impact on our "anointed." They are not interested in the well being of the local citizens, but are in fact missionaries for a faith. Since they are appointed from upon high, they are able to preach to the sinners and demand their repentance, i.e., that they should "reform". Monti, for example, was very big on preaching the "reform" sermon.

By "reform", our proselytizing elite mean the dismantlement of "national contracts" which had managed to unify each European polity. In their place, we have been granted a new social contract whereby the Germans pay for the Sicilian and French civil servants (read a "Federal Europe").

The Germans are not exactly keen on this idea, so in order to placate their own virtuous fellows, Berlin has offered to organize a world of ever falling salaries in southern Europe—to teach the sinners a lesson. For the lapsed southern Europeans, such collapses in their standard of living is the only way to stay competitive so long as the fixed exchange rate stricture remains. Compliance also implies dismantlement of all the social protections that the rentiers of southern Europe have over many years managed to secure.

**As a Frenchman, as a European, I want a diverse Europe in which each nation is managed by its own elected people. If the nation chooses to be poorly managed—so be it, this is what democracy is all about. I am not interested in a Europe where the standard of living falls precipitously for a large part of the population, nor am I interested in humiliating what were once proud countries in the hope that they desert their old deities and accept a new god.**

And neither do I want to be administered by unelected technocrats delegated by the northern Europeans on the flimsy pretext that my own politicians are useless; they may be hopeless, but I am entitled to have them that way.

What the eurocrats offer under the banner of "reform" is nothing of the sort but just an increase in their power and the destruction of the incredible diversity which made Europe an endlessly fascinating place.

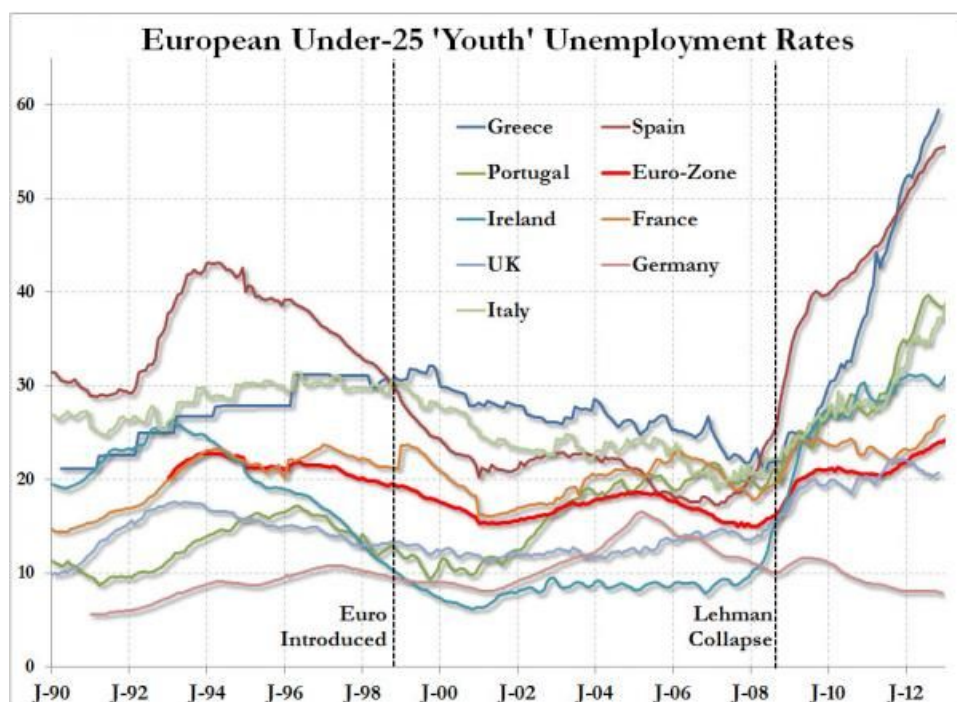
**It is time to return to market prices and democracy and to accept that technocracy cannot work. I love Italy more and more. Indeed, for the first time in years, I can envisage a situation in which I feel bullish on Europe.**

## Europe's Scariest Chart Update: Italy Now Worse Than Portugal

Submitted by [Tyler Durden](#) on 03/01/2013 11:03 -0500

71,110

For the first time in two years, Italy's youth unemployment rate is now higher than Portugal's at a staggering 38.7% (which is where Greece was just two years ago). Apart from Germany (which fell from 8.0% to 7.9%), every other nation saw youth unemployment rates rise with **a record 24.2% of European youth unemployed**. Greece (59.4%) and Spain (55.5%) remain the most concerning [as we noted in the past, austerity sounds straightforward as a policy, until the consequences bite](#) in terms of social unrest.



Average:

## Who pays for the greening of Germany?

By Stephen Evans BBC News, Berlin



Wind turbines have become dominant features of the landscape in many parts of Germany, which is also home to more than half of all the solar panels in the world

Germany is discovering that virtue comes at a price.

The country, one of the most industrialised on the planet, is undertaking an energy revolution.

Under what's called the "**Energiewende**", the economy is being re-engineered to cope with the closing of all its nuclear power stations and the ramping up of wind and solar power to fill the gap.

At the moment, renewable sources provide about a quarter of Germany's electricity supply but the aim is to raise it to 80% by 2050 - truly a green revolution.

But who pays for this boldness?

An argument has erupted because electricity bills for ordinary households have jumped. There's a debate over whether big industry should pick up more of the bill for the green switch. It's a debate that will get hotter in this election year.

There's also a debate over who is the father or mother of the revolution.

The initial decision to switch from nuclear was taken by the governing coalition of the Greens and the Social Democrats, the so-called Red-Green coalition.

But it was then reversed by Chancellor Angela Merkel - and then re-instated by her two years ago. A scientist by training and profession, she decided that the Fukushima disaster in Japan had revealed the true dangers of nuclear power so the calculations of risk had to be redone.

Consumers pay

At the time, governments of all stripes agreed that the switch to a green-source economy would be paid for by a surcharge on household electricity bills.





Germany saw mass protests against nuclear power after the disaster at Japan's Fukushima plant

It might have come out of general taxation, for example, but the decision was that consumers would pay.

Now, consumers are indicating they don't like paying, particularly as the surcharge has risen steeply.

"The largest amount that goes on investment in renewable energy comes from private households," says one of the country's leading energy economists, Professor Claudia Kemfert of the German Economics Institute in Berlin.

"More than 50% of the investment in solar and wind-turbines comes from these households."

Widespread exemptions

When the scheme was set up, heavy industry, which competes internationally, was exempted from the levy.

The argument industry made, and which was accepted, was that big steel companies, for example, or aluminium smelters competed internationally so if their energy costs were to rise substantially, the competition abroad would benefit - and there wouldn't have been much point in greening an economy if that meant crippling its biggest firms.

But more and more enterprises argued for an exemption from paying for the switch to green.

And it wasn't just big business.

Green activists argued that public transport companies should be exempt because these provided an alternative to the car. Their argument, too, was accepted.

"Almost everybody these days can get these exemptions," says Professor Kemfert.

"Private households then have to pay the rest and this is increasing and increasing, and that's unfair."

Generous incentives



Wind turbines have become a political headache for Chancellor Angela Merkel

On top of that, the government decided to provide generous incentives to companies or people who built wind-turbines or installed solar panels.

They're guaranteed a price - a feed-in tariff - for their electricity when they sell it into the grid for 20 years.

That's led to a countryside where wind-farms dominate landscapes. More than half of all the solar-panels in the world are now in Germany.

The thing is that the more solar panels and wind-turbines that are installed, the more the bill rises.

On one estimate, the surcharge which consumers pay has jumped by 50% in the past year, so the average German household pays 180 euros (\$235; £155) to subsidise renewable energy.

Spread the burden

The biggest fans of the green revolution say that the spread of solar and wind is a mark of success. Those who are more sceptical say that the success comes at a price.

Germany's Energy Minister, Peter Altmaier, has now proposed putting a cap on the subsidy.

Whatever the merits of that, it is a neat political move in an election year where his party, the CDU, could be undone at the polls if the Green Party performs well.

If the Greens and the SPD campaign against the cap, they risk the wrath of voters who actually pay for it.

The Green MP, Hermann Ott, says that what needs to be done is to spread the burden more widely.

He thinks the number of exemptions is far too high, having mushroomed from just 50 or so at the start.

"Now we have almost 2,000 companies that are exempted and which have nothing to do with international competition at all.

"There are only a few companies that are exempted from this levy which are in direct international competition."

Political battleground

On top of that, power-generation companies have benefited greatly as the price of generating solar power has fallen.

Dr Ott says: "The current system is unfair because it provides about 30bn euros of windfall profits to the large energy companies at the expense of the ordinary consumer who has got to pay for it.

"So we've got a system at the moment which re-allocates wealth from the bottom to the top."

All of this is the difficult politics of ambitious change - the hard choices of implementation.

The speech and the decision in parliament is the easy bit, but with implementation come the conflicts and dilemmas to be resolved by politics - the rows over the routes of new pylons and cables, the arguments over who pays.

Nobody is calling for the green revolution to be reversed. There are no loud cries of regret that the route was taken.

"There is no way back," says Michael Wunnerlich, who's on the management board of the BDEW, which represents the electricity generation industry.

"It will be a success. There is huge support in public opinion. More than 70% are in favour."

What Germany is realising is that a brave decision to re-engineer its economy for the eventual good of all has costs. And it now has a lot of political debate about who should pay them.

## Austerity

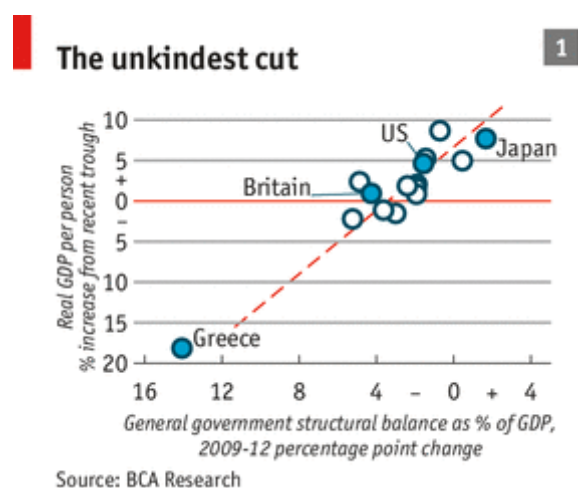
### Is opinion shifting?

Mar 1st 2013, 17:54 by Buttonwood

71,114

IF ONE had to tie together the Italian election with Moody's downgrade of Britain, the theme might be that the tide is turning against austerity. Indeed, Thursday's by-election in [Eastleigh](#) (a seat in southern England) showed the UK might have its own Beppe Grillo-style disrupting force in the form of the UK Independence Party. But the British downgrade showed that, for all its attempts to please the markets, slow growth in the UK is preventing the government from making a dent in its debt, while Italy showed that voters will eventually reject an austerity policy.

Indeed, this rather damning graph from Dhaval Joshi of BCA Research seems to indicate quite definitively that austerity is damaging economies. The vertical axis shows the growth in GDP per capita since the 2009 low; the horizontal axis, the cut in the structural fiscal deficit (ie the impact of deliberate government policy). There is a very strong and negative relationship which will delight Keynesians everywhere (or rather cause them to shake their heads in disgust).



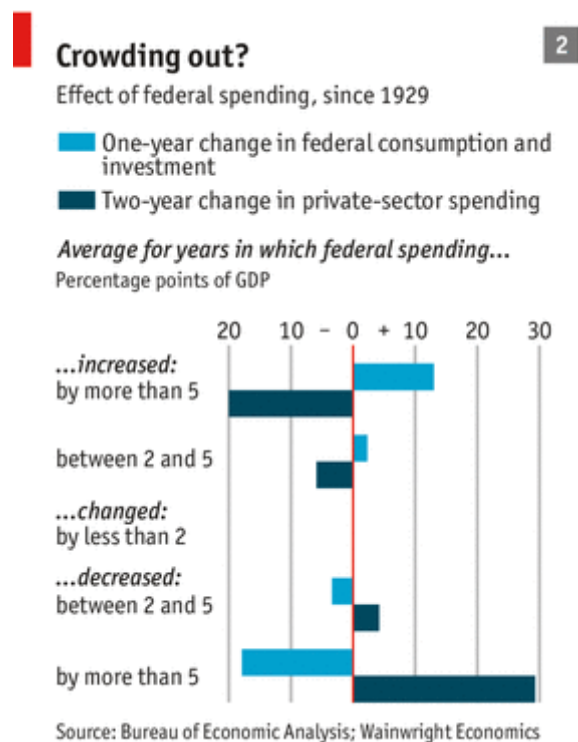
That said, I think the graph is more relevant to policy decisions in the US and the UK than to, say, Greece. The latter could not continue to run big deficits because it could find no-one to buy its bonds; it has had to rely on official help from the rest of Europe. (The same applies to Portugal, which is also in the south-west corner of the scatter chart). Non-eurozone members are quick to lecture the creditor nations that they should supply more aid (in the form of cheap loans) to southern Europe with fewer conditions. But it does make a difference when the debtors are not in your country; try asking Congress to fund the Mexican deficit on a long-term basis. The British government has been particularly sanctimonious in this regard.

Another point worth noticing is that the UK has been more aggressive in the use of QE (26% of GDP) than the US (14% of GDP) and has achieved worse results in terms of growth. Of course, this might be down to its proximity to the euro-zone, but it does suggest that fiscal policy is more influential than monetary. And the UK's fiscal policy seems to have been misguided, as previous blog posts have suggested; capital spending has been slashed and taxes increased, while current spending has been rising. This week's [leader](#) suggests some ways policy should be refocused.

Regardless of the economics, the politics of this are all very difficult, as this week's [column](#) started to explore. Lombard Street Research has just produced a very good note comparing Europe today with the situation in the 1920s and 1930s; the insistence of the Allies in demanding reparations from the Germans, compounded by the initial insistence of the Americans in treating inter-Allied debts as separate from the reparations issue, led to a debt crisis. This was made worse by a fixed currency mechanism (the gold standard) and the attempt to enforce austerity. The result was not just the Depression but the rejection by voters of mainstream parties.

So perhaps we will turn back to fiscal stimulus under the political imperative. Will this work? While the belief by some on the right that all government involvement in the economy is harmful seems antediluvian, they are surely right that there is some point at which government involvement becomes too great. The Reinhart/Rogoff rule (that economies slow once government debt passes 90% of GDP) may reflect this point; high debt ratios are a reflection of past deficits, past deficits reflect high government spending, and high spending reflects more government involvement in the economy. Our recent, very positive, [special report](#) on Scandinavia showed that Sweden had overdone the big government by the early 1990s and has reformed, and prospered, since then.

So here is another table from David Ranson of Wainwright Economics.



This shows the relationship between changes in federal spending and private sector spending, going back to 1929; the relationship is clearly inverse. Before you reach for the comment button, one point should be made clear; *transfer payments (unemployment benefits etc) are excluded*. So the obvious retort - that this graph merely shows the automatic stabilisers at work - cannot be made.

The idea that government should use the current climate of low rates to finance infrastructure projects that boost the long-term productive capacity of the economy makes a lot of sense, subject to the proviso that governments pick the right projects and manage them well. But one must also allow for the example of Greece; where a country has lived beyond its means for an extended period (by borrowing against future growth), there may be no way of avoiding a fall in living standards.

## Monetary policy

# The Eager for Catastrophe Bank

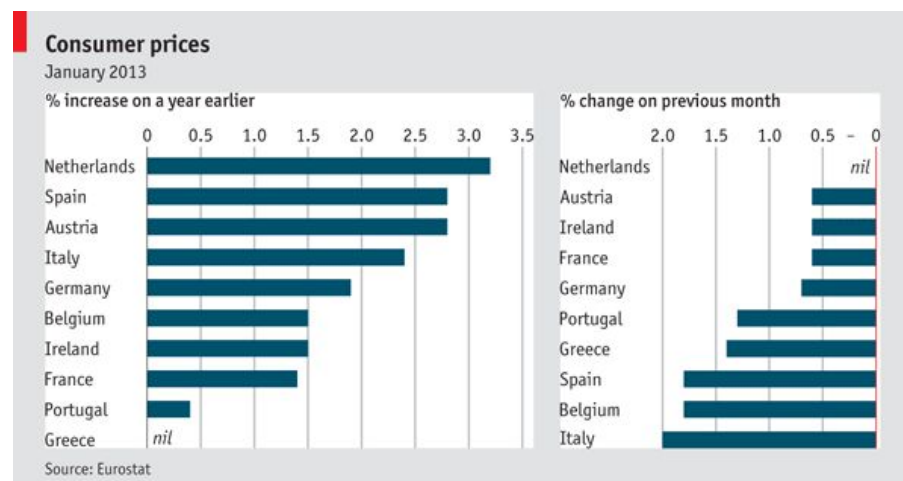
Mar 1st 2013, 13:49 by R.A. | WASHINGTON

71,116

IT IS safe to say that we have passed the point at which criticisms of the European Central Bank must be prefaced with the caveat that, yes, the ECB did prevent a nasty break-up of the single currency when its head, Mario Draghi, promised to do "whatever it takes" to keep the euro zone together. At this point, that decision is looking less like heroism than sadism, a bit like saving a trauma patient's life only to subsequently starve him to death. ECB policy can at this point be described as both cruel and unusual.

The latest evidence is damning. The euro-zone [unemployment rate](#) hit a new high in January at 11.9%. Unemployment rates touched dizzying new levels around the periphery; Greece, with unemployment at 27% as of November, is in the lead. Just as worrying are rate rises in much of the core. French unemployment continued to inch up and now stands at 10.6%. But unemployment has also increased by roughly a percentage point over the past year in both the Netherlands and Austria. The ranks of those spared by rising joblessness continue to shrink and retreat northwards.

One might normally explain these figures away as the actions of a central bank dangerously obsessed with inflation. And indeed, the ECB seemed proud of the fact that year-on-year [inflation](#) dropped to 2.0% in January. But this is an unsatisfactory story. As the chart below shows, prices have been falling sharply of late. For the euro zone to maintain an inflation rate near 2% over the coming year would eventually require a return to inflation well *above* the 2% target. (A flash [estimate](#) of year-on-year inflation as of February put the rate down to 1.8%.) If ECB policy is this naive, aiming to keep year-on-year inflation at 2% while entirely ignoring recent inflation trends, then it quite simply doesn't deserve to be entrusted with euro-area monetary policy.



But the ECB isn't that stupid. Instead, it appears to want to avoid making life too easy for the reform-sceptical governments around the periphery. A decent macroeconomic environment might lead governments to relax plans for reform and could even lead to budget improvements without painful budget cuts. But peripheral voters are [calling](#) the ECB's bluff and it has only itself to blame. Deprived of reasonable macroeconomic management, they have little reason to accept further policy diktats from the ECB and the European Commission.

So what will the ECB do now? It can either turn the screws some more in hopes of getting its way, possibly hastening the euro zone's demise amid macroeconomic ruin. Or it can do what central banks are supposed to do and prevent a demand-side disaster. Meanwhile, many Europeans must be questioning whether they really and truly want to yoke themselves to such an especially cruel bank.

## Fin du diesel : le défi de la prime à la casse

Par [Elsa Bembaron](#) Mis à jour le 04/03/2013 à 06:46 | publié le 03/03/2013 à 19:44 [Réactions](#) (22)

71,117



L'écart entre 1 litre d'essence et 1 litre de gazole est de 18 centimes en France. Crédits photo : Jean-Christophe MARMARA/Le Figaro

### Tirillés entre les impacts néfastes des moteurs diesels sur la santé et l'importance de cette technologie pour Renault et PSA, les ministres s'opposent sur le financement d'une «prime à la conversion» ciblée sur le gazole.

Plusieurs camps s'opposent au gouvernement sur le [diesel](#). Tous s'accordent à dire que les véhicules les plus anciens roulant au gazole polluent le plus, mais les avis divergent sur la marche à suivre pour améliorer la situation.

[Arnaud Montebourg](#), ministre du Redressement productif, est favorable à une «prime à la conversion». Cette [prime à la casse](#) qui ne veut pas dire son nom (et pour cause, le gouvernement a beaucoup critiqué les mesures précédentes) serait à la fois «une mesure sociale et environnementale». Elle viserait à aider les ménages défavorisés propriétaires d'une voiture diesel à en acquérir une neuve... ou d'occasion récente, ce qui serait une innovation par rapport aux primes précédentes.

Arnaud Montebourg n'a apporté aucune précision sur un éventuel seuil de revenus pour ces ménages, ni confirmé que la mesure s'appliquerait aux véhicules de plus de 12 ans, qui représenteraient 27 % du parc. «Plus un diesel est antérieur à 2011, plus il est polluant», a rappelé le ministre. Mais pas question de mettre en place «une prime à la casse qui remplit les carnets de commandes des fabricants étrangers». Sans préciser comment il comptait financer la prime, Arnaud Montebourg a écarté une augmentation du diesel. L'écart entre 1 litre d'essence et 1 litre de gazole est de 18 centimes en France «comme en Allemagne», a-t-il affirmé, décidé à «ne pas se laisser dicter une ligne de conduite par la [Cour des comptes](#)».

### Risque de bloquer les achats

Cette dernière a ouvert la boîte de Pandore en fin de semaine, en soulignant qu'un alignement de la taxation du diesel sur celle de l'essence rapporterait 7 milliards à l'État. Arnaud Montebourg estime que «tout changement de fiscalité risquerait de pénaliser les deux constructeurs français» Renault et PSA, champions du diesel. Rien ne sera fait «sans concertation avec les constructeurs nationaux», a insisté le ministre.

Une position éloignée de celle de la ministre de l'Écologie. [Delphine Batho](#), qui a proposé la prime de conversion, souhaite en plus un alignement des fiscalités du gazole et de l'essence. Elle cible les 60 % du parc auto français équipés de diesel, responsable de «40.000 décès prématurés» par an imputables aux émissions de particules fines.

Coincé entre les enjeux de santé et la nécessité d'éviter les effets pervers d'une prime à la casse (un soutien artificiel et coûteux du marché, qui finit par s'effondrer), [Pierre Moscovici](#), ministre de l'Économie, a botté en

touche en expliquant «avoir confié une réflexion sur la fiscalité écologique à un groupe de travail. Aucune forme d'augmentation de la fiscalité sur le diesel n'est prévue.» Au même moment, un conseiller de Matignon évoquait, lui, une «convergence de la taxation sur le diesel et l'essence».

Le salut pourrait venir des voitures hybrides et électriques. Renault dispose d'une gamme de quatre véhicules électriques, PSA privilégie les hybrides diesels (un moteur mi-électrique, mi-thermique) et Smart est le troisième constructeur à produire une voiture électrique en France. En attendant, les ministres prennent le risque de bloquer les décisions d'achat, tandis que le printemps est porteur pour l'automobile, à condition qu'aucun débat sur la fiscalité ne vienne polluer les ventes.

## Tristes comiques

LE MONDE | 01.03.2013 à 15h36 • Mis à jour le 01.03.2013 à 17h42 Par Pascal Galinier

71,119

*Le vieux monde se meurt, le nouveau monde tarde à apparaître, et dans ce clair-obscur surgissent les monstres.* " [Lire](#) le courrier des lecteurs, c'est parfois [relire](#) ses classiques. Cette célèbre sentence du philosophe communiste Antonio Gramsci (1891-1937) donne le ton de leurs missives, en cette semaine qui aura vu [partir](#) un [pape](#), disparaître Stéphane Hessel et [surgir](#) sur la scène politique un "indigné" d'un tout autre acabit, Beppe Grillo, dont le [MoVimento 5 stelle](#) (Mouvement 5 étoiles, M5S) est devenu contre toute attente le premier parti - pardon, mouvement - [politique](#) italien.

Une étrange victoire, aurait peut-être dit l'historien [Marc Bloch](#), autre résistant mythique, qui théorisa, dans son dernier livre, *"l'étrange défaite"* de 1940, avant de [tomber](#) sous les balles nazies, en 1944. Classiques, [vous](#) dis-je...

*Comediante ? Tragediante ?* Nos lecteurs s'interrogent. Qui est donc cet étrange personnage qui a raflé plus d'un quart des suffrages italiens ? Victoire sans lendemain d'un "ex-comique sinistre", selon les termes de [Patrice Micolon](#) (Viroflay, Yvelines) ? Ou "moment de bascule historique", comme le dit le politologue [Dominique Reynié](#) dans ces colonnes ([Le Monde du 28 février](#)) ?

De Tianjin, en [Chine](#), Pierre Guillemot observe le "spectacle étonnant de l'[Europe](#), où pauvres et riches du monde entier se précipitent pour [vivre](#) mieux, et où les citoyens de chaque pays choisissent des gouvernements du désordre et de l'appauvrissement...". Ce lecteur redoute, "cent ans après le suicide collectif de 1914, une autre course à la catastrophe...".

*"Vaut-il mieux une Italie démocratique ingouvernable ou une Italie gouvernable asservie ? La question mérite d'être posée, et pas seulement au sujet de l'[Italie](#)",* prévient Denis Monod-Broca ([Paris](#)). L'impuissance des politiques et des institutions en place, que dénoncent les "indignés" chers à feu Stéphane Hessel, conduit-elle inexorablement à "livrer les pays européens aux "Coluche" dont la plupart des critiques sont trop exactes ?", se demande Jean-Loup Englander (Marseille). [Philippe Ridet, notre correspondant à Rome](#), rappelle que "l'Italie a été le "laboratoire" de beaucoup de choses : la fin du [Parti communiste](#), l'explosion de toute une classe politique après l'opération "Mains propres", le populisme avec Berlusconi, la Ligue du Nord... C'est bien pourquoi le phénomène Grillo ne doit pas être pris à la légère". Il n'est pas pris à la légère par nos indignés à nous.

*"Il y a dans la commedia dell'arte une sagesse et un art au service de la vie, et c'est en partie comme ça que l'Italie a traversé les siècles et qu'elle est passée au travers des guerres fratricides et des invasions, relativise "Mickiewicz" (Web). Doit-on [reprocher](#) à un peuple d'[avoir](#) un instinct de survie et de ne pas [supporter](#) les nauséabondes médications d'une UE elle-même en décomposition ?" "Il faut [rebattre](#) les cartes immédiatement,* dit André Nouschi (Nice), qui n'a pas, lui, le cœur à [philosopher](#). *Les Français honoreraient la mémoire de Stéphane Hessel en proposant une remise en cause des institutions, de l'UE, de la BCE."*

Une autre Europe, on l'aura compris, est dans la salle d'attente de nos lecteurs. Depuis un certain référendum de 2005, vos médiateurs successifs ont rendu compte de cette attente, dont votre serviteur à deux reprises en 2012 ([voir](#) ses [chroniques](#) dans *Le Monde* du [17 mars 2012](#) et du [3-4 juin 2012](#)).

*"M. [Mario Monti](#), M<sup>me</sup> Merkel, l'inexistant Barroso, le transparent [Van Rompuy](#), la baronne ectoplasme [Catherine Ashton](#), les fils et petits-fils de [Lehman Brothers](#) et quelques autres, comme le chocolatier de Meaux [Jean-François Copé], devraient méditer la leçon italienne, tonne [Claude Bernard](#) (Paris). On promet des lendemains enthousiasmants aux ménages laborieux... Puis viennent les comiques. On leur a laissé les hommes, les rêves et les douleurs. On en rit, jusqu'au jour où un Benito, un Adolf, renverse la table... Et si ces gouvernants de Rome, de Bruxelles, de Berlin, de Copenhague, d'Athènes nous gouvernaient enfin ?"*



*"Ne nous moquons pas de "ces fous d'Italiens", met en garde [Heinz Mundschau](#), d'Aachen (Aix-la-Chapelle). Et ne sous-estimons pas l'énorme hausse de la précarité en [Allemagne](#), prix des fameuses réformes Schröder. M. Hollande devrait se [demander](#) pourquoi la soupe populaire et [les douches publiques resurgissent](#) de l'ombre de l'histoire sociale..."*

Faute de quoi, ajoute [Marc Dubois](#) (Pau, Pyrénées-Atlantiques), *"ce qui se passe en Italie se passera inéluctablement chez nous, en moins pittoresque. Car ce n'est pas un comique troupier qui succédera à des incompetents notoires, mais l'extrême droite, avec la [famille](#) Le Pen..."* "La montée de ce néopoliticien semble de l'ordre de l'aspiration à un homme providentiel qui "sorte les sortants", pour [reprendre](#) le slogan de *Poujade*", souligne l'anonyme mais pertinent "un prolo" (Web). Et de [rappeler](#) que "Grillo a appelé à la suppression des syndicats, est contre le droit du sol et déclare son organisation ouverte aux néofascistes..."

Alors, que [faire](#) ? aurait dit Lénine. *"Traiter de bouffons 30 % d'Italiens, qui ont voté pour se libérer d'une classe politique corrompue"*, cela ne résout rien, juge "Teresa" (Web). *"C'est en nous traitant de bouffons que la gauche nous a perdus. Elle a démontré ne pas [comprendre](#) le besoin de changement de ses électeurs"*, se désole cette internautes italienne - qui ne nous dit pas si elle a voté M5S...

Message transmis à *"ceux qui peuvent [endiguer](#) le [marketing](#) du "grillisme", en montrant ses limites et ses fausses promesses, sans être pris pour autant pour les restaurateurs de la souveraineté violée des partis"*, comme l'espère, sans trop y [croire](#), Giuliano Santoro, dans son livre sur le phénomène Beppe Grillo ([Un Grillo qualunque](#), Ed. Castelvechi, 2012, non traduit en français).

*"La comédie repère ce qu'il y a de petit chez les hommes, la tragédie ce qu'il y a de grand"*, selon Aristote. Classique ou moderne, la pièce ne fait que [commencer](#)... Hélas ! Ou heureusement ?

## Au PS, le débat empoisonné du diesel

LE MONDE | 02.03.2013 à 10h40 • Mis à jour le 03.03.2013 à 19h50 Par Nicolas Chapuis

71,121



A une période où chaque euro compte, le chiffre fait **saliver**. La Cour des comptes estime à près de 7 milliards d'euros le manque à **gagner**, pour l'Etat, dû au régime fiscal dérogatoire du diesel.

Les conclusions des magistrats dévoilées par *Libération* prônent un réalignement progressif des prélèvements sur le gazole (43 centimes d'euros par litre) au niveau de ceux sur l'essence (61 centimes).

**Lire aussi :** [La Cour des comptes épingle le régime fiscal dérogatoire du diesel](#)

Impossible à l'heure de la rigueur budgétaire d'écarter d'un revers de la main une piste à 7 milliards d'euros. Le rapporteur général de la commission des [finances](#) de l'Assemblée nationale, Christian Eckert (Meurthe-et-Moselle, PS), avait été le premier à se **lancer**, dans son entretien au *Monde* daté du 1<sup>er</sup> mars : *"Il ne serait pas complètement choquant d'**augmenter** la fiscalité du diesel, dans la mesure où 1 centime de hausse rapporte 300 millions et où l'écart de taxation avec l'essence est de 12 centimes [en réalité 18 centimes]."* ([lire l'entretien en zone abonnés](#))

Les autres députés socialistes avancent sur ce terrain miné avec le pied sur le frein. *"C'est un sujet à **manier** avec précaution, le diesel, c'est le salaire de la peur"*, confirme Thierry Mandon, le porte-parole du groupe PS à l'Assemblée nationale. Toute hausse du prix du gazole à la pompe est une manœuvre périlleuse en cette période de crise de l'[industrie automobile](#).

*"Si on taille dans le diesel aujourd'hui, on met en péril PSA"*, prévient [Philippe Doucet](#) (PS, [Val d'Oise](#)), membre de la Gauche populaire. Le constructeur français a misé depuis plusieurs années une grande partie de sa stratégie sur le gazole. *"On sait tous qu'il faut **sortir** de la logique du diesel, explique M. Doucet, mais avec un plan de transition industriel et écologique sur dix ans, pas comme ça. On ne peut pas, pour **combler** les trous de l'Etat, **faire** les poches des plus faibles revenus, des périurbains, des ruraux, des pêcheurs..."*

**Lire aussi :** [La fronde des utilisateurs de gazole](#) (abonnés)

Les élus de gauche ont en mémoire le premier coup de chaud auquel avait été confronté le gouvernement à l'été 2012. La forte hausse des prix du carburant avait contribué à accélérer la chute de popularité de l'exécutif. Pierre Moscovici, le ministre de l'économie, avait réagi fin août en diminuant les taxes pour **faire baisser** les prix à la pompe.

*"Si le gouvernement décide d'[augmenter](#) les prélèvements sur le diesel six mois après [avoir](#) baissé les taxes sur le carburant, ça envoie un signal contradictoire, ça ne fait aucun doute", concède le président de la commission du [développement durable](#) à l'Assemblée, [Jean-Paul Chanteguet](#). "Mais c'est au gouvernement de gérer cette communication, estime le député de l'Indre, favorable à la mesure. Le régime particulier du diesel est une "niche fiscale grise", un avantage qui encourage les comportements défavorables pour la santé et à l'environnement. Les particules fines dans le diesel engendrent un surcoût de santé de 20 à 30 milliards d'euros par an."*

### **Lire [42000 morts prématurées chaque année en France](#) (abonnés)**

Mais on ne rompt pas aussi facilement avec une histoire bien française. Les gouvernements successifs ont tous misé depuis trente ans sur les véhicules diesel, incitant les Français, par la fiscalité, à en [acheter](#). Aujourd'hui, plus de 70 % des nouvelles immatriculations sont des moteurs diesel.

*"On a poussé les Français pendant des années à [acheter](#) des automobiles diesel, si on inverse les choses de façon unilatérale, il y a une rupture du contrat de confiance avec le consommateur, explique Laurence Rossignol, la sénatrice socialiste chargée de l'environnement au PS. Par ailleurs, la Cour des comptes n'est pas une troisième assemblée. Elle n'a pas à [faire](#) des injonctions politiques. On a mis en place un comité qui réfléchit sérieusement sur une fiscalité écologique globale, j'aimerais que les éléments extérieurs ne viennent pas [percuter](#) sans cesse ce travail."*

En dévoilant leurs conclusions, les magistrats ont mis la pression sur ce comité de réflexion qui doit [livrer](#) ses conclusions fin mars. Une stratégie qui agace Karine Berger, la députée des Hautes-Alpes, secrétaire nationale à l'économie du PS : *"Je suis lasse de cette approche uniquement comptable de la fiscalité. On essaie de récupérer trois francs six sous par-ci par-là. Ce n'est pas comme ça qu'on fait une fiscalité intelligente et écologique. Il faut [savoir](#) ce qu'on veut [faire](#), dans quel sens on veut [influencer](#) le comportement des gens."*

### **Lire aussi : [Une fiscalité écologique française peu efficace](#) (abonnés)**

De son côté, le premier ministre [Jean-Marc Ayrault](#) paraît peu pressé de se dévoiler sur le sujet. *"On laisse la ministre de tutelle, [Delphine Batho](#), gérer le sujet pour l'instant",* indique-t-on à Matignon. La ministre de l'écologie s'est déjà prononcée en faveur d'un réalignement progressif, estimant que c'est *"un problème de santé publique sur lequel on ne peut plus [fermer](#) les yeux"*.

Mais si les plus fervents détracteurs du diesel plaident pour un début de rattrapage dès le plan de loi de finances de 2014, la question n'est pas encore tranchée. *"On attend les conclusions du comité de travail",* explique Matignon. Les experts planchent notamment sur une contribution [climat-énergie](#), version socialiste de la taxe carbone de Sarkozy. Certains élus PS freineraient alors des quatre fers sur l'augmentation de la taxe sur le diesel, qui risquerait d'être vécue par les automobilistes comme une double peine.

Nicolas Chapuis

March 3, 2013 +**VIDEO Interview Grillo en it s-t angl**

## **A Jester No More, Italy's Gadfly of Politics Reflects a Movement**

By [LIZ ALDERMAN](#) and [ELISABETTA POVOLEDO](#)

71,123



ROME — A populist with wild hair, a booming voice and untucked shirts, Beppe Grillo now holds the fate of [Italy](#) — and to some extent Europe — in his hands.

After winning a quarter of the votes in last week's national election, Mr. Grillo, a comedian turned activist, is being courted by Italy's traditional political players, but having thumbed his nose at them for years, he is having none of it. He has ruled out such alliances, throwing Italian politics into a logjam.

He refers to former Prime Minister Silvio Berlusconi, who sought a return to power, as “the psycho dwarf” and has steadfastly [rejected appeals](#) by Pier Luigi Bersani, the leader of the center-left Democratic Party, to join forces to govern, dismissing him as “a dead man walking.”

In a rare interview at his seaside home in Marina di Bibbona on Sunday, Mr. Grillo said it would be “inadmissible” for him to ensure the stability of a future Italian government. “It would be like Napoleon making a deal with Wellington.”

Barefoot and wearing faded jeans and a gray T-shirt with an image of Gandhi, he said his goal was to do away with a system that had “disintegrated the country” and build “something new” that would restore Italy to a true participatory democracy. “We can change everything in the hands of respectable people, but the existing political class must be expelled immediately,” he said.

Mr. Grillo typifies a new style of politician rising from the fires of the [European Union](#)'s long-running economic crisis and voter discontent in other countries. Like Alexis Tsipras, the young upstart in Greece who rode an anti-austerity wave to head the second-largest parliamentary party, or Yair Lapid, who tapped into a national frustration with social inequality in Israel, these politicians are not extremists but generally reformist leftists.

In refusing to play ball with the establishment powers, whom they consider irredeemably corrupt, the newcomers are fraying nerves in Brussels and Berlin.

“There is the sense that the European project is at risk with what happens in Italy if Grillo blames the E.U. for problems along with Germany, the enforcer,” said Moisés Naím, a senior associate at the [Carnegie Endowment](#)

[for International Peace](#) in Washington. “If he gets away with that, other politicians will also do it, and there may be contagion.”

Now that his political crusade, called the Five Star Movement, has been handed a powerful mandate, Mr. Grillo’s challenge will be to decide how to use it to change an establishment that has long viewed him as a demagogic, even reckless, man who risks taking Italy down the path of Greece.

Mr. Grillo rejected those charges in the interview, in which his at-home persona bore little resemblance to the inflammatory populist whipping up crowds into an indignant rage. “How can we be accused of destroying something that’s already destroyed?” he said, speaking in measured tones. “They’ve devoured the country, and now they can’t govern.”

Over the years, he has gathered huge followings after being barred from Italian television in the 1980s for mocking corrupt politicians. With a background in accounting, he has also taken on scandal-ridden businesses that have cost shareholders and taxpayers spectacular amounts through mismanagement, including the Parmalat dairy empire, Telecom Italia and the bank Monte dei Paschi di Siena.

His biggest edge, however, has been exploiting the power of the Internet and social media to get his message out. When he started a political blog in 2005, people logged in by the millions to engage in debate.

Buoyed by the momentum, he formed his Five Star Movement a little more than three years ago, based on a manifesto of improving public water, transportation, development, Internet connection and availability, and the environment.

Soon, Five Star candidates, known in the press as Grillini, began making a mark in local elections, grabbing seats in the legislatures of the Sicily region and in the city of Parma by addressing issues that embedded politicians rarely took on.

Candidates — mostly eager professionals younger than 45 — post videos and profiles of themselves on Mr. Grillo’s blog and are then chosen through an online vote. Ethics standards are strict: No criminal record or previous political affiliations are permitted. Doing without official cars and other perks of office is a must. Lawmakers must quit after two terms and may keep only a small percentage of the monthly salary that Italian elected representatives typically earn. The rest will most likely be put into a fund for small and medium businesses planning to expand and create jobs.

Before the national vote, the most striking success had come in Sicily, where the party won 15 of 90 seats in the regional assembly in October. It has since scored some legislative victories on critical issues in the party’s platform, largely by backing proposals sought by the movement’s members, regardless of which party makes them, said Francesco Cappello, the party’s deputy leader there.

Recently, for instance, lawmakers approved a plan by the Democratic Party to halt a costly public works contract for a bridge over the Strait of Messina, which divides Sicily from the mainland. Mr. Grillo, in a wet suit, swam it in October in one hour, a stunt he said had shown why the bridge was hardly needed.

Such tactics may be effective at shifting legislative agendas at a regional level. But maneuvering in the political shark tank of Rome will require a different approach.

The party “has the problems of a movement that grew quickly,” said Roberto Biorcio, a sociology professor at Bicocca University in Milan and an author of a recent book about the Five Star Movement. “So there will be some issues of inexperience.”

Mirella Liuzzi, 27, an expert on social media, is one of the 180 Grillini who will enter the lower house in Rome soon. She said she was looking forward to standing in Parliament, but acknowledged that it would be “a tough mandate.” Already, the movement’s voters are begging her not to disappoint them, she said.

On Sunday, all of the newly elected Grillini kicked off several days of meetings in Rome to learn about lawmaking.

“Even if it isn’t a political party, it will have to do the sorts of things that a political party normally does,” Mr. Biorcio said.

In the interview, Mr. Grillo said the movement would try to develop a consensus platform through discussion and set out legislative goals by May. Among the top measures is a so-called citizenship salary, a type of unemployment insurance for hard-hit Italians. Policies would be funded by cutting waste, corruption and rampant political spending. Further savings would come from withdrawing Italian forces from Afghanistan, capping state pensions at 5,000 euros a month and overturning tax amnesties, among other steps.

The big question is still whether Five Star lawmakers will simply be reactive and prone to blocking legislation they deem unfavorable. After Mr. Grillo refused to ally the movement with other parties, his detractors pointed out that most of his talk involves pulling down rather than building up.

His stance has rekindled fears that Italy may pivot back toward the center of the euro crisis, which Mr. Grillo blames for worsening the lives of ordinary Italians. He has called for a nationwide referendum on whether Italy should remain in the euro zone, and declared the spread between yields on Italy’s and Germany’s bonds a “hallucination” — a claim that rings hollow while thousands of small businesses are closing weekly as foreign investors drive up interest rates to reflect political uncertainty.

The departing prime minister, Mario Monti, saved Italy — at least temporarily — from having to ask for an international bailout. The risk is that Mr. Grillo has the effect of reversing those gains, making the situation harder for the people he is fighting for.

Mr. Grillo brushed off those concerns. Markets would respond positively, he said, “if we work with transparency and serenely, if we are honest and abolish conflict of interest, and pass laws against criminality, and if we support small and medium businesses and transform Italy into a community.”

Back in Sicily, Rosario Crocetta, the region’s center-left president, said he was skeptical about Mr. Grillo’s ability to guide the movement’s legislators in Rome.

“The time has come for Grillo to decide whether he is the pied piper of a protest movement that is an end to itself, or take on the institutional responsibilities for which he asked citizens for a mandate,” Mr. Crocetta said. “He has to show voters whether he was elected to help the country, or to lead it into chaos.”

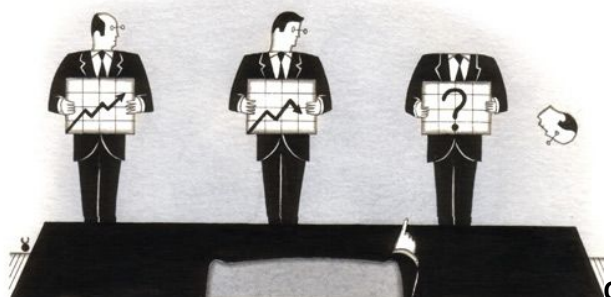
Liz Alderman reported from Rome, and Elisabetta Povoledo from Marina di Bibbona, Italy.

## United Kingdom: A-A-Another one bites the dust

25 February 2013

[The Times](#) London

71,126



Orlando Cue

**On February 22, the UK became the latest European nation to lose its platinum AAA credit worthiness status when rating agency Moody's downgraded the country to Aa1. It's an embarrassment to PM David Cameron, but not a shock to the markets, notes [The Times](#), which encourages the government to continue the austerity policy.**

### [The Times](#)

The reality of Britain's credit downgrade is likely to prove less dramatic than the anticipation. It had been widely expected that the UK would be stripped of its AAA rating in the next few weeks. The only surprise is that [Moody's took the decision](#) before the Budget in March. The insouciance of investors when [France](#) and the US lost their top ratings suggests the market reaction may be more a shrug than a shudder.

Politically it is highly significant, however, not least because George Osborne said that retaining Britain's AAA rating would be a key benchmark of the success of his deficit reduction strategy. Some of his critics, including the Shadow Chancellor, Ed Balls, claim that losing the rating demonstrates that the strategy has failed and that he should change tack. But this newspaper believes the problem is not that the strategy laid out by the coalition in 2010 was wrong. It is that the government has failed to implement that strategy with sufficient vigour and political courage.

Mr Osborne was absolutely right that the priority was a credible plan to reduce the government deficit and that this should be achieved mainly by cuts in public spending rather than tax increases. This would form part of a longer-term shift away from a high-spending state to a low-tax economy with room for the private sector to thrive freed from unnecessary regulation. Helped by the fall in the pound, there would be a rebalancing of the economy towards exports and the regions and away from an overheated City and the rest of the south east.

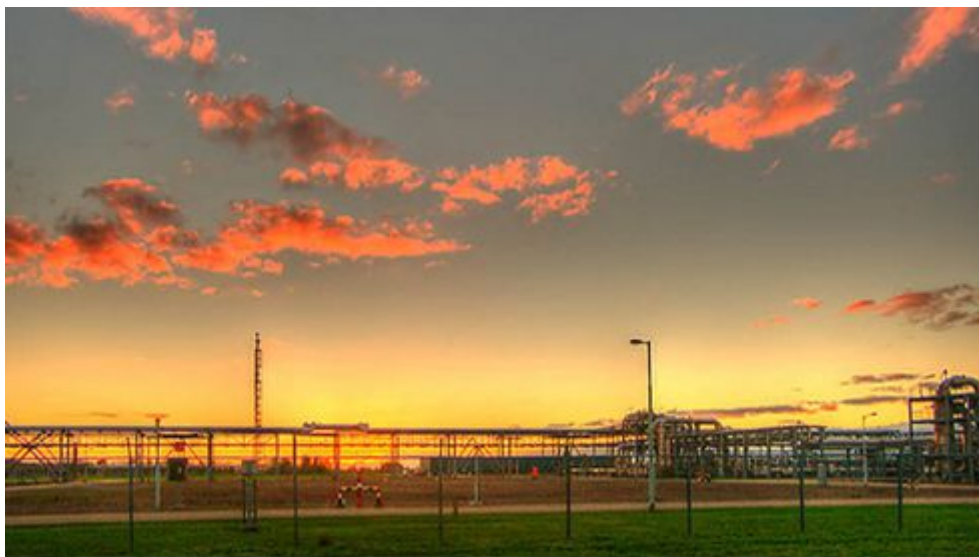
The reasons that the progress made so far has been disappointing lie to a large extent outside the government's control. [Growth has failed to recover](#) as strongly as hoped partly because exports have been hit by the crisis in the eurozone. Meanwhile the fall in sterling fuelled inflation, which put consumer spending under pressure.

## The Netherlands: Gas is not a gift

25 February 2013

[Trouw](#) Amsterdam

71,127



A gas facility at Grijpskerk, in the northern Groningen province

RT Farty

**Natural gas deposits, exploited in the northern Netherlands, provide billions of euros to the Dutch state. But the extraction is the cause of an increasing number of earthquakes and this, combined with a lack of long-term investment, has made energy policy a focus of debate.**

[Onno Havermans](#)

The first sign comes when the cat jumps off the bed. Domesticated animals sense catastrophes coming. Then there is a groaning sound that ends with a crash causing windows to shake and walls to tremble. It will be another sleepless night in the districts of Loppersum and Slochteren – maybe even as far away as the suburbs of Groningen.

Cracking walls, sticking doors and falling roof tiles, these are all unpleasant damage but they can be repaired. What is worse is the fear. Will it ever end? There is little chance of that, according to a [report](#) published by the Dutch State Mining supervisor, [which regulates mining activity]. Made public at the end of last month by Economic Affairs Minister Henk Kamp, the report states that [earthquakes caused by the extraction of gas](#) in the Groningen deposit have increased considerably both in frequency and in magnitude. It also forecasts that the earth should continue to quake for some 50 years.

### World's largest deposit

Henk Kamp has done what the [Nederlandse Aardolie Maatschappij \(NAM\)](#) [the Dutch Petroleum Company] should have done years ago – he realised that the ground in the province of Groningen is subsiding due to the extraction of natural gas and that this is accompanied by slight underground tremors. Reint Wobbes from the village of Huizinge is a member of the Old Churches of Groningen Foundation [which strives to protect the region's old churches]. "Kamp is talking about preventive measures but I have no idea what needs to be done. This region is culturally one of the oldest in Europe. How must we now protect homes and other buildings that are several centuries old? These measures should have been taken earlier. Why did the impetus have to come



from a citizen's group, the Groninger Bodem Beweging [Groningen Earth Movement]? Why did the authorities not protect the population sooner?" he asks.

In the barren, snow-covered fields, the furrowed soil waits for spring. On the high ground, the gas extraction facilities go almost undetected. They give off no odour and they cannot be seen. Foraging on the "Slochteren deposit" first began on July 22, 1959, near the village of Kolham, on land belonging to a farmer named Boon. But the boom years came some time later when it was discovered that the deposit was the largest single gas reserve in the world. This, however, has not enriched the region. Under the 1810 mining law, the mineral rights do not belong to the landowner but to the State. This can lead to some conflicting interests.

## Generous social benefits

These conflicts are not serious, says Herman de Jong, professor of economic history at the [University of Groningen (RuG)]. "I'd rather not think what would have happened had the mining law not existed. We would now have a slew of people from Groningen who would be wealthy and who would have crazy ideas and the impact on employment would have been short-lived. This way, we were able to establish a generous social benefits programme and to invest significantly in infrastructure projects, especially those of the Delta Plan," he says, [referring to a huge construction project to protect the South-western seaboard].

"We would do better to seek to manage the economy while keeping in mind that gas revenues are forecast to dry up in 30 years' time. The Netherlands has never had a long-term vision because it was convinced it would move to nuclear power. Revenues from the natural gas deposit were used for years to plug the holes in the budget. Norway adopted a more judicious approach by putting petrol and gas revenues into a [public fund](#). The interest generated by the fund is spent on education and infrastructure expenditures," he added.

Shell and Esso, NAM's partners, are making a hefty profit from Groningen gas extraction, says Herman de Jong. "But the State also benefits. A well-negotiated contract has allowed it, from the beginning, to earn high royalty fees," he explained. The Groningen deposit has already poured more than €200bn into the State's coffers. In 20 years, the Netherlands will have benefited from it for 75 years.

## Groningen energy hub

However, residents of Groningen are beginning to wonder what the gas has brought them other than the slow collapse of the ground beneath their feet. The *Partij voor het Noorden* or Northern Party which lobbies in favour of the northern provinces of Groningen, Drenthe and Friesland, is demanding that a quarter of the natural gas revenue be earmarked for the region.

Jan Willem Velthuis, an associate with PricewaterhouseCooper and a professor of energy economics at the University of Groningen, also says the Netherlands should invest in the province of Groningen. Not because that is where the gas is extracted but because the north has an important role to play in energy supply. "There are good reasons to invest in Groningen province as an energy hub. The hub we are building is capital for the supply of energy in Europe. We are linked to the German market, which favours sustainable development and that provides an advantage to natural gas plants. They are cheap and clean. The underwater cable that supplies hydro-powered electricity from Norway is connected here and we also get Russian gas. The infrastructure is fantastic, the pipelines and the gas deposits are perfect, not only for extracting the gas but also for stocking it. We can stock Russian gas cheaply then supply it when the price rises," he says, concluding, "The tap can be turned on or off at will, it is much easier here than anywhere else."

## Political stalemate in Italy

The centre-left alliance led by Pier Luigi Bersani has won Italy's [parliamentary election](#) by a razor-thin margin against Berlusconi's camp. But both Berlusconi and comedian Beppe Grillo's protest movement will be able to block Bersani's policies in the Senate. The jittery Italians have voted against Europe and turned the country into an unpredictable partner, commentators criticise, putting their hopes in new elections.

Il Sole 24 Ore - Italy

### Grand coalition, new elections the only way out

Both in the Chamber of Deputies and the Senate, Bersani's centre-left coalition has a razor-thin lead against Berlusconi's centre-right alliance. The only way out of this stalemate is a grand coalition, the liberal-conservative business daily Il Sole 24 Ore admonishes: "The formation of a leftist minority government is unrealistic. ... The international community would not be keen on the idea. This leaves the option of a grand coalition. This is generally regarded as taboo. [Bersani's] PD and [Berlusconi's] PDL striking a deal for governing the country together? Impossible. But an agreement could help to push through a number of reforms, first and foremost the reform of the electoral law, so that fresh elections can be called after a reasonable amount of time has passed. But if the deal [between the parties] is simply aimed at keeping things afloat, we may as well start coming to terms with the definitive triumph of Grillo [who obtained the third-largest number of votes]. By contrast a transition pact with clearly defined goals would be a sign that the chronically diseased system is getting ready to strike back." (26/02/2013)

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De Volkskrant - Netherlands

### Europe is the big loser

Above all Europe has come out the loser in the Italian elections, the left-liberal daily De Volkskrant writes: "Instead of giving a mandate for further reforms, as the EU countries had hoped, Italy's voters have given their leaders an impossible signal: forwards, but backwards at the same time. ... The advance of Berlusconi and Grillo's protest party must be a source of concern for Europe's leaders, also because in Spain too the poisonous combination of anger at the austerity measures and [corruption](#) is becoming visible. Until now the Italians and the Spaniards have always had a positive image of the European Union: they were glad that Brussels was ready to keep an eye on their not always trustworthy politicians. This mood is now slowly changing as a consequence of rising unemployment. That will put increased pressure on Brussels to slacken the austerity measures." (26/02/2013)

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Hospodářské noviny - Czech Republic

### Election result unnerves Italy and Europe

The tie in the Italian elections is disappointing, not just for Italy but for Europe as a whole, the liberal daily Hospodářské noviny comments: "Never before has the rest of Europe followed events in Italy so closely. It's clear that a reform government in the highly indebted country is a prerequisite for the recovery of the Eurozone. But the outcome has only deepened the country's instability. The euro has gone down. ... The shares on European stock exchanges fell and gobbled up all the profits that had been made in the course of the day. The fears of investors result from the fact that discredited ex-prime minister Silvio Berlusconi now has the chance to have his say in politics again. Without the Senate under its control the centre-left alliance won't have enough power to push through reforms. [Its leader] Bersani may become prime minister, but with very limited room for manoeuvre. ... This means Italy, the third-largest economy in the Eurozone, remains an unpredictable partner." (26/02/2013)

[» to the homepage \(Hospodářské noviny\)](#)

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Die Presse - Austria

### Berlusconi blocks sensible moderate right

The only thing that can save Italy is a stable centre-right government, the liberal-conservative daily Die Presse comments. But it believes there can be no hope of that as long as Berlusconi is in the running: "Berlusconi, who has always had his eye on what he can get out of his position, will go down in history as a destructive, blocking influence. Despite his remarkable results in these elections, he has also harmed his own party. If Berlusconi hadn't run, a new power could have formed that is capable of building a coalition with Monti to the right of the centre, one the European People's Party would not have to be ashamed of. Italy needs a respectable moderate right option with economic expertise, an alternative to Bersani's backward-looking centre-left alliance. But as long as Berlusconi's up to his antics, there can be no chance of that. Poor Italy." (26/02/2013)

[» full article \(external link, German\)](#)

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BBC - United Kingdom

### Grillo will have a say

The protest Five Star Movement under comedian Beppe Grillo has emerged from the Italian parliamentary elections as the third-strongest force. The BBC's Europe editor Gavin Hewitt is impressed by this success, especially since Grillo managed it "without giving any Italian TV interviews. His is an internet-based campaign. He draws momentum from the crowds and the streets. ... This comedian could become a player, a broker in determining Italy's next government. He himself will not be in parliament. He is barred from standing, having been convicted of manslaughter for a car accident. So the next parliament may have 70 or 80 inexperienced MPs without the guidance of the man who has built this movement. Mr Grillo could well have a say over Italy's future. He may demand electoral reform as the price of supporting any coalition government." (25/02/2013)

[» full article \(external link, English\)](#)

More from the press review on the subject [» Domestic Policy](#), [» Elections](#), [» Italy](#)

All available articles from [» Gavin Hewitt](#)

## Europe fears Italian paralysis

The [political stalemate](#) after the election in Italy caused turmoil on the markets on Tuesday. The yields on Italian government bonds rose while share prices fell in several countries and the euro also dropped significantly in value. Some commentators warn that the EU is now paying the price of its austerity policy and that the euro crisis will worsen once again. Others believe that the Eurozone is now in a position to survive Italy's political paralysis.

Diário Económico - Portugal

### EU leaders paying for their mistakes now

Rising yields on government bonds, sinking share prices in many countries and a falling euro: the euro crisis is escalating again but the Italians are not the only ones to blame, the liberal business daily Diário Económico writes: "Instability in Europe and a shaky euro have made a comeback with the threat of ungovernability that is rocking Italy, a founding member of the EU project. What the Italians have made clear is that we are still far from having overcome this crisis. ... To maintain that the Italians are irresponsible and that they have now got what they deserve is without doubt a mistake for which we Europeans will pay dearly. Perhaps even with our future. Because Italy is no [Ireland](#) or [Portugal](#), much less [Greece](#). The EU's leading politicians must try to understand where they went wrong - how they have brought the Italians to react in this way to the challenges faced by Europe. The true responsibility for this situation lies namely with them [the EU politicians]." (27/02/2013)

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The European - Germany

### Berlusconi is Italy's revenge on Germany

Berlusconi's success in the parliamentary elections can be traced back to Germany's policies and its [austerity dictates](#) for Europe, journalist Stefano Casertano writes in the German version of the online magazine The European: "The principle is simple: what do Italians hate? Austerity. What did Berlusconi promise? The end of austerity. ... A vote for Berlusconi was a vote against Germany. ... His laconic magic is the product of German foreign policy. Many Italians, at least those who voted for him, believe that now the big 'euro fraud' will come to light. Germany is a fantastic country with remarkable economic power, but the advantages that it reaps from the euro are disproportionate to what it puts into it. ... The idea is simple: 'You gave us austerity, we give you Berlusconi.' ... Don't ask why the Italians should vote against Berlusconi, but why they vote for him. ... And also how a big country like Germany should use its [leadership role](#) in Europe." (26/02/2013)

[» full article \(external link, German\)](#)

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All available articles from [» Stefano Casertano](#)

Der Standard - Austria

### Europe needs to calm down

After the unclear outcome in the Italian parliamentary elections, the yields on Portuguese, Spanish and Italian bonds rose sharply on Tuesday. But the panic is uncalled for, the left-liberal daily Der Standard writes: "A fresh outbreak of the euro crisis is unlikely because in the meantime new firewalls have been erected and fire extinguishers that weren't available when the first billows of smoke appeared in Greece are now in place. Above all, the readiness of the Central Bank to [indirectly finance](#) crisis states if necessary - albeit at the expense of price stability - should prevent Italy from running completely dry. And the bailout fund is also an option, even if it doesn't have enough resources for an intervention on behalf of Europe's largest debtor. So all in all the economic outlook has changed over the past 15 months. ... And besides, the mess in Italy's domestic politics shouldn't be over-dramatised. ... If everything else fails, new elections wouldn't be the end of the world politically. No one knows this better than the Italians." (27/02/2013)

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Corriere della Sera - Italy

### Italians to blame for their woes

The strong results obtained by Berlusconi and Grillo in conjunction with Monti's poor showing are being interpreted as Italians having voted against the [EU austerity plan](#). But the country is too quick to pin the blame on the EU, economist Lucrezia Rechlin argues in the liberal-conservative daily Corriere della Sera: "There is some truth to the observation that this was a vote against austerity and against Europe. ... Europe could in theory have been more lenient towards the countries in trouble. ... But the fact that a harsher stance was adopted is not in my opinion the result of cynical calculations on Germany's part but a lack of trust in a credible alternative. A distrust that is rooted in our own weakness, namely in the lack of social cohesion and public trust in the government. What is our steadily growing public debt but the result of a policy that only seeks approval; that is based on waste and subsidies because it lacks the power and the farsightedness to aim for a different balance that pursues the common good?" (27/02/2013)

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Protagon - Greece

### Success of populists death-blow for Europe

The election success of Berlusconi and Grillo represents a victory for populism in Italy but it will be the death-blow for Europe, the web portal Protagon predicts: "Politically, what happened yesterday in the Italian elections was the rebellion of one of the worse forms of populism against the worst form of globalisation: the ideology of extreme neo-liberalism. ... The united Europe as we knew it died in Italy. From now on it will either develop into a United States of Europe or we will witness the macabre ritual of the burial of Europe over the next few years. ... Those who are celebrating [the success of Berlusconi and Grillo and the defeat of current Prime Minister Monti] will soon pay the price of their error: the burial will perhaps start here, and perhaps it has already begun. Only if a United States of Europe emerges will Europe have a chance of surviving." (27/02/2013)

[» full article \(external link, Greek\)](#)

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## Italy: Merkel's Europe hits the skids in Rome

27 February 2013

[Il Sole-24 Ore](#) Milan

71,131



[Tom Janssen](#)

**The voters rejected the tutelage of Mario Monti and Angela Merkel, sabotaging the Chancellor's strategy of postponing the euro crisis until after Germany's September elections. To avoid a complete disintegration of the European consensus, the integration process must get back on track now.**

[Adriana Cerretelli](#)

Angela Merkel has done everything she could to clear away the danger of new outbreaks of instability in Europe in the lead-up to the German elections in September.

In Italy, she played the Monti card to the full – without going beyond declarations of esteem – anxious as she is to avoid the boomerang effect that caught her on the hop when [her unequivocal support](#) of Nicolas Sarkozy helped contribute to his defeat at the polls.

After that, she was forced to deal with his successor, François Hollande. And to keep the markets calm, she even went as far as removing the penalties for France's failure to hold to its commitments to reduce its deficit, formalising the new softening of the rules [in a letter](#) to the European Commission – which merely confirms the de facto state of affairs in Greece, Portugal and Spain.

The Chancellor's strategy has not worked. The response of the voters in Italy has dramatically reopened the wound of instability, both inside and outside Italy. As expected, the markets are [back on the attack](#). Europe is trembling and, to limit the damage, is dreaming of putting our country back under trusteeship, of sending it back for good to the outer orbit of countries that are already being closely watched – Greece & Co.

### Challenging a united Europe

In reality, the crisis of the electoral hysterics in Italy has moved far beyond the national dimension of discontent and is now pushing the notion of a united Europe, always slipping away, hard up against some awkward truths. It is, rather, pushing its nose into the badly stirred soup of European unity, and the many lumps in the broth are beginning to pop to the surface.

That could put the euro to the test once again. Not so much because of the new eruption of the Italian question, but because Italy, the third-largest economy of the euro club, has touched on the problems of the single currency that the Union, until now, has tried to patch up in a hurry – or rather, hastily to sweep under the carpet.

The vote on Sunday and Monday certainly speaks volumes about the general exasperation with austerity and taxes in a country knocked low by the recession and unemployment. It expresses above all the revolt against the mandarins of a system that, having decided to enter the circle of the single currency, failed to make the choices it had to make to stay in it. There was no modernisation. There was no self-reform. There was no liberalisation to become more competitive and in tune with its partners. This system created in the Italians the illusion that the country could still muddle on by as it always had, perpetuating monopolies, from the smaller to the juiciest, without ever paying the price.

The Italians are not the only ones in Europe, though, who failed to weigh up the consequences of getting into the single currency. This is what has given rise to the dilemma of "More Europe, or less Europe", and "To be or not to be in the euro." It's not a dilemma solely for the Italians. It is, though, a taboo subject much more widespread among the euro club members and those who want to enter the club than one would believe.

## Festering sore

This sore has continued to fester for four years during the crisis, while the club seems unable to come up with any answer other than the dogma of austerity and the shock reforms forced by the Germans, yet without having the shock absorbers of growth and still less those of intra-European solidarity. Not to mention the refusal to go through the normal democratic process – in the name, of course, of a technocratic option that is supposedly more efficient.

All this while the north-south divide is getting worse and while Europe and its industries continue to lose ground on the global market. The sacrifices are pleasing no one. And even less so those who, more or less everywhere, note that "Europe has the money to save the banks but not to restore growth and employment."

The markets, on the other hand, need some certitude about the future and integrity of the euro before they will calm down again. Will the guarantee offered by the President of the European Central Bank, Mario Draghi, be enough for that? And until when, now that Italy risks opening Pandora's box and letting everyone get a very look indeed at the many unresolved problems of the euro and the EU?

## Accelerate euro integration

While the popular consensus on Europe is crumbling all across the continent, the single currency, ironically, needs to resist its internal troubles and accelerate its integration by ratifying the triple union in banking, budgeting and policy. It needs to decide once and for all if it will truly accept and see through to the end, a shared destiny at all levels and under the German model, which is now dominant and pervasive.

The German elections and the European elections in 2014 have temporarily put the debate and the negotiations on ice, pushing back for a few months the moment of truth, putting off the choices among the too many contradictions that Europe is made of. But the worries remain, and they are even growing in many parts of Europe. Even in France under François Hollande.

Will the easing of discipline conceded by Angela Merkel be enough to calm the markets and hold on until September without major upsets? Italy has sounded the alarm, a thundering alarm. It would be dangerous to ignore it. For Europe and for everyone.

## On the web

- [Original article at Il Sole-24 Ore](#) it
- [Süddeutsche Zeitung article](#) de
- [Cicero article](#) de
- [Frankfurter Allgemeine Zeitung](#) de

View from Germany

## Was Monti Merkel's latest victim?



Did Angela Merkel lose the [Italian elections](#)? For the German press, the “political chaos in Italy” is a reflection of the failure of the austerity policy advocated by the Chancellor.

[Süddeutsche Zeitung points out that](#) —

in the EU, Berlin's cold reality and its insistence on reforms are perceived as a hostile diktat. Neither Monti or Bersani — nor indeed Berlin or Brussels — has been able to communicate to the Italians that the drastic regime of austerity will result in a cure.

Clever politicians should avoid following Merkel's economic lead, [remarks journalist Eric Bonse in Cicero](#). Nicolas Sarkozy in France, Mark Rutte in the Netherlands and now Mario Monti have demonstrated that those who “take lessons from Angie... learn how to lose!”

It remains to be seen why Merkel appears to be unaffected by all of this. But let no one say that the scorched earth she has left behind her has nothing to do with her policies...

However, *Frankfurter Allgemeine Zeitung* is eager to do just that. [The conservative daily deplors](#) the “degenerate political parties that will continue to plunder” Italy —

The destabilisation of the nation and the European Union was only made possible by a baffling voting system established by cunning politicians — during the Berlusconi era — to protect the interests of Il Cavaliere. [...] Let's not forget that the four candidates and Italy's president have a combined age of 357, a historic record in these elections. This country continues to be a paradise for pampered politicians while millions of young Italians are unable to find work, or training, or places in functional universities. These elections will change nothing for them.

## Democracy: States, markets and citizens on collision course

28 February 2013

[I Kathimerini Athens](#)

71,134



Michael Kountouris

**The uncertain outcome of the Italian elections and the success of Beppe Grillo have again demonstrated the undercurrents agitating Europe's crisis-stricken countries. Will the EU, or even more crucially the markets, now make a gesture to break the vicious circle of crisis and citizens' defiance?**

[Alexis Papachelas](#)

The tension that is simmering below the surface between the democracies of Europe and the international financial markets is not likely to end anytime soon and no one can predict its outcome.

The markets speak their own unforgiving language. They are threatening to pull the lending plug on Europe. But without borrowed money, or bonds, it will be nearly impossible for the bloc to maintain the standard of living and the level of welfare and social benefits that have defined the way its societies function since the end of World War II.

In fact, the markets are pushing the money to the East, where people are more accustomed to lower living standards and democracy functions differently.

The level of change and sacrifice in order to reach the targets that the financial markets are demanding, especially from southern Europe, is difficult, if not utterly impossible to achieve. No nation is ready to accept a major and widespread change of lifestyle – for the worse – without having an inevitable violent reaction.

### Politically manageable transition

The European elite, centred in Brussels and Berlin, believed that the transition to a more competitive and thrifty Europe would be [a process that was politically manageable](#). This may have been the case for certain northern European countries that have a good grasp of the concepts of the social contract and show more fortitude in the face of adversity.

In the case of Greece, as well as that of Italy, however, reforms and harsh cutbacks have not been so easy to swallow and have not been passed easily. In such countries, austerity awakens the instinct to react against anything that shakes up the status quo and strengthens society's anti-systemic tendencies.

## Breaking the vicious cycle

How can we break out of this vicious cycle? It is impossible to tell. The crisis has deepened and broadened the already large cultural and political divides that separate European nations. And now it looks like the financial markets are not at all prepared to tone down their demands and take a step back. The risk of Europe entering a protracted phase of instability and economic hardship is on the horizon as the markets continue to increase the spreads and [certain citizens vote for politicians like Italy's Beppe Grillo](#).

The limits and strength of democracy are set to be sorely tested, even though European democracy often seems a shallow institution that is played out behind the scenes of the public stage – something neglected by those who champion Silvio Berlusconi today when just yesterday they were presenting him as a paradigm of corruption and entanglement.

## On the web

- [Original article at I Kathimerini](#) el
- [The Daily Telegraph article](#) en

Opinion

## Stepping up to the democratic challenge

“The Italian election has confirmed many sophisticated people in their view that democracy – or at least, unmoderated democracy – doesn’t work. Left to themselves, they say, voters keep opting for lower taxes and higher spending. That’s why Europe is in such a mess”, [writes the columnist and Conservative MEP Daniel Hannan](#) in *The Daily Telegraph*.

Many in Brussels argue for a restriction in democratic rights, but there is another option. “Why not trust voters more?” asks Hannan, quoting the words of the late British Conservative MP Keith Joseph, who said: “Give people more responsibility and they’ll behave more responsibly.” Hannan points to the example of Switzerland, whose citizens are given a great deal of political responsibility through regular referendums. He adds –

Treat voters like children and you get sulks and tantrums. Treat them like adults and you get – well, you get Switzerland.



<http://www.youtube.com/watch?v=7uKnd6IEiO0>

## Deck the Halls with Macro Follies



23 399

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Publiée le 5 déc. 2012

71,136

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Executive Produced and Directed by John Papola

Produced by Lisa Versaci and Debra Davis

Written by John Papola, Adam Albright-Hanna and Jason Rink

Edited by John Papola and Josh Meyers

Post Producer Josh Meyers

Music by Layng Martine III

Cinematography by Wilson Wagoner

Production Design by John Robinson

Graphic Design by Jorge Gonzalez

Animation by Matty Young

Compositing by Thom Lynch

Sound Design by Marty Lester

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#### THE ECONSTORY:

Each year, our attention turns to the holidays... and to holiday consumer spending! We're told repeatedly that, because consumer spending is 70 percent of measured GDP, such spending is vital to economic growth and job creation. This must mean that savings, the opposite of consumption, is bad for growth.

This view of macroeconomics was first popularly asserted by Thomas Malthus in 1820, nearly 200 years ago. Malthus believed recessions were caused by "underconsumption" because there was a "general glut" of goods unsold. To recover from a recession and grow, we needed to stop all the saving and spend more to buy up all the goods on store shelves. Savers are like the miserly Ebenezer Scrooge. If you want a happy holiday, you've got to clear those shelves and give people a reason to produce more and create jobs. Or so Malthus thought.

John Maynard Keynes resurrected this approach and built on it with his influential "General Theory", which now underpins much of our government policy and public discussion of spending and economic growth. Keynesians believe aggregate spending drives the economy and savings is a "leak" out of the flow of spending. Indeed, this economic philosophy underpins many people's widespread obsession with retail sales each holiday season. Keynesian Macro Santa's sack is filled with spending.

But there is another view on recessions, recoveries and growth.

Classical and Austrian economists such as Adam Smith, Jean-Baptiste Say and Friedrich Hayek viewed savings as the vital lifeblood of economic growth and production as the means by which we live better and consume

more in the long term. Our savings aren't simply taken out of the economic system, but become the source of capital that entrepreneurs use to create new goods and increase productivity. These economists believe this increased productivity is the key to a wealthier world. Before we consume, we must effectively produce what others value -- at prices that cover the costs. This fundamental idea, that our demand for goods is enabled and constituted by our supply of other goods came to be known as the "Law of Markets" and later "Say's Law". For classical and Austrian economics, recessions happen when producers make mistakes. They create goods that can't be sold at a profit. These malinvestments tend to cluster in a recession as a result of systematic problems, such as disruptions in the financial system that cause monetary "disequilibrium", often as the result of government interventions in the economy since they can be system-wide.

Recovery and growth in the classical and Austrian view is driven by restructuring production so that entrepreneurs discover again the best -- i.e. the most valuable and sustainable -- ways to serve customers. That process is lead by new entrepreneurs and driven by savers who make capital available to fund new investments and new ventures. Sustainable saving and investment means creating more value for others while using fewer resources. This process lies at the core of healthy economic growth, including better job opportunities and a rising standard of living. If there are problems in the financial system such that our savings aren't effectively being invested but sitting idle in bank vaults, or people are hoarding cash under their mattress in distress, a classical approach seeks to get the root of that problem and resolve the monetary problems with monetary solutions such as increasing the money supply to meet demand and other approaches. Using up more real resources through additional consumption in such a case is a applying the wrong medicine to the disease.

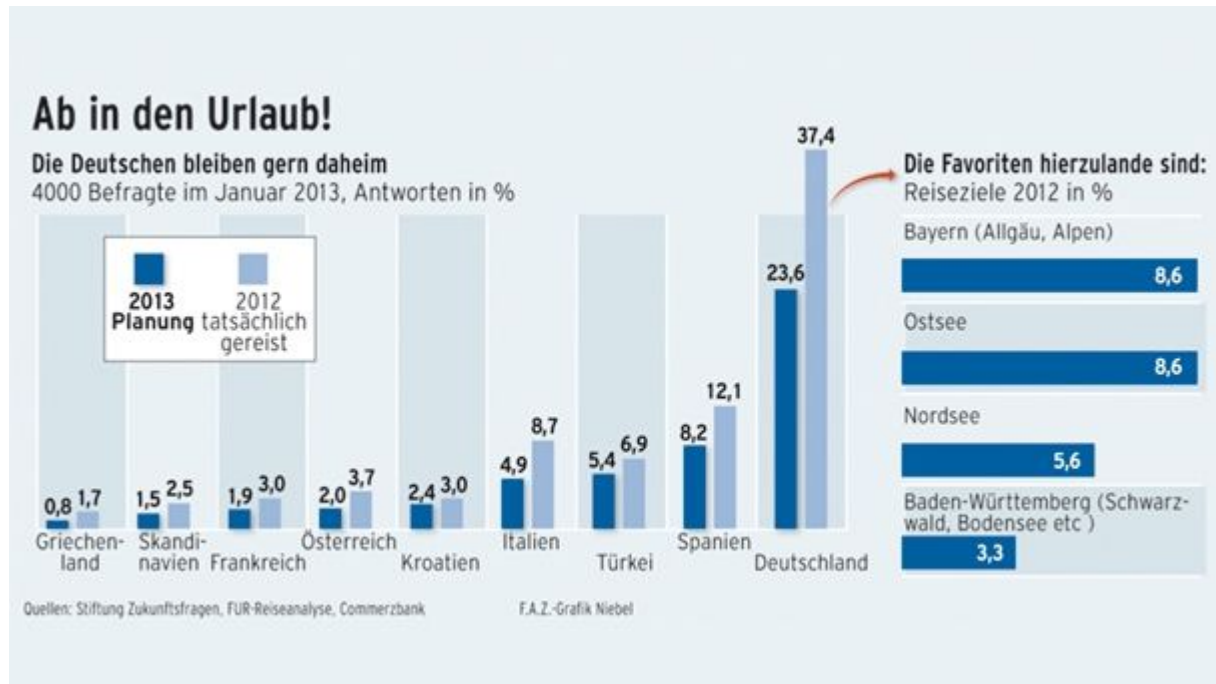
Consuming is our end goal, but producing value must be the means to that end. That is to say, Macro Santa's sack is filled with saving.

So which approach do you think is right? We favor the Smith-Say-Hayek approach to economic growth. Share your thoughts!

## Die Reisen der Deutschen

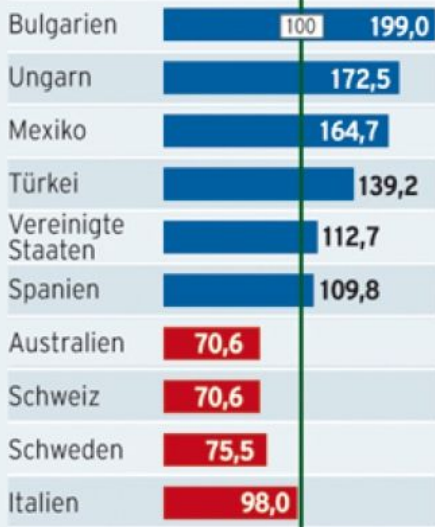
Jahrzehntlang waren die Deutschen Reiseweltmeister. Mittlerweile aber geben Chinesen und Amerikaner mehr aus. Die Bundesbürger verbringen ihre Ferien auch inzwischen am liebsten daheim. Von [Dennis Kremer](#) 2

FAZ, 3. März 2013



## Preiswerte und teure Länder

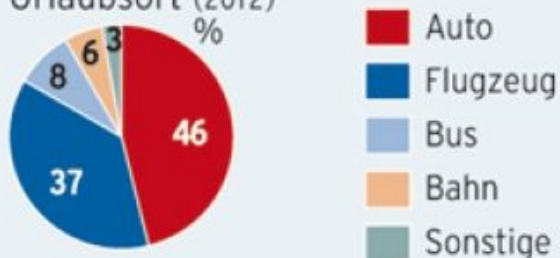
Deutsche Kaufkraft von 100 Euro im jeweiligen Land (2012)



Quellen: Stiftung Zukunftsfragen, FUR-Reiseanalyse, Commerzbank  
F.A.Z.-Grafik Niebel

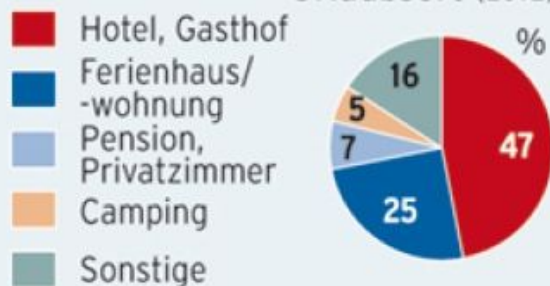
## Im Auto zum Ziel ...

Das Verkehrsmittel zum Urlaubsort (2012)



## ... und rein in's Hotel

Die Unterkunft am Urlaubsort (2012)



Quellen: Stiftung Zukunftsfragen, FUR-Reiseanalyse, Commerzbank  
F.A.Z.-Grafik Niebel

## La marge de manœuvre limitée de la BCE



Les critiques que le ministre du redressement productif, Arnaud Montebourg, a adressé à la Banque centrale européenne (BCE) et son président, Mario Draghi, ont relancé un vieux débat sur le rôle et la marge de manœuvre de cette institution indépendante chargée de définir la politique monétaire de l'Union européenne. Arnaud Montebourg a repris un angle d'attaque classique, accusant la BCE d'être "*remarquablement inactive*" et de ne pas s'occuper de la "*croissance*", ni des "*chômeurs*" ou de la "population européenne".

De son côté, le ministre de l'économie et des finances, Pierre Moscovici, a tenté de tempérer son propos en soulignant que Mario Draghi était dans son rôle, qui est de "*veiller à la stabilité des prix, à la lutte contre l'inflation, de veiller à la pérennité et à l'intégrité de la zone euro*". Il a néanmoins reconnu que "*des questions doivent être soulevées, comme par exemple celle du taux de change*". Des critiques qui portent sur les prérogatives de la BCE.

- **Quel est le rôle de la BCE ?**

Sur son site Internet, la BCE annonce que sa mission principale "*consiste à maintenir le pouvoir d'achat de l'euro, et donc la stabilité des prix, dans la zone euro*". En effet, selon l'article 127 du traité de fonctionnement de l'Union européenne, qui définit les prérogatives de la BCE, "*l'objectif principal du système européen de banques centrales [ensemble formé par la BCE et les banques centrales nationales des Etats membres] est de maintenir la stabilité des prix*". Leitmotiv de Mario Draghi, la question de la stabilité des prix est ainsi affichée comme le souci principal de cette institution européenne créée en 1998 et basée à Francfort.

Mais l'article 127 précise également que la BCE doit apporter "*son soutien aux politiques économiques générales dans l'Union, en vue de contribuer à la réalisation des objectifs de l'Union, tels que définis à l'article 3 du traité sur l'Union européenne*". Des objectifs définis comme suit dans l'article 3 : l'Union européenne "*œuvre pour le développement durable de l'Europe fondé sur une croissance économique équilibrée et sur la stabilité des prix, une économie sociale de marché hautement compétitive, qui tend au plein emploi et au progrès social, et un niveau élevé de protection et d'amélioration de la qualité de l'environnement*".

Considérant cette inflexion apportée par l'article 3, Jean-François Goux, économiste et professeur à l'université Lyon 2, estime donc que la lecture de l'article 127 est généralement tronquée, et que les prérogatives de la BCE sont plus larges que ce que l'on admet communément. Il souligne que "*l'objectif principal est la stabilité des prix, l'objectif secondaire est le soutien aux politiques économiques générales de l'Union européenne et par définition : la croissance, le plein emploi, le progrès social et la protection de l'environnement*". Ainsi, l'économiste affirme que "*la BCE doit soutenir les politiques économiques, mais elle n'en est pas à l'initiative*". Une prérogative différente de celle de la banque centrale des Etats-Unis (Federal Reserve, ou Fed) qui affiche comme double objectif non hiérarchisé la croissance économique du pays et la stabilité des prix.

- **Quelle est sa marge de manœuvre ?**

Outre les recommandations et avis dépourvus de poids juridique, la BCE a la possibilité de prendre des décisions obligatoires pour les Etats membres et d'arrêter des règlements directement applicables. C'est à la Cour européenne de justice de l'Union européenne que revient de contrôler l'application juridique de ces décisions.

Totalement indépendante, la BCE a comme principales missions de gérer les réserves de [devises](#) étrangères, de [surveiller](#) les institutions et les [marchés financiers](#). Elle est également la seule à [pouvoir autoriser](#) les banques des Etats membres à émettre des billets libellés en euros. Par ailleurs, la BCE est chargée tous les mois de [fixer](#) les taux directeurs, notamment le taux de refinancement (taux repo), qui influe sur les conditions de crédit proposées aux [entreprises](#) et aux particuliers.

Dans l'ensemble, la BCE dispose d'une marge de manœuvre assez limitée pour [soutenir](#) la croissance de la zone euro, car les textes ne définissent pas réellement les cadres juridiques de son action. Dans les faits, c'est [au travers de l'Eurogroupe](#), groupe informel réunissant les ministres des finances de la zone euro, que le président de la BCE peut [prendre](#) connaissance, tous les mois, des choix économiques souhaités par la collectivité.

Les statuts de la BCE ne sont quasiment pas modifiables. Directement inspirés des statuts de la Bundesbank allemande et enchâssés dans un traité [international](#), ils empêchent les hommes politiques de [faire](#) éventuellement évoluer les choses. Il revient donc aux responsables de la BCE d'interpréter à leur manière l'article 127.

- Peut-elle [sauver](#) la zone euro ?

Les critiques d'[Arnaud Montebourg](#) à l'égard de la BCE ne sont pas nouvelles. Cette dernière a souvent été accusée de laxisme, notamment outre-Rhin, pour son manque d'intervention dans la [crise de l'euro](#).

L'annonce, en septembre, de sa volonté de [racheter](#) des dettes publiques de la zone euro pour un montant illimité, en lançant un programme baptisé "Outright Monetary Transactions", [a été plutôt positivement accueillie en Europe](#). Seule la Bundesbank a réitéré son scepticisme face à une mesure qui, selon elle, "*conduit les Etats membres à [retarder](#) les réformes nécessaires, [sapant] davantage la confiance dans la capacité des dirigeants politiques à résoudre la crise*". Mais, pour Arnaud Montebourg, notamment, "*maintenant il faut [passer à l'action](#)*".

Jusque-là, ce programme n'a encore jamais été activé, le seul fait d'[exister](#) ayant permis d'éteindre les spéculations sur une explosion de la zone euro. Mais l'outil ne peut être mis en marche que si la demande de rachat de dette provient de l'Etat concerné, et que ce dernier accepte un programme de réformes. L'exemple italien, où deux personnalités anti-euro et anti-austérité se sont imposées, [laisse toutefois entrevoir l'échec de cette](#) "conditionnalité" martelée depuis le début par [Mario Draghi](#).

Pour certains, la crise de l'euro a aussi été le signe qu'il était temps de réformer la BCE. [Dans une tribune](#) au *Monde*, Claude Pierre-Brossolette, directeur honoraire du Trésor et ancien secrétaire général de la présidence de la République, estime notamment qu'il faudrait [doter](#) la BCE des pouvoirs de la Fed et que "*les taux de refinancement de la BCE puissent être adaptés à la situation de chaque pays*".

## After the Election: Italy's Possible Paths

By Christopher Emsden

ROME—A brief sampling of politicians' remarks made on Monday underline how far Italy is from forming a government after last week's surprisingly inconclusive general election.

"No solution can be reached without the Democratic Party," Massimo D'Alema, a former prime minister, said in Rome. His party is the lead member of the center-left coalition that won the most votes in the election, which translates into 340 seats in the 615-member Chamber of Deputies, making its support of any prospective government truly indispensable.

Meanwhile, in Palermo, Angelino Alfano said [Silvio Berlusconi](#)'s People of Freedom party and the center-right coalition "have emerged as the winners."

In fact, his party came in third and his coalition second, and will have only 20% of the lower-house seats. But Mr. Alfano sought to make the point that his coalition was surging in polls and saw itself as on course to win the next election.

Ultimately, the next election is what all today's maneuvering is about.

That's even more true of the Five-Star Movement, a protest movement led by Beppe Grillo that won more than a quarter of votes and enough seats to make it a potential kingmaker. Mr. Grillo strongly believes he can emerge the outright winner if Italy's establishment politicians remain true to form and try to govern through an unwieldy coalition. That's one reason why he is tempted to hope that happens. On Monday, he caustically suggested his rivals opt for a cabinet led by Corrado Passera, a former bank chief executive who served as Mario Monti's industry minister in the technocratic government that is widely blamed for halfhearted reform efforts that, along with austerity measures required by Europe, led Italy into a prolonged recession.

So what happens now?

The constitution requires the newly elected lawmakers to take up their seats by March 15, and that might be moved up. Once that happens, they can elect presidents of each legislative chamber and the head of state can begin formal consultations with political parties to see if there's any plausible combination able to muster a majority in both the house and Senate.

That could be achieved if the left and right agree to form a grand coalition, an idea that Mr. Berlusconi has signaled he would consider but that is probably suicidal for the Democratic Party.

It could also be achieved if the left were to ally with the Five-Star Movement. That path is being explored intensively but Mr. Grillo is dead set on entering any entangling alliance. Still, in theory he could order his troops to engage in an arcane maneuver and absent themselves from a confidence vote in the Senate and then support a minority center-left government on a case-by-case basis.

The margin for action is likely to be narrow in either of the above scenarios. Perhaps the only real point of such an exercise would be to overhaul Italy's electoral law, perhaps halving the number of parliamentarians and slashing their compensation as part of such a package.

Ironically, if that is the sole purpose of the next government, it might as well be led by Mr. Monti's current cabinet, who could oversee implementation of past reform measures and represent Italy at European Union summits while lawmakers hammer out the details of yet another electoral law. Italy has had several since a landmark 1993 referendum but none has remotely resembled what voters in that referendum overwhelmingly

indicated they wanted: an arrangement whereby citizens can choose individuals to represent them, probably in a two-party arrangement where the winner goes to Rome and the loser doesn't.

The law applied in February had no names, as voters could only choose between party symbols.

Italian President Giorgio Napolitano's seven-year term ends in May. The head of state has a largely ceremonial function but Mr. Napolitano has been unusually interventionist, above all when he pressed Mr. Berlusconi to step down and make way for Mr. Monti in late 2011.

The constitution doesn't allow the president to dissolve parliament – meaning to call new elections – in the last six months of his term. That means that he can't – and has said he won't – call for new elections now. In turn, that means the newly elected lawmakers will have to choose the next head of state. While that is typically a time for quid pro quos to cement alliances, it's unclear whether any party will want to compromise this time given that any alliance looks set to be short-lived.

So either there will be another vote as early as June, or there will be a wobbly government lasting a bit more – basically until one of the three main coalitions feels certain the popular mood has swung in its favor, or rather against its adversaries.



## Euro Zone Considers Budget Slack for '13

By [MATTHEW DALTON](#)

BRUSSELS—Euro-zone finance ministers met Monday to consider whether the bloc's struggling economies should be given more time to cut their government budget deficits and avoid a new round of austerity that could push the 17-nation economy deeper into recession.



*Reuters*

Dutch Finance Minister and Eurogroup Chairman Jeroen Dijsselbloem, left, with IMF Managing Director Christine Lagarde and Belgium's Finance Minister Steven Vanackere, right, at a euro-zone finance ministers' meeting in Brussels on Monday.

France, the Netherlands, Spain and Portugal are among the countries that would likely need to adopt more spending cuts and tax increases if they stick to previously agreed deficit targets. The European Commission, the EU's executive arm, has the power to ask for more austerity, but it has allowed budget targets to slip over the past year. Commission officials have said they would continue to be lenient when targets are missed because of worse-than-expected growth, not lax policy by national budget writers.

Most euro-zone governments support allowing governments more time, but Germany and a few others have warned that the EU's budget rules should be strictly respected. The debate has grown more urgent as steadily rising unemployment has raised political pressure on governments to slow the pace of deficit reduction.

"We have to avoid adding austerity to the recession because that would kill growth and create a loss of social and political confidence," French Finance Minister Pierre Moscovici said before the meeting.

The ministers will also discuss a request from Ireland and Portugal to extend the maturities on their bailout loans. Irish Finance Minister Michael Noonan has asked for an average extension of 15 years, though he said an extension of that magnitude appeared unlikely.

"I don't think there's a disposition to extend that long," he said.

No final decisions on the issue are expected at Monday's gathering.

Italian Prime Minister Mario Monti was the latest victim of the euro zone's poor economic conditions. Italian voters gave his party only around 10% of the vote in last week's elections, threatening to undermine his government's economic overhauls, a path euro-zone officials say needs to be followed to allow the economy to recover.

"I think the postelection situation in Italy will be one of the main themes of discussion today," said Finnish Finance Minister Jutta Urpilainen. "We hope that the new government could be formed quickly, and that it would continue implementing reforms. It is clear that Italy must continue reforming structures of its society and repairing its economy,"

## Deficit Pains

The deficit-reduction plans of a number of euro-zone countries are expected to come off-track in 2013.

2013 PROJECTIONS FOR DEFICIT AS A PERCENTAGE OF GDP



Source: European Commission

The Wall Street Journal

The ministers will also confront challenges related to the euro zone's bailout lending for several countries. The most pressing and contentious matter is a bailout for Cyprus, which the governments agreed to have in place by the end of March.

The International Monetary Fund has been pressing for noninsured depositors in Cypriot banks to take losses, a move that would cut the cost of the bailout and leave the Cypriot government with a more manageable debt burden. But the commission, the European Central Bank and most euro-zone governments have resisted this option, because of the risk it could spark depositors to yank their money from banks in Cyprus and other struggling euro-zone countries.

Nicos Anastasiades, the new Cypriot president, said last week that "absolutely no reference to a haircut on public debt or deposits will be tolerated."

## Debate: Grillo's twist on European populism

4 March 2013

[De Morgen](#) Brussels

71,146



Mayk

The big winner in the Italian elections, Beppe Grillo, is often described as populist. But in Europe, this political category is somewhat blurred, covering quite a cross-section of movements, argues a Belgian historian.

[Marnix Beyen](#)

Beppe Grillo's [landslide victory](#) in the Italian elections is fuel to the fire in discussions on the controversial term "populism".

Bert Wagendorp previously [wrote in this very newspaper](#) that "in contrast to populists like De Wever [in Belgium], Wilders [in the Netherlands] and Berlusconi [in Italy]," Grillo is not the product of an existing political party. In other words: Grillo does not seem to fit as a member of the extended populist family, precisely because he is truly an outsider. However, Wagendorp has overlooked the significance of ideology in the description of populism. According to an ideological description, Grillo is indeed more or less the classic populist: someone who defines the political class as the enemy of the "true" people.

### Some populism is fascist

However, Grillo can also not simply be labeled a populist for exactly the same ideological reason. After all, populism is a particularly polymorphous phenomenon, which may be based on highly divergent interpretations of "the people".

Two extreme positions can be distinguished on the basis of this theory. On the one hand "the people" might be defined as a metaphysical and moral entity, which retains the same characteristics throughout the ages. This "people" has to be defended against foreign enemies and protected from their influences, and might therefore best be personified in the form of a charismatic leader.

At the other end of the spectrum is an approach whereby the people amounts to several million free citizens and their personal desires and projects, which should not be unnecessarily hampered by superfluous regulations and laws. A populism whose roots are firmly embedded in the former, ethnic interpretation of the notion of "people", might well be defined as fascist. One which is an extension of the latter approach, however, is more likely to be labelled a form of libertarian populism.

## Finding a balance

Almost all the current populist movements actually comprise aspects of the two variants, albeit in highly varied proportions. As the name suggests, Timo Soini's [True Finns Party](#) leans very much toward the first of these two variants. This political party is indeed based on the idealised image of a Finnish people that needs to be protected from alien influences, such as gay marriage, the Swedish language and North African immigration. The manner in which it mobilizes support for these ideals and the concrete measures it proposes, however, are too moderate to actually brand the party as “fascist”.

[Geert Wilders](#) in turn opted for a party name – the Party for Freedom – which more sharply reflects the libertarian face of populism. This is also borne out by the party's positive stance on homosexuality as part of its enlightened heritage. It nevertheless certainly portrays “our Netherlands” as a mystical entity, which requires protection from both “their Brussels” and “the onward march of Islam”. A similar ambiguity has struck the Hungarian Fidesz Party. Although the origin of its name is a Hungarian abbreviation of Young Free Democrats, it nowadays refers solely to the Latin word for loyalty. And the fact that this loyalty relates to “true” Hungarian values is harshly witnessed on a daily basis by minorities such as the country's Roma population.

## Pleading for ‘electronic democracy’

Grillo's Five Star Movement is much closer to the libertarian pole of the previously defined populist spectrum than the aforementioned parties. While his blog and speeches are absolutely bursting with references to an eternal Italy, whose resurrection is finally in sight, he is also clearly allergic to the ultranationalist excesses expressed by characters like Timo Soini and [Viktor Orbán](#). Although he does insist that immigration needs to be more tightly restricted, his stance is neither based on Islamophobia nor fear of the loss of Italian values. His plea for “electronic democracy” is also highly significant in this regard. Instead of marching in file behind leaders or symbols, the Italians should be voicing their views en masse online, he feels.

This sort of classification also immediately begs the question of where [Bart De Wever](#) actually stands within the spectrum. He is of course the heir to a tradition, which fostered an ethnic variant of nationalism. And while De Wever has so far resisted any urge to display the lion standard on street signs in his hometown Antwerp, he has expressed the intention to reforge the population into a more or less homogeneous community with sturdy external borders.

## Forging a new state

The fact that he does not exhibit the same sort of explicit mistrust of Islamophobia like Wilders, De Winter, Le Pen, Orbán or Michaloliakos, however, should not be rejected as simply a minor detail. Furthermore, due to Belgium's history within the European Community, De Wever has no need to present himself as a populist. He could more readily adopt the role of one appointed to complete the unfinished task of [forging a state](#), than as the people's spokesperson in condemning a corrupt political class.

Translated from the Dutch by **Kelly Boom**

## On the web

- [Original article at De Morgen](#) nl
- [EUobserver article](#) en

## L'Eurogroupe déchiré entre relance et austérité

Par [Jean-Jacques Mevel](#) Mis à jour le 04/03/2013 à 23:46 | publié le 04/03/2013 à 19:48

71,148

**Le ministre français de l'Économie, Pierre Moscovici, a brisé un tabou en évoquant un «soutien collectif» à la croissance. Le refus de l'austérité gagne de plus en plus en zone euro.**

[Chypre](#) et même la Grèce pouvaient encore passer pour des marginaux. La France et sa promesse rompue sur les déficits, [l'Espagne et son chômage explosif](#) et, pour finir, l'Italie avec son vote retentissant contre l'austérité ramènent la controverse politique au premier plan: la zone euro en fait-elle trop pour la discipline budgétaire et pas assez en faveur de la croissance, au risque d'une nouvelle fracture entre le Sud et le Nord généralement plus vertueux?

La question, rangée au placard depuis le triomphe de l'orthodoxie arraché il y a deux ans par Angela Merkel, risque de resurgir au grand air à tout moment. Encore contenue, elle a hanté lundi soir le huis clos mensuel des dix-sept ministres des Finances de l'euro. Depuis un mois, les mauvaises nouvelles économiques s'accumulent pour l'Europe. Elles frappent désormais trois poids lourds qui pèsent ensemble près de la moitié du PIB de la zone euro.

[Pierre Moscovici](#), brandissant le risque d'«une perte de confiance sociale et politique» dans une bonne partie de l'Euroland, en parle désormais ouvertement: «Il ne faut pas ajouter l'austérité à la récession.» Il se garde de ranger la France parmi les fauteurs de troubles ou même d'évoquer un nouveau rapport de force face à l'Allemagne. Mais le ministre rompt brutalement avec la règle bruxelloise du «cas par cas», consensus qui impose à chaque pays de trouver en lui-même les remèdes à ses difficultés. À Bruxelles, il a évoqué un «soutien collectif à la croissance». Bref, une relance européenne qui ne dit pas son nom.

### Les Pays-Bas pris en défaut

Paris prêche bien sûr pour sa paroisse. Faute de croissance, Bercy est confronté depuis dix jours à des prévisions européennes qui voient le déficit français crever largement le plafond de déficit promis pour cette année (3 %), et encore en 2014. La nouveauté est que la France est loin d'être seule dans cette galère. Même les Pays-Bas, naguère exemplaires, seront pris en défaut en 2013. Signe révélateur, le grand quotidien néerlandais *de Volkskrant* se demande si, à peine nommé, le nouveau patron de l'[Eurogroupe](#), Jeroen Dijsselbloem, ne va pas être l'instrument d'un «changement de cap».

Le plafond des 5 millions de chômeurs franchi lundi par l'Espagne apporte de l'eau à ce moulin, tout comme les manifestations monstres contre l'austérité, le week-end dernier, au Portugal. En Grèce, le gouvernement Samaras cité en exemple il y a peu par Bruxelles refuse désormais les 150.000 suppressions d'emplois publics promises l'an dernier à la troïka UE-BCE-FMI. Après six ans de récession, le chômage pourrait y dépasser 30 % cette année...

Dans le panorama des capitales de l'euro, la discrétion des défenseurs d'une politique de redressement longtemps incontestée semble aussi surprenante. L'Eurogroupe comme la Commission restent sans voix devant le vote-sanction infligé au réformateur italien Mario Monti et face la résurrection électorale de Silvio Berlusconi. L'Allemand Wolfgang Schäuble, naguère prompt à distribuer les blâmes et les encouragements, a rejoint lundi l'Eurogroupe sans mot dire. Il a laissé à son collègue luxembourgeois Luc Frieden le soin de rappeler que «les engagements pris doivent être respectés» et qu'il ne faudrait pas «édulcorer» la discipline commune. Face aux nuages qui s'accumulent sur l'euro, la réponse peut paraître un peu courte.

## Understanding Europe's "Austrian" Solution - The 'Merkel-Draghi' Wager

Submitted by [Tyler Durden](#) on 03/04/2013 18:51 -0500

71,149

*Authored By UBS' Larry Hatheway,*

### **The Merkel-Draghi wager: Will it pay off?**

Tracking the evolution of the Eurozone crisis has been like hacking your way through a dense jungle. **The number of countries, political actors, policy institutions, and policy responses - not to mention acronyms! - makes seeing the forest for the trees all but impossible.** In what follows I propose a framework to lift the field of vision and thereby gain some perspective. That perspective ought to help put into context the importance of last week's Italian elections for Europe's future.

When the Eurozone crisis first broke some four years ago, most analysts quickly and correctly concluded that the Eurozone was an incomplete monetary union. **Two camps then emerged - those that thought that saving the Eurozone required extensive political and fiscal integration, and those that believed that integration on the scale required would be impossible, with the result that the Eurozone would have to shrink via exit of one or more countries.** Politics, however, is the art of the possible. And neither rapid integration nor breakup were or are politically feasible options for Europe's political classes. Instead, **what has evolved is what I dub the 'Merkel-Draghi wager'**. To be sure, it is not simply the creation of German Chancellor Merkel and ECB President Draghi. However, they are the chief political and policy protagonists in Europe and, surely, without their backing the policies now in place could never have been adopted.

**The 'Merkel-Draghi wager' began with the determination that capital markets would not dictate Europe's future.** The realities of huge external imbalances, sovereign stress, and financial insolvency would not be allowed to manifest in either bank runs or sovereign default that would then precipitate a Eurozone breakup.

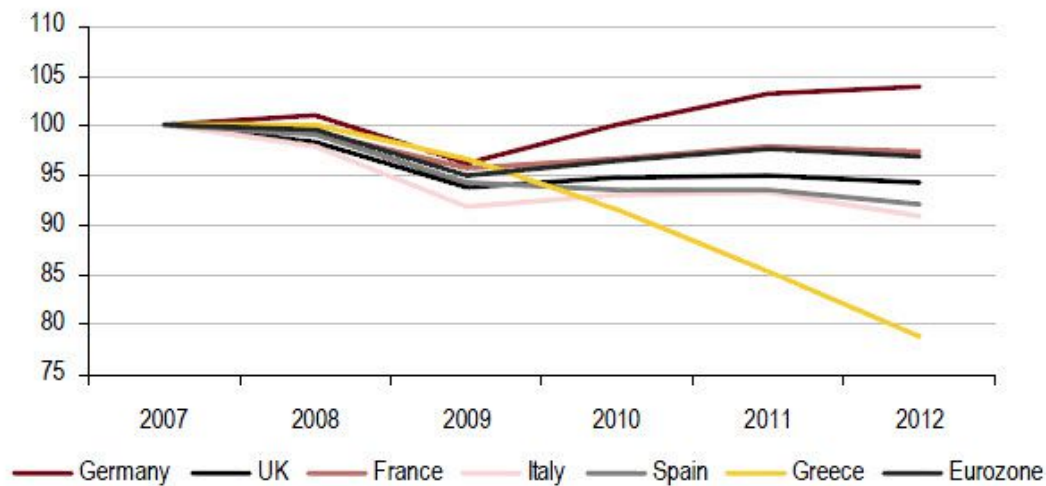
**As a consequence, a series of increasingly robust lender-of-last-resort facilities were introduced, which have prevented either a Lehman-style bank collapse or a sudden stop in sovereign financing.** For banks, the ECB's balance sheet replaced disappearing wholesale funding markets, thereby bridging the financing gap between deposits and loans. For sovereigns unable to borrow in capital markets, support was provided by the troika under the framework of EFSF (now ESM). And, as of last year, the ECB's balance sheet also stands at the ready with its yet-to-be-activated Outright Monetary Transactions (OMT) program.

**In short, the policy response has not been one of explicit fiscal or political integration, but rather the establishment of two massive and effective lender-of-last-resort facilities.**

**So where's the wager?** The bet is embedded in the rest of the narrative. With growth-supporting fiscal transfers or debt mutualisation ruled out by national politics, the remainder of the story is about an 'Austrian' solution to cleanse Europe of excessive fiscal deficits, narrow gaps in competitiveness, and shrink external imbalances. Countries with large budget deficits are mandated to cut them swiftly, virtually irrespective of the scope and depth of the recessions that ensue. Structural reform is advocated for uncompetitive countries, though in the absence of such policy initiatives soaring unemployment and falling wages will act to restore competitiveness—the internal devaluation.

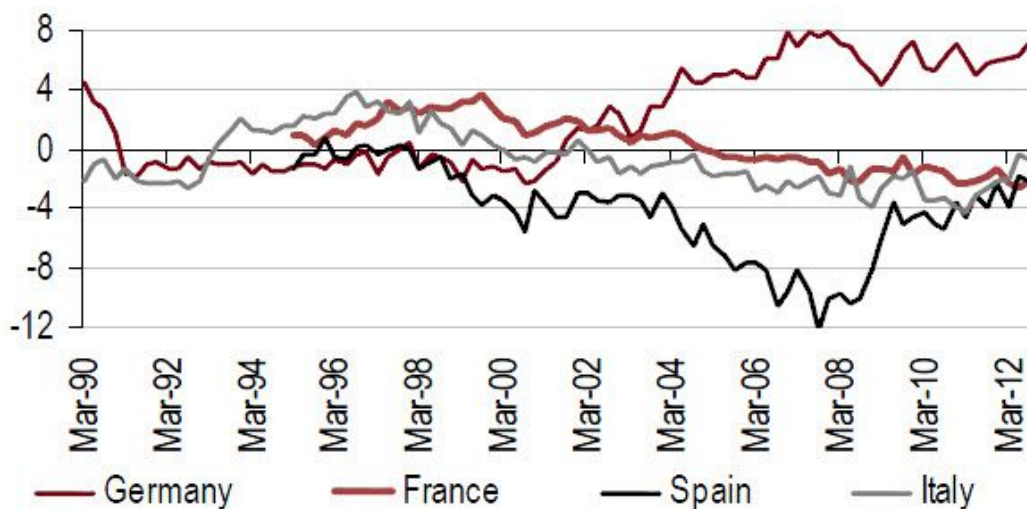
The consequences are plain to see in the extraordinary declines in per capita incomes in much of Europe (though, notably, not in Germany), as shown in Chart 1.

Chart 1: Real GDP per capita, selected EU countries (2007 = 100)



Source: Haver, National Sources, UBS

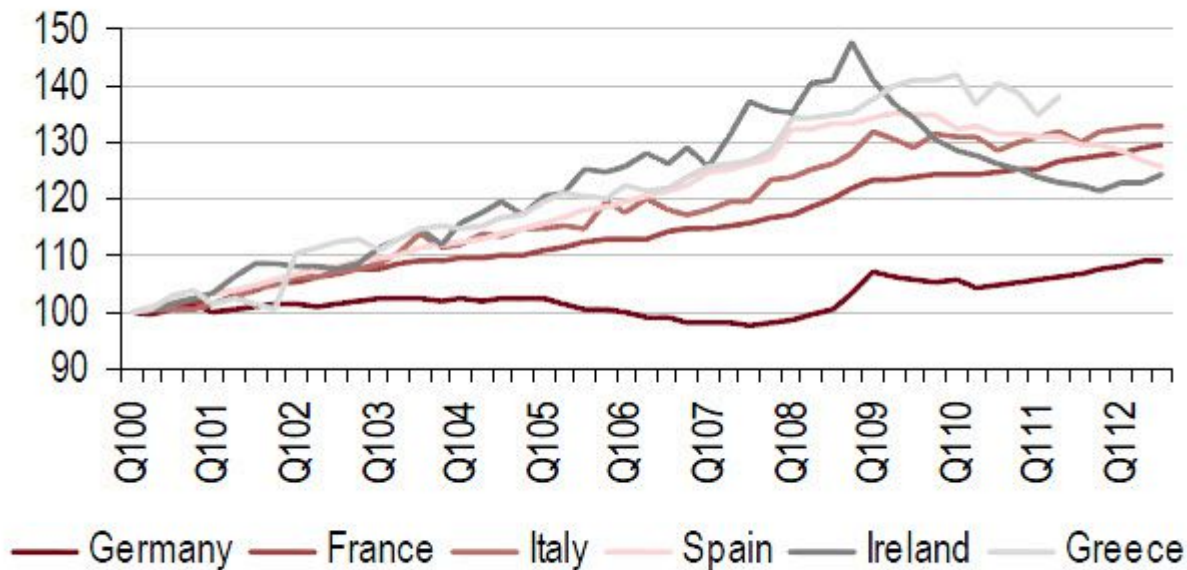
Chart 2: Current account balances as % of GDP, selected EU countries



Source: Haver, OECD, UBS

Consistent with collapsing output and domestic demand, current account deficits in 'peripheral' Europe have narrowed or disappeared, even if Germany's current account surplus has largely remained intact (Chart 2, preceding page). And consistent with soaring unemployment, unit labour costs in 'peripheral' Europe have begun to decline, narrowing previously large gaps in intra-Eurozone competitiveness (Chart 3).

Chart 3: Unit labour costs (2000 Q1 = 100), selected EU countries



Source: Haver, OECD, UBS

**The ‘Merkel-Draghi wager’, then, is political gamble of historic proportions.** It is a calculated bet that a policy prescription of robust liquidity buffers coupled with internal devaluation and fiscal consolidation will work. Equally, it is a view that the historical, cultural, economic, financial and political forces that have brought Europe together in the post-war era will prove stronger than those unleashed by the wrenching social dislocations associated with ‘Austrian’ economics that could one day threaten to rip apart the Eurozone.

**So far, the ‘wager’ is working in economic terms,** as the preceding charts attest. Indeed, if the same policies can be kept in place for another few years, relative unit labour costs will revert to their positions at the beginning of the millennium, restoring the competitiveness of ‘peripheral’ Europe and quite possibly initiating a re-direction of investment flows and economic activity to Europe’s most depressed economies.

**Or at least that’s the hope.** And that’s also where the recent Italian elections come into play. While the protest votes registered in Italy one week ago were multi-faceted, it is also clear that they included a repudiation of austerity and structural reform, plainly evident in the poor showings of Prime Minister Monti and his centrist supporters.

**The relatively muted response of markets to the Italian elections is, in that regard, somewhat puzzling.** Perhaps market participants view the outcome as uniquely Italian, with little significance for possible political change elsewhere. If so, investors need not be overly concerned, insofar as political paralysis in Italy, where fiscal adjustment is already well advanced, is not as concerning as it might be in, say, Spain.

But to the extent that the election outcome in Italy portends similar political backlashes elsewhere against the ‘Merkel-Draghi’ policy prescription, the **implication is that investors and politicians alike will have to reconsider the odds that the ‘wager’ will succeed** and, if not, whether Europe has a ‘Plan B’ to replace it.

**And what might ‘Plan B’ look like?** One variant would be explicit fiscal transfers and debt mutualisation. Another might be debt monetisation. Put in those terms, **it’s pretty easy to see why Merkel and Draghi preferred to roll the ‘Austrian’ dice.**



## France's Firebreak Weakens

Author: [Marc Chandler](#) · February 26th, 2013 · [Comments \(0\)](#) Share This Print 35 1

71,152

France had pinned its hope that threat to EMU would be turned back before the wolf came to its door. The Italian political tensions come at the poor time for France. Its ability to absorb shocks is terribly constrained.

Recall what has happened in recent days. Q4 GDP showed a larger contraction than expected. The flash PMI showed the contraction is carrying into 2013 (though not for Germany). The EU's updated forecasts released last week shows France significantly overshooting the 3% deficit target this year.

A [confrontation over its budget](#) is looming. Do not be misled by German Finance Minister Schaeuble's recent comments. Many in the media read Schaeuble's comments as defense of France, saying it will not flout the rules. He wants to prevent a German-French confrontation. He wants the EU to rule on what this means for the stability and growth pact.

German representatives on the European Central Bank—Asumussen and Weidmann were more directly confrontational. They argued that it is important for the credibility of EMU that France sticks to the EU-mandated deficit targets. Separately, Austria and Finland are also insisting that France make a greater effort. For their part, French officials have intimated that they will request an extra year to meet the target as EU Commissioner Rehn has suggested may be possible on a case-by-case basis.

French bonds have advanced today, but both the 2-year and 10-year yields have declined the least EMU the core EMU bond markets. Still, the pressure is modest. The 11 bp spread between German and French 2-year notes is the widest of the year, but still well below levels since in Q4 12. The correlation between the two on the basis of levels is still a high 0.97.

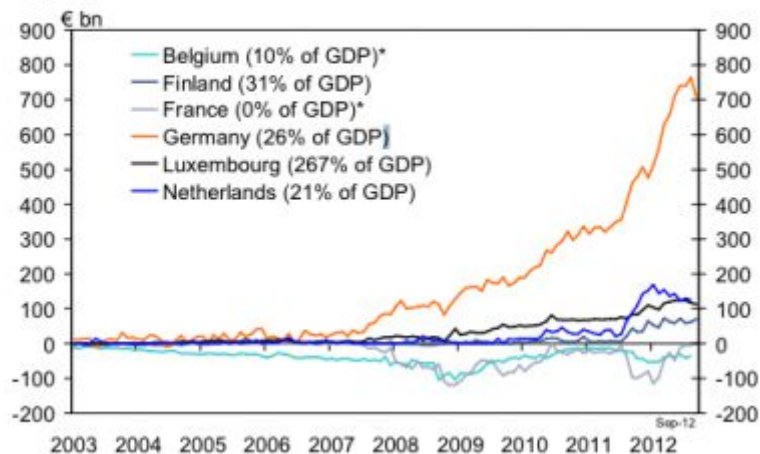
The 10-year interest rate differential is just above 72 bp, also the highest for the year and is actually back to levels since last November. The correlation is also high near 0.96.

Nevertheless, the divergence between German and French interests appear to be growing. This is clearly evident in the fx space, where France presses for a weaker euro, while Germany is nonplus. French Industry Minister Montebourg is calling on the ECB to fight back in the "currency wars". He calls on the ECB to be less dogmatic and more pragmatic. Yet from the SMP, to the OMT, the ECB has shown itself to be very pragmatic. Arguably, French insistence that the strong euro is the main obstacle to its exports is dogma.

French President Hollande has also taken on the ECB. A few weeks ago, he told the European parliament that the euro shouldn't be determined by the markets. Clearly he was rebuffed by the G7 and G20 statements (as much as Japan was). However, it does illustrate that France is singing from a different song book.

## FANG Will Not Assume PIIGS Sovereign or Banking Debts

**Figure 3. Selected Countries – Target2 balance, 2003 – 2012**



Disparity between the haves and have-nots in the Eurozone banking system.

### [Euro-Zone Bank-Rescue Deal Faces Hurdles – WSJ.com.](#)

It was only two months ago that the mainstream media was proclaiming the start of the eurozone recovery with banking unions, green shoots and everything. Frequent readers of this site knew that the banking union was just hype, because the countries continued squabbling over the most important component of the banking union—the money.

A true banking union like that existing in the United States would assist in ending the the sovereign and financial sector link that has already bankrupted Ireland, Spain, Cyprus and Greece and threatens to take down other countries.

During the Great Depression, bank failures exacerbated the economic slowdown in the U.S. The regulatory model was failing, and a new framework was needed to break the link between failing banks and the poor economy, similar to the situation in Europe today.

Each state was responsible for regulating its own banks. Some states imposed strict capital requirements and sensible rules on their banking sectors, while others used a laissez faire approach. Officials soon realized that no matter how healthy their own banks were, failing banks in other states would drag down their institutions. The solution was centralized regulation with a depository insurance scheme and resolution authority paid for by all of the states through the federal government in the guise of the FDIC and the old FSLIC.

The Europeans cannot agree on a version of the FDIC, the indispensable piece of a banking union. Americans are one people, and states do not mind being joint and severally liable for each others debts through the federal government. Europeans do not share the same solidarity. While the debtor countries would love to have Germany and the northern tier on the hook for their banking systems and large government debt load, these countries are reluctant to share their surpluses.

During the June Euro Summit, the eurozone supposedly agreed to a banking union with joint and several liability among the countries. The plan was to allow the ESM to recapitalize failing banks directly so that the bailout money would not raise the debt to GDP ratios of the effected countries.

Three months later, the Bundesbank head, Jans Weidmann, began giving interviews stating that countries could borrow from the ESM for bank bailouts but would be liable for the costs. This was an important change of course, because it left the bank-sovereign link in place.

Germans believe that private investors should shoulder the losses for bank failures. Their concern is that removing the liability from countries for their bad banks creates the incentive for them to inflate credit bubbles, the moral hazard problem.

Eurozone officials have begun towing the German line:

Asking for direct recapitalization by the ESM would be regarded by the markets not as a sign of financial strength of a certain sovereign, but that the sovereign is signaling “I need some outside assistance.”

These reasons are merely pretexts for the creditor countries refusing to pay for the scheme. Currently, the ECB has LTRO and OMT programs in place, which are keeping ailing banks afloat. These programs both create moral hazard and have the potential to signal that the banks are weak, but none of the creditor countries object to these actions, because turning on the money machine appears to be free. Voters are not getting angry at ECB handouts, because they do not understand that they are on the hook for this money just as they are when their countries promise to contribute to the ESM, EFSF or some other euro-scheme.

Stark political calculus determines exactly what the creditor countries will continue to do. They will allow the ECB to use the printing press to maintain the current eurozone stability but will not overtly contribute additional sums. That is why you will never see a banking union or joint eurozone bonds.

As soon as monetary policy proves to be insufficient to maintain stability, the northern countries will have a choice to make. They will either have to assume the liability for trillions of dollars in debts from sovereigns and banks in the periphery or allow the eurozone to dissolve. While Super Mario has vowed to do “whatever it takes,” Merkel has yet to utter or back up a similar pledge.

Here are all of the links for prior banking union articles. They will quickly bring you up to speed with this part of the eurocrisis:

[Eurotalk is Cheap](#)

[Germans Delay & Water Down Banking Union](#)

[European Banking Union Delayed and Unfunded](#)

[No Agreements on Euro Banking Union](#)

[Banking Union is a Pipe Dream](#)

[Negotiations Ongoing on Euro Banking Union](#)

[Germans Will Not Pay for Banking Union](#)

[Cosmetic, Can-Kicking Banking Union Agreement in Play](#)

[Taxpayers to Pay Trillions for Banking Union](#)

[Germans Still Will Not Pay For Banking Union](#)

[FANG Exhibits 2nd Thoughts on Banking Union](#)

## Send in the clowns

### How Beppe Grillo and Silvio Berlusconi threaten the future of Italy and the euro

Mar 2nd 2013 | [From the print edition](#)



A SENSE of humour in adversity can be attractive, but it is not always useful. Confronted by the worst recession in their country since the 1930s and the possible implosion of Europe's single currency, the people of Italy have decided to avoid reality. In this week's election a quarter of the electorate—a post-war record—did not even bother to show up. Of those who did, almost 30% endorsed Silvio Berlusconi, whose ruinous policies as a clownish prime minister are a main cause of Italy's economic woes. And a further 25% voted for the Five Star Movement, which is led by a genuine comedian, Beppe Grillo. By contrast, Mario Monti, the reform-minded technocrat who has led Italy for the past 15 months and restored much of its battered credibility, got a measly 10%.

This result is a disaster for Italy and for Europe. In Rome the centre-left coalition headed by Pier Luigi Bersani, the pre-election favourite who ended up getting only a whisker more of the vote than Mr Berlusconi, is now struggling to form a government: it is unlikely to be stable or durable (see [article](#)). Meanwhile, financial markets across Europe swooned on the news. Share prices fell sharply almost everywhere. Sovereign-bond yields jumped across the Mediterranean countries, to levels touched three months ago, even as they fell in Germany, bringing the euro crisis back to centre-stage.

In fact the danger is less of break-up than of stagnation. This was the week, history may conclude, when Europeans made clear that they were not interested in reform. Nine months after the French ran away from change, the Italians sprinted past them. As many as two-thirds of Italians rejected not only German-imposed austerity but the entire reform agenda that was designed to improve their economy's dismal record of near-zero growth. Follow that path, and it leads to the economic paralysis and political decline that Japan has endured for the past 20 years.

#### Change course or be like Japan

The election result is scarily reminiscent of the most recent occasion when the centre-left governed Italy, in 2006. Then a ramshackle coalition under Romano Prodi stuttered on, only to expire after less than two years. Mr Bersani could try to form a "grand coalition" bringing together elements from the centre-left and the centre-right, though that means dealing with Mr Berlusconi. Mr Bersani might do better to form a minority government with Mr Monti, sustained from outside by Mr Grillo's Five Star Movement, a formula that has

more or less worked in Sicily. The “grillini”, as Mr Grillo’s new deputies and senators are known, need to decide whether to be purely negative in seeking to overturn the entire political order, or whether to be responsible and support sensible reforms.

To complicate things, the new parliament also has to elect a replacement for the president, Giorgio Napolitano. The best candidate is a former centre-left prime minister, Giuliano Amato. But whoever is chosen, and whatever government is cobbled together, Italy will struggle to avoid a fresh election later this year. It would be better if that election were fought with new political leaders and under a new electoral system that makes a repeat of today’s gridlock less likely.

In the meantime, the worry is of no progress with the reforms that are desperately needed to restore vitality to an asphyxiated economy. To do nothing, as Italy’s voters seem to wish, is not the answer to the country’s problems. Italian GDP per head has actually shrunk during the euro’s first 13 years of existence. This performance has little to do with a lack of demand caused by excessive fiscal austerity, as some euro critics loudly claim. It has everything to do with year after year of steadily rising labour costs and falling productivity, which have undermined Italian competitiveness and exports. If Italy’s government cannot regain lost competitiveness and reignite growth through greater liberalisation of its labour and product markets and reforms to the country’s legal and welfare systems, the economy will suffer, and youth unemployment will climb even higher than today’s 36%.

Too big to fail or to bail

This is dangerous. It is hard to see Italy remaining in the single currency in such dire straits—and equally hard to imagine the euro surviving if it falls out. Italy is the euro zone’s third-biggest economy and, although its budget deficit is quite small, it has the biggest stock of public debt (at almost 130% of GDP). This makes it too big to bail out.

But without growth, Italy will not be able to service its debts. The possible pattern is clear: a series of crisis meetings, a few half-hearted efforts at reform to buy off Germany’s Angela Merkel, not enough growth, too much austerity, and then another crisis. The euro survives, but at immense economic cost. The euro zone becomes Japan.

It does not have to be that way. Italy’s political convulsions underline the need for Mrs Merkel to adapt her prescription. So far it has been a lot of austerity and some reform; it should be the other way round.

Deep recession and rising unemployment across the Mediterranean countries are triggering a popular backlash. Structural reforms continue to be essential if southern countries in the euro are to win back competitiveness and rekindle growth. But, given the voters’ response and the scale of recession, the pressure for continued fiscal austerity should now ease. Several countries—France is the most recent example (see [article](#))—are expected to miss their budget-deficit targets this year. The European Commission should accept this if governments implement reforms. And northern members of the euro zone, especially Germany, should be readier to stimulate demand through tax cuts and spending increases.

The irony is that both of Italy’s clowns have got one thing right. Mr Grillo was right about Italy’s overpaid and corrupt politicians. Mr Berlusconi was right that austerity alone will not solve Europe’s crisis. Yet that does not mean Italians can run away from their predicament. If they continue to reject reforms, reality will catch up with them. Whatever the clowns may tell you, that is not funny.

[From the print edition: Leaders](#)

## The Five Star Movement

### The crickets come out

**A movement with some strange policies—but also some sensible ones**

Mar 2nd 2013 | ROME | [From the print edition](#)

71,157



A non-party's non-leader

THE raucous bellowing of Beppe Grillo's voice, declaiming from campaign platforms, gave way this week to a new sound: the scratching of heads as Italians came to terms with the new political animal in their midst. The Five Star Movement (M5S) has no leader (though Mr Grillo says he will represent it in talks with President Giorgio Napolitano on the formation of a new government). It has no headquarters (its candidates were selected in an online ballot run by the company of its co-founder, Gianroberto Casaleggio). Its youngest elected representative, Marta Grande, is a 25-year-old student.

Other new M5S parliamentarians include a dialect poet and a mother and son, elected for the upper and lower houses respectively. Grillini, or "little crickets", as they are dubbed, shun the words deputy and senator in favour of spokesperson, because they are chosen merely to reflect the views of the movement expressed via the internet.

The M5S's candidates were chosen in a primary ballot by only 20,252 voters. One of Mr Grillo's supporters noted that some received the backing of a number equivalent to "their friends in the bar downstairs". Moreover, what does the M5S actually stand for? Mr Grillo sympathises with Iran in its stand-off with America and has proposed the abolition of trade unions and a 20-hour working week. But his followers say that his ideas are not necessarily the same as those of the movement.

Its 15-page programme ranges from the reasonable to the eccentric. Its proposals include an end to the public funding of political parties, a two-term limit for elected officials, more energy saving and renewables, more bicycle lanes, free internet access, the assessment of university lecturers by their students, the abolition of stock options and a cap on the salaries of senior executives.

Surprisingly, the M5S favours public-spending cuts. Among them are the scrapping of the high-speed rail link between Italy and France through the Val di Susa and wider use of generic drugs in the health service. It also wants the pay of elected representatives limited to the average national wage. Now that would be a revolution.

[From the print edition: Europe](#)

## Italy's election

### Ungovernability wins

A result that has come as a bombshell in Italy and across the euro zone

Mar 2nd 2013 | ROME | [From the print edition](#)

71,158



IT IS hard now to recall that just three months ago the big threat Italy posed was of becoming boring. Its technocratic government, under Mario Monti, had regained the markets' confidence. The spread of Italian government bonds over German ones was dwindling. The troublesome Silvio Berlusconi no longer led his fast-disintegrating party, and it seemed certain that the centre-left would win the next election. Mr Monti might then have become an economic super-minister—if he had not taken over the right with a mandate to make it more soberly European.

Yet on February 25th traders, diplomats and European Union leaders watched aghast as the early election results showed with increasing certainty that a party led by a fulminating satirist, Beppe Grillo, had taken a quarter of the votes and would hold the balance of power. Not only that. Mr Berlusconi, the man who presided over a decade of economic stagnation and whose faint-hearted response to the euro crisis had brought Europe to the brink of catastrophe in 2011, was back from the political dead. After regaining control of his right-wing People of Freedom (PdL) movement and reviving its alliance with the Northern League, he had carried his coalition to within a length of the centre-left.



Mr Monti, heading a rival centrist group, flopped. In the ballots for the Senate and Chamber of Deputies, he and his allies took 9% and 11% respectively. The centre-left, headed by Pier Luigi Bersani (pictured above), won a narrow victory in the lower house that guaranteed it the bonus seats needed for outright control. But although it

took six more Senate seats than the right, the centre-left still fell 35 short of an absolute majority. Mr Monti won only 19 Senate seats. Since the constitution gives the houses equal powers, no government can rule without a Senate majority.

The only way that the centre-left can now control the Senate is with support either from the right or from Mr Grillo's Five Star Movement (M5S), whose dazzling performance gave it no fewer than 163 of the 945 elected members. None has any experience of legislation or government; and the M5S's programme is a compendium of mostly well-intentioned aspirations, studded with yawning gaps (see [article](#)). Mr Grillo himself wants a referendum on whether Italy should default on its huge debts and leave the euro.

Unsurprisingly, markets panicked, if not as much they might have done (investors' faith in the firepower of the European Central Bank still apparently outweighs concern over country-specific risk). On February 27th the Italian treasury sold €6.5 billion (\$8.5 billion) of bonds with yields that were 0.65 percentage points higher than before the election. Earlier, the spread in the secondary market had increased by almost a point. The Milan bourse tumbled, with the banks taking the biggest punishment. The euro dropped from \$1.33 to \$1.30. Stockmarkets all round the continent fell in sympathy.

Investors decided that Italians had rebelled against the EU's German-inspired austerity. That view is not apparently shared in Berlin, where the foreign minister, Guido Westerwelle, doggedly proclaimed that "the policy of fiscal consolidation and reform will be consistently followed by a new government": a remark suggesting that he was either in another currency union, or on another planet.

Mr Berlusconi's unexpectedly strong performance arguably sprang from more than just a rejection of austerity. Certainly, he inveighed in his campaign against the German chancellor, Angela Merkel, and preached growth-oriented policies. But as a first step towards restoring internal demand, Mr Berlusconi also pledged to refund the proceeds of a much-loathed tax on first homes—in cash.

His tactics worked. His alliance's result was six points ahead of pollsters' estimate of its support at the start of the campaign. Whether voters were more impressed by his macroeconomic judgment or by the prospect of receiving a fat cheque in the post is less clear. But they chose to ignore not only Mr Berlusconi's patchy record on fiscal discipline, but his consistent failure to make structural reforms. The same refusal to recognise the underlying causes of Italy's plight is clear in their refusal to back Mr Monti.

The surge in support for Mr Grillo requires a more complex interpretation. The M5S is a novelty. It takes ideas and votes from right and left. In this respect, it is archetypally populist. But its ambitions go beyond those of parties, like the Greens, that are rooted in a single issue. Mr Grillo and the M5S's co-founder, Gianroberto Casaleggio, depict it as a new form of politics, using the internet to consult the electorate directly. Some reforms that the M5S espouses are those constructive critics of Italy have been urging for years. And already, its success has helped to rejuvenate one of the world's most elderly legislatures: the average age will drop from 54 to 45 in the chamber and from 57 to 53 in the Senate. The share of women in the next parliament will rise by a half (helped also by the centre-left's positive discrimination).

For many Italians, a vote for the M5S was a way to say "*Basta!*": to demand an end to sleaze, complacency and lack of opportunity in an arthritic society. In that sense, the movement's success offers hope for the future. The M5S wants legislation to eliminate corruption, clean up the environment and broaden access to the internet—all measures that would boost growth. But Mr Grillo advocates enough that is protectionist, anti-growth and anti-capitalist to justify the markets' alarm.

Where does Italy go from here? Not immediately back to the polls, apparently. With Mr Grillo riding a wave, his adversaries do not want to risk any increase in the M5S's representation. But the alternatives look intractable. Mr Berlusconi has hinted at a PD-PdL coalition. But that would also play into Mr Grillo's hands by confirming what he has always claimed: that the traditional parties are all the same.

Instead, he suggested, people should look to Sicily for a solution. There, in a regional election last October, the M5S came first but did not secure the governorship. But its regional parliamentarians give the governor the votes he needs on a bill-by-bill basis, without joining a coalition.



Mr Bersani responded by extending an olive branch to the M5S on February 26th, proposing an agreement on a five-point programme of reform and suggesting that the movement take the lower house speakership. But his offer was insultingly rejected. On Twitter, Mr Grillo called Mr Bersani “a political stalker” who was “importuning the M5S with indecent proposals”. In another message, he said the M5S would vote for measures that coincided with its programme, but not take part in the confidence votes that any Italian government must survive.

Two conclusions can be drawn from this. The first, and more tentative, is that Italy’s only possible government may be one that, like Mr Monti’s, is backed by both main parties. The second is that Mr Grillo not only holds the whip hand, but is gleefully cracking the whip.

[From the print edition: Europe](#)

France's economy

## Austerity stakes

### A reluctant government faces the imperative of public-spending cuts

Mar 2nd 2013 | [From the print edition](#)

71,161



FRANCE'S finance minister, Pierre Moscovici, staged a charm offensive in London this week to improve his country's battered economic image. Days after the European Commission had forecast that France would miss its budget-deficit target of 3% of GDP in 2013, a key promise of President François Hollande's, Mr Moscovici urged people to look beyond "simplistic stereotypes". The government may miss its target, he said, but it was making structural reforms to restore competitiveness and sound public finances.

The commission's verdict was sobering. French GDP will grow by 0.1% this year, compared with a government forecast of 0.8%, and the deficit will reach 3.7%. After long defending the 3% target as a sign of its credibility, and insisting on overly ambitious growth forecasts, the government has abruptly switched message to plead for more time. And the commission clearly intends to opt for indulgence.

Without much struggle, it seems, France has won the argument that it should not be punished for its failure. It blames poor growth—the commission forecasts a euro-zone recession in 2013—and fears that more belt-tightening might make things worse. The French claim that, judged by the structural deficit, adjusted for the cycle, the government has made a bigger effort than at first appears. Mr Moscovici does not plan an emergency budget to squeeze the deficit back towards 3% this year, partly for fear of provoking "a political and social shock". Jens Weidmann, the Bundesbank chief, said that "putting consolidation off would just shift the problem into the future." But the German government stayed silent and Wolfgang Schäuble, the finance minister, told a newspaper he was "fully confident" that France was on the right track.

Mr Moscovici may get away with drift once, but he is unlikely to be indulged twice. As it is, letting him off the hook depends on taking seriously his efforts to sort out the public finances. This year, three-quarters of the effort to curb the deficit consists of higher taxes, says the Cour des Comptes, the national auditor. Yet with a total take of over 44% of GDP, France is already the most heavily taxed country in the euro. Companies and the rich have been squeezed; investment has gone on hold. The constitutional court has rejected Mr Hollande's planned 75% top income-tax rate, although the government plans to revive it in another form. Even some Socialist deputies concede that the government cannot go on pushing up taxes.

That leaves no choice but cuts in public spending. Mr Moscovici says these will account for “most” of the deficit reduction in the 2014 budget. This is where the hard part begins. The commission forecasts a deficit in 2014 of 3.9%, even higher than in 2013, as well as a rise in unemployment to 11%. The government has begun to float various ideas, such as means-testing family benefits and lengthening the period for pension contributions. A policy review is under way with the aim of eliminating duplication and cutting jobs. The prime minister, Jean-Marc Ayrault, has set up a commission to look into pension reform. “This is all very different to what Socialist governments did before,” says an insider.

The difficulty is political. It may be evident to outsiders—and to some in the government—that, given its competitiveness and growth problems, France has no choice but to rethink its generous welfare state and well-staffed public sector. But a year after the 2012 election campaign, public debate has barely begun. Mr Hollande was elected on a promise to kick-start growth, cut unemployment and end austerity. Now he presides over recession, rising joblessness—and the need to impose more austerity on dumbfounded voters.

[From the print edition: Europe](#)

Charlemagne

## Rome's bad spell

Italy's election may be a defeat for austerity and reform, but its problems will not go away

Mar 2nd 2013 | [From the print edition](#)

71,163



MARIO MONTI thought he had broken the curse famously summed up by Jean-Claude Juncker, Luxembourg's prime minister: "We all know what to do, we just don't know how to get re-elected after we have done it." Mr Monti pushed austerity and reform and, as European leaders applauded, opinion polls for a while suggested Italians trusted him. But when the professor tried to make the transition from appointed technocrat to elected leader, his centrist coalition barely scraped a tenth of the vote.

There are two messages from Italy's election. One is a repudiation of a discredited political caste. The other is a rejection of austerity. "The bell also tolls for Europe," declared Pier Luigi Bersani, leader of the centre-left Democratic Party. Leaving the euro would be a catastrophe for Italy, he added, but Europe had to abandon its obsession with budgetary rigour. His sentiments were quickly echoed by the French Socialist government.

Will the mess in Italy change Europe's attitude to deficit-cutting? Probably not much, beyond lip-service to growth and jobs. One reason is that Angela Merkel, the German chancellor, is unlikely to shift ground before her federal election in the autumn. Another is that the price for German concessions on the euro will be even more control of national budgets, not less. But a third reason is that Berlin and Brussels have convinced themselves that their medicine is beginning to work.

Before the Italian election, the euro had returned to a semblance of calm (largely thanks to Mr Monti's compatriot, Mario Draghi, at the European Central Bank). The threat of break-up had been averted. Bond spreads had narrowed. Imbalances were being redressed. Confidence was returning. With luck, growth would follow. This is too rosy a picture. Even so, the first response of the "austerians" to the Italian vote has been to insist that whoever succeeds Mr Monti must keep strict budgetary discipline.

Certainly, worries about financial contagion persist. Nervousness about Italy may infect other countries, especially Spain. And the ECB's threat to intervene in bond markets to an unlimited extent may yet have to be put into practice. Some fret about political contagion as well. The bounceback by Silvio Berlusconi and the rise of Beppe Grillo may resemble a comic opera. But in different guises, hostility to the EU lurks in most countries.

When Greek voters threatened to reject the Brussels consensus last May, the threat of being chucked out of the euro persuaded them, in a second election, to choose mainstream parties willing to submit to creditors' demands. Although harder to bully and blessed by a primary budget surplus (ie, before interest payments), Italy may come under such pressure from financial markets that it too will fall in with European orthodoxy.

In truth Europe's debate is not so much over whether fiscal rebalancing is needed but over how fast to do it. A new paper by Paul De Grauwe, a Belgian economist who is now at the London School of Economics, argues that panic has pushed some governments into unnecessarily deep austerity that has created more unemployment, greater poverty and political resentment over the "shackles imposed by the euro". But even he accepts that belt-tightening is necessary in southern European countries.

Similarly, a dispute between the IMF and the European Commission over "fiscal multipliers", which show how austerity affects output, is more nuanced than may appear. Studies by the IMF conclude that forecasters have consistently underestimated the multipliers during the euro crisis. At times of extreme economic stress, tax rises and spending cuts have a bigger impact on growth. Olli Rehn, the EU's economics commissioner, responded testily that the debate "has not been helpful and has risked to erode the confidence we have painstakingly built up".

In reality, the IMF does not question the need for fiscal consolidation, and the commission has quietly relaxed its deficit targets. These are now calculated in "structural" terms to take account of the effects of recession. France is forecast to miss this year's budget-deficit target but is likely to be granted a year's grace. Reckoning the correct tempo of deficit-cutting is an uncertain business. Multipliers may change with time and with country.

Countries that use the euro can more easily be pushed closer to default because the ECB does not wholeheartedly act as a lender of last resort. Yet few can predict when markets will decide that a country is in trouble. For those that have been bailed out, going more slowly on austerity necessitates bigger loans from creditors (who are unlikely to agree to them). And for countries close to losing market access, cutting the deficit may send a reassuring signal to investors. Would anyone have believed a promise by Mr Berlusconi, say, to cut spending in five years' time?

The real criticism of the euro zone's response is that it took too long to deal with its fundamental defects. It was not until last year that it acknowledged that Greece was bust and had to write off much of its debt; or that the ECB must stand more credibly behind solvent sovereigns; or that the financial system had to be stabilised through a "banking union". Had all of these things been done sooner, the crisis might not have become so grave. And perhaps austerity might not have been so severe.

#### A failure made in Italy

The euro zone has much left to do. But Italy's underlying problems are home-grown. Above all, it needs growth-enhancing reforms in everything from its labour market to its sclerotic justice system. Italy joined the euro without learning how to survive the loss of its traditional expedients of inflation and devaluation. Its woeful economic performance, and its huge build-up of debt, were chronic ills long before the euro crisis struck and austerity was imposed. Whoever takes power after Mr Monti must, if he wants to save Italy, face up to that awkward fact.

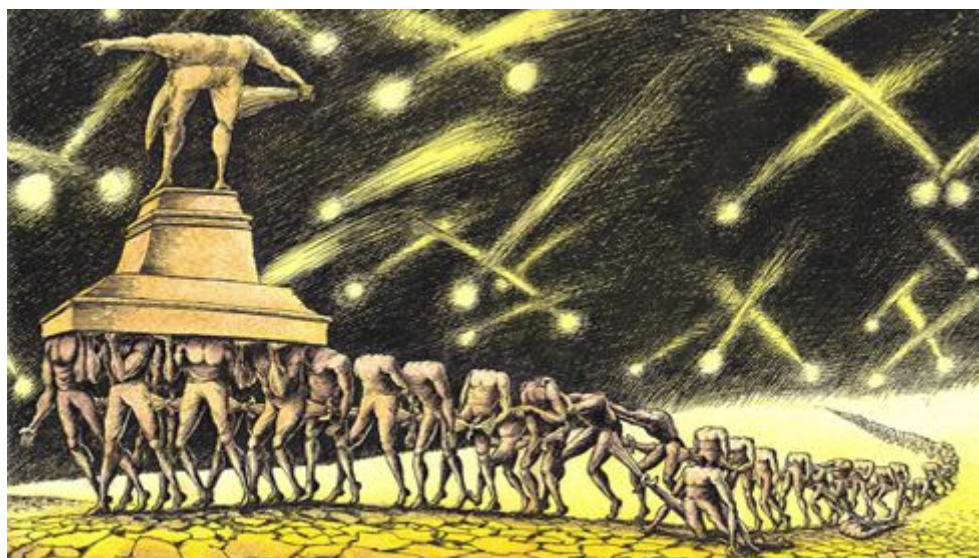
[Economist.com/blogs/charlemagne](http://Economist.com/blogs/charlemagne)

## Spain: Is the Grillo bug catching?

5 March 2013

[El País Madrid](#)

71,165



Kazanevsky

**Economic crisis, youth exclusion, discredited political parties: The situation which triggered the success of the Italian Five Star Movement could produce the same effect in southern Europe's other countries, warns a Spanish sociologist.**

[Enrique Gil Calvo](#)

The victory of Jiminy Cricket (as Beppe Grillo has always been translated in Spain, after the character in the Pinocchio story) in the recent Italian elections has once again brought to the fore the resurgence of populism, triggered by the contradictions between capitalism and democracy, that have launched a political crisis caused by financial speculation.

The situation in Greece, where its party system collapsed under pressure from the markets, has led to big gains at the polls for two populist parties at opposite ends of the political spectrum (the far-right Golden Dawn][2608201) and [Syriza on the radical left](#), following a period of emergency technocratic government that laid out a strict financial plan for reform.

The immediate question that springs to mind is whether something similar could happen in Spain during the next elections either in 2015 or even earlier, if the current ruling party collapses? There are signs that our current democratic model is going through a [profound political crisis](#), greatly aggravated by the serious social effects of the inequitable fiscal adjustment. Catalonia is de facto becoming independent, while its electoral majority party, *Convergencia i Unió*, is collapsing at the polls.

### Discredited ruling party

The Socialist Party also risks a looming schism, while its leadership is being shown as incapable of reorganising themselves, or exercising any sound opposition, or recouping the slightest electoral credibility. The discredited ruling party is teetering between distrust and helplessness at the inability of its leadership to come clean on the many cases of corruption ensnaring it. And, meanwhile, civil society is turning its back on both the institutional elite and the political class, as revealed by the waves of mass demonstrations by the middle classes. That is why it would be no surprise if the next elections in Spain are won by a populist candidate in the style of the Five Star Movement (M5S).

Indeed, as many observers are beginning to realise, the Beppe Grillo phenomenon should not be interpreted as the tale of a contemporary Pied Piper, able to dazzle unsuspecting children, but rather the opposite: a figurehead chosen by a pluralistic social movement to bind and package up in one kit the heterogeneous voices emerging from civil society that are rejecting the political class. The groups which most resemble the Italian Five Star Movement, are the Spanish 15-M movement of “indignados”: the *Rodea el Congreso* (*Surround the Congress*) of the September 15 movement and the Stop Evictions of the PAH. They echo them as much by their age and social background, which are educated and professional middle class youth, as by their tools for organising and mobilising, through IT social networks and the occupation of public places.

## Populism is like cholesterol

Populism is just like cholesterol, you have to distinguish between the good and the bad. Good populism is akin to a universalist social capital that builds positive confidence, while the bad is particularistic social capital that gives off negative distrust. Bad or negative populism is the populism of Berlusconi and other leaders like him: a mafia godfather who kidnaps his followers to exploit them for his own ends. Good or positive populism (as theorised by [Ernesto Laclau](#)) is that of the “Girotondi” [the Italian street protestors who playfully encircled state buildings], the “indignados”, the 15-M and the M5S. It is a universalistic and inclusive movement capable of articulating and interconnecting a plurality of heterogeneous social networks in order to organise them into a single collective mobilisation that is willing to together speak for civil society as a whole.

The specific difference that distinguishes the Italian case from the Spanish is the existence of Beppe Grillo as a theatrical mask: a collective spokesperson acting as a ventriloquist for the social movement. A role that no one has been able to play in Spain.

One might say that Beppe Grillo is no more than a clown – or no less, according to the German Social Democrat candidate for the federal Chancellery. In fact, he is a speculator who has opted to play politics, and has won – just as financial speculators lay their bets in the roulette wheel of the market. If you admit that speculation is inherent in the logic of the financial market, why not also admit that speculative populism is also inherent in the democratic logic of the electoral game?

## Portugal: The social earthquake rumbles ever louder

5 March 2013

[Expresso](#) Lisbon

71,167



Anti-austerity protesters in Lisbon on March 2

AFP

**More than a million people of all ages took to the streets of Portugal on March 2 to demand an end to austerity. The growing discontent could bring down the political system that has been in place since the fall of the dictatorship.**

[Daniel Oliveira](#)

Ultimately, [September 15](#) was just a passing episode. In the end, everything did not boil down to just the Single Social Tax, which was followed by the fiscal massacre. Ultimately, the vast majority of Portuguese are not waiting on the mood swings of the CDS [Christian Democratic Party, a member of the coalition] or waiting for the president of the Republic, Aníbal Cavaco Silva, to shake off his profound lethargy, or for what has come to be called the internal opposition of the PSD [the centre-right Social Democratic Party of Prime Minister Pedro Passos Coelho] to believe that its time has come. Ultimately, people took to the streets in the middle of an inspection by the visiting troika to show that they are not the "good people" that one of its bureaucrats seemed to believe live here.

Despite the obvious antipathy that the entire political class appears to deserve these days, [the protests of March 2](#) were not anti-political. They were, rather, marked with more sadness and blighted hopes than those of September. But they are not – not yet, away – desperate. They were entirely political demonstrations, framed in all their symbolism by democratic sentiments. And that, considering the social situation we are living through and the institutional stalemate we are facing, is extraordinary. This may be explained, perhaps, only by the fact that our democracy is still relatively young.

I say “still” because, if the opposition fails to provide an answer to this revolt by coming up with a credible alternative – and not restricting itself to preparing for another spell in power or trying to capitalise on the support for the next elections – the next step could be quite different.



I am convinced that if something new appears on the electoral spectrum next year and proves able to enthuse the Portuguese or to capture their attention, the result would be surprising. That "something" could be positive – but it is more likely to be inconsistent, or even politically dangerous.

## Protesting pensioners

One thing leaps out when you look at the Saturday demonstrations: their make-up in terms of age groups. Observers noted a lot of retirees in the crowds, more so than in the protests of September 15. It is on the retirees that the problems of the country concentrate most forcefully – the problem of having been born and raised in a country that is socially, economically and culturally backward. And the problem of carrying, more than all the others, the burden of this backwardness.

One such burden is the miserable pensions, which most of them take as overwhelming evidence of the line that Passos Coelho follows, and that he wants the country to stick to – that we have a welfare state that is far too generous. It's an idea that can spring only from the mind of someone who knows the country only through his party headquarters and the corporate offices of his friends.

One of the things talked about most on Saturday was the [children who emigrate](#), who are unemployed, who are desperate. And the lack of prospects for their grandchildren. In a society such as Portugal, where the family is a kind of complementary welfare state (or even the main one), the old gather the suffering of all the generations under their roof. And they are, themselves, the most sacrificed.

## Propelled into the street

Some of the retirees who took to the streets Saturday were participating in a demonstration for the first time in their lives. In other words, they lived through the dictatorship, the 1974 revolution, the PREC [*Processo Revolucionário Em Curso*], the ongoing revolutionary process – that is to say, the transition to democracy] and through our young democracy without ever having made use of this right. And it is only now, at more than 60 years of age and after almost 40 years of democracy, that they feel propelled into the street.

We live in a time of peaceful revolt that still fits inside the political system, as we know it today. But that system has entered its decadent phase. If the political world persists in not responding to the mood of the country, unpredictable events will take place. I believe (or at least I hope) that they will take place within the spirit of democracy and without imperilling it. After two years of austerity and misery, however, everything can change. In the social protests, much has already changed. It is not only merely a corporatist embodiment of union and partisan structures, and it is no longer even dominated by them. Whether this is good or bad I do not know. It's just how it is.

If the opposition fails to embody a credible alternative, and if the main party of the Portuguese right starts to fall apart, then the first to seize this moment, whether they are serious players or populists, comedians or statesmen, may provoke a political earthquake. Because the social earthquake is already here. Without, apparently, stirring the institutions and parties to react.

## On the web

- [Original article at Expresso](#) pt
- [Diário de Notícias article](#) pt

Debt crisis

## Portuguese expecting more cuts

“The Portuguese believe the government is preparing to make cuts in health, education and social security,” but instead, they want cuts in public-private partnerships, debt interest and defence. These were the results of a Portuguese survey published on March 5, by [Diário de Notícias](#).

The Portuguese government and the troika of lenders – the European Commission, European Central Bank and International Monetary Fund – which will be in Lisbon until the end of this week for the seventh review of the bailout programme – are preparing [new cuts in public spending](#), totalling around €4bn.

A total of 57 per cent of respondents believe these cuts should be in public-private partnerships, while 36 per cent want a reduction in on the debt interest repayments, and 33 per cent want a drop in national defence spending.

## Italian Elections

### Europe's Lost Generation Finds Its Voice

By [Fiona Ehlers](#), Julia Amalia Heyer, Mathieu von Rohr and Helene Zuber

71,170

**For years, Europe's young have grown increasingly furious as the euro crisis has robbed them of a future. The emergence of Beppe Grillo's party in Italy is one of the results -- and is just the latest indication that disgust towards European politics is widespread.**

Only a few weeks ago, they hardly would have thought it was possible. But now here they are; their first public appearance following their surprise success in the Italian general election. In a hotel in Rome, not far from the Piazza San Giovanni, eight of the 162 newly elected parliamentary representatives of Movimento 5 Stelle (the Five Star Movement, or M5S) are squinting into the spotlights and speaking softly -- and what they are saying actually sounds reasonable.

They are talking about empowering Italians and giving people more of a say in political decisions -- and they want to know how their tax money is being spent. Grassroots politics is the goal. Their efforts remain somewhat clumsy, but they are sincere.

This group includes a male nurse, an IT specialist and a single mother -- all in their 30s or 40s with good educations and no previous political experience. Soon, they will enter the newly constituted parliament, which will be younger, have more women and, on the whole, be best less politically experienced than any other in Italian history. M5S emerged as the strongest single party in the lower house of parliament, the Chamber of Deputies, and the second strongest party in the upper house, the Senate. The party garnered nearly one-third of its votes in Sicily. The "Grillini," as the followers of former comedian Beppe Grillo are called, are the true miracle of this otherwise so chaotic election.

They are not clowns, but rather sincere young people who see themselves as a mouthpiece for everyday Italian citizens. These fledgling politicians do not rant and rave like Grillo, the founder of their movement.

In fact, it was just over a week ago that Grillo gave one of his loud and passionate speeches to half a million fans only a few hundred meters from here. He is their whip, their firebrand, "our megaphone," as his people call him -- and many of them can hardly stand him anymore. Grillo, who looks like he leapt straight out of a Baroque fountain by Gian Lorenzo Bernini, and whose voice has grown hoarse from screaming, only offered the usual populist slogans: "Politicians are parasites -- we should send them all home!"

#### **'Let Them Do Their Work!'**

Grillo himself did not run for office because it would have violated his own party's rules. He has had a criminal record ever since he was convicted of manslaughter for causing a car crash in 1980 in which three people died. Now, it's up to his candidates to take the lead. "Now that they are in parliament," someone wrote in his blog, which is the most widely read in Italy, "let them do their work, take a backseat!"

Grillo is an Italian phenomenon, but his party's election results are an expression of the mounting rage and anxiety that is spreading throughout crisis-stricken Southern Europe. A new citizens' movement is taking shape, one that shares a mistrust of the established political system and a desire for more grassroots democracy. Only in Italy has it been democratically legitimized thus far.

These irate citizens are also united in anger against their own elite: politicians who have been tainted by party scandals and corruption, yet still remain in power or leaders who are seen as being the mere lackeys of Germany and Chancellor Angela Merkel.

Despite its name, Movimento 5 Stelle has long since ceased to be a movement. It has become a political party that is expected to take responsibility and make proposals for the formation of a government. During the campaign, it relied on a thin, 15-page platform.

The Grillini now have to prove that their country is not merely corrupt, indifferent and infiltrated by the Mafia. Ultimately, they could save Italy's image around the globe. They are the latest example of an uprising of the lost generation, that mass of people on Europe's periphery who are under the age of 40, desperate, unemployed and who have very little left to lose. The public outrage in Europe came to a boil in tent camps in Madrid's Puerta del Sol. It inspired the Occupy Wall Street activists. And it continued in Greece, where youth unemployment has reached 59.4 percent, and where there are no jobs and no economic recovery.

In the eyes of many, the power of the politicians only serves their own interests. "We have failed because we have not managed to change this," says Greek documentary filmmaker Aris Chatzistefanou.

### **A New Political Class**

Yet whereas the Greeks have not yet stirred up the old political system, the Grillini have found unexpected success. They were long underestimated in Italy, yet they long ago started having an effect. They have, for example, fundamentally shaken up the old party system, with its irreconcilable right-wing and left-wing factions. A new political class has emerged with them. Since the advent of the Grillini, Italians are debating Europe more than ever before, including their country's possible exit from the euro zone.

What's more, an increasing number of women are rising through the ranks of Italy's political parties. In the recent election, 40 percent of the party-list spots for Italy's center-left Democratic Party were reserved for women candidates, most of them political novices.

The Five Star Movement has only existed as a party for three and a half years. Ignored by the press and, not surprisingly, completely shunned by Silvio Berlusconi's TV stations, the movement has relied on its own efforts to fuel its meteoric growth, primarily based on its savvy use of the Internet, and refused to accept government money available to help finance its campaign.

Silvana de Nicolò is one of the Grillini who is introducing herself at the hotel in Rome. She is in her mid-40s and was elected in the Lazio region, whose governor recently had to resign from Berlusconi's People of Freedom (PdL) party after fellow members allegedly used taxpayers' money to throw a bawdy Roman toga party. Given such examples, it is perhaps astounding that there are still those with enough idealism to pursue politics in today's Italy.

SPIEGEL met de Nicolò in a café near parliament. In the wake of the election, the government district was immediately overwhelmed with a hectic energy as politicians struggled to position themselves for the coming change. De Nicolò sips her espresso while she calmly and rather naively explains her political platform. It calls for reducing the number of parliamentarians from today's roughly 1,000 to half that amount, and slashing their monthly salaries to a maximum of €2,500 (\$3,255) in net income. Reimbursement of election campaign costs will simply be abolished, she says, and the money saved by this measure will be used to finance micro-loans for social projects and people who can no longer acquire bank credit.

Nevertheless, she and her fellow party members usually avoid proposing concrete ideas for resolving the crisis. The party is often criticized for its "grilloeconomics," and rightly so. How do they intend to finance their guaranteed minimum monthly income of €1,000? Their proposal is to reduce pensions and public-sector salaries -- an adventurous proposal.

### **A Mistrust of Politicians**

De Nicolò would rather talk about her voters. As a statistician and an opinion pollster, she is familiar with these 8.7 million Italians, most of whom are under the age of 40. When these people started working, the national debt was 102 percent of the country's gross domestic product (GDP). Now, it has climbed to 127 percent. Today, Italians pay nearly 50 percent more taxes than the previous generation, yet their wages are shrinking. And if they ever do get a pension, it will only be roughly half as large as what their parents receive.

Grillo voters, says de Nicolò, are not leftists as Berlusconi likes to claim. They come from both political camps, she argues, and many of them previously voted for Berlusconi's PdL or the right-wing Lega Nord. They include public-sector employees, and one-quarter of them are unemployed. More than two-thirds of Grillo supporters are dissatisfied with the state of Italy's democracy. Less than one-quarter of them trust the European Union, and only 2 percent believe the promises of the government in Rome.

Spain's grassroots young protesters, dubbed *Los Indignados* (the outraged), have a similar mistrust of politicians -- the main difference being that they have remained an extra-parliamentary movement, at least for the time being. They are up in arms about foreclosures and evictions, the power of the banks, and the country's youth unemployment rate, which is running at 55.5 percent. During the last parliamentary election, the political establishment felt their wrath, in the form of blank election ballots, invalid votes or votes for fringe parties -- plus an increasing number of votes for Basque and Catalan separatists.

What's more, all of Southern Europe appears haunted by a specter, which played a key role in the Italian election: the *austerità*. This term is shorthand for the belief that the rigid austerity measures are a diktat from Germany, and that Chancellor Merkel is to blame for the recession in Europe.

Such opinions can also be heard in France: The "German dream" is a "European nightmare" the French newspaper *Le Monde* wrote in a vehement commentary last week. According to the newspaper, Germany doesn't give a damn about the euro, is selfish, acts as if it has all the answers and has decreed that Italy and Greece shall be ruled by technocratic governments. After the election defeat of Mario Monti, such governments have no future, the commentary concludes.

### **The True Loser**

The Grillini like to point out that they too intend to cut spending. What that means can be seen in the city of Parma, saddled with €800 million in debts. For the past three-quarters of a year, Parma has been governed by Mayor Federico Pizzarotti, 39, a member of the movement who has been busy trimming the fat from the municipal budget. He rides a bicycle to work and has exchanged two official sedans for an Opel natural gas vehicle. He adheres to the rules of the movement and doesn't spend more than what he collects in taxes, but he's still not seen as the Germans' cost-cutting commissioner.

Chancellor Merkel is the "true loser of our election," says Lucia Annunziata, editor in chief of the Italian edition of the *Huffington Post*, and one of the country's most influential journalists. It is Wednesday, and she's sitting in an editorial meeting and discussing the front-page headline for a piece on the clowns comment made by German Social Democratic Party (SPD) chancellor candidate Peer Steinbrück -- and on Italian President Giorgio Napolitano's response. The headline reads "Napolitano Saves Italy's Honor." Annunziata says that the Italians have "voted against the German crisis policy."

Indeed, what the Germans somewhat euphemistically refer to as "reform policy" translates throughout Southern Europe as cost-cutting, reducing and foregoing, concepts that have an ugly ring to them. While many German policymakers and economists assume that Italy, Greece and Spain will be able to emerge from the current crisis as strong and competitive nations after a few hard years, it is primarily Anglo-Saxon economic experts who are convinced of the opposite: They see the austerity policies as a vicious circle that is dragging these countries deeper and deeper into recession.

For the time being, however, all of Europe is anxiously waiting to see what type of government will be formed in Rome. The politicians who have consistently ignored Beppe Grillo are now wooing him. Yet many of his young parliamentarians still lack a long-term political outlook and strategy. The future member of parliament Silvana de Nicolò says that after only two years she will be a non-politician again, and someone else will take

her place. What's more, she insists that she is not interested in governing, but only in waving through individual laws that appeal to her. It sounds as if she were giving up before she even started.

### **'The Right Approach'**

In reality, the Grillini protests are not likely to fade away overnight. But will they actually pursue long-term political goals, instead of merely fleeing abroad for work, like so many of their fellow Southern Europeans who see no future for themselves in the region? Or will they end up throwing stones like many young Greeks?

The experiment that has just begun in Italy already appears to be over in Athens. During last year's two parliamentary elections, many voters supported Alexis Tsipras, head of the Coalition of the Radical Left, Syriza. He was the Greek politician who drew large crowds to campaign rallies with speeches about "ending the financial occupation" and "liberating the country from Merkel's yoke." Syriza has much in common with Grillo's movement, despite being much further left on the political spectrum. Still, it is just as radical in its criticism of the European austerity drive -- and just as popular.

Like Grillo, Tsipras has no effective concepts for combating the crisis. He says he intends to keep the euro, but no longer serve the debts. The EU is the only thing that has prevented Syriza from becoming the strongest political force in Greece. In contrast to the recent election in Italy, the Greeks were literally intimidated. Brussels gave them an ultimatum: Either you elect parties that will continue to pursue the course of austerity, or you will be out of the euro zone. Tsipras narrowly lost to the leader of the conservative New Democracy, Prime Minister Antonis Samaras.

For many young Greeks, the election in Italy now provides a model. If the population of the third-largest economy in the euro zone so openly opposes the austerity measures, then the exit of individual countries from the euro zone is no longer taboo. "That then," says Aris Chatzistefanou, the Greek documentary maker, "is perhaps exactly the right approach."

*Translated from the German by Paul Cohen*

## Medicine Wears Off

# Is the Euro Crisis About to Return?

By Dinah Deckstein, Christian Reiermann and [Christoph Schult](#)

**The recent Italian elections demonstrated that the specter of the return of the euro crisis is never far away. Not a single problem in the currency zone has been definitively resolved and some are questioning if the European Central Bank might have to intervene again.**

Mario Draghi has a close relationship with the world of faith. The president of the European Central Bank (ECB) was educated at a Jesuit school in Rome, he wrote articles for the Vatican newspaper *L'Osservatore Romano*, and when he delivered remarks on the "crisis in the euro area" last week, he chose the Catholic Academy in Munich as the venue for his announcement. "Caring for the welfare of our neighbors is not only an ethical principle of the Christian faith," he preached, standing next to a candlelit crucifix, "it also makes eminent economic sense."

Europe's top monetary policymaker can certainly use the support of higher powers. Only a few weeks ago, he said "the worst" of the euro crisis was over. But since voters denied the proponents of the current reform policies a clear majority in Italy's recent election, providing former Prime Minister Silvio Berlusconi with a political comeback, the crisis is back.

## Nervousness Returns

The markets reacted nervously, as expected. Stock prices crumbled from Milan to New York, there was a marked increase in interest rates on Italian government bonds and the euro's exchange rate fell on foreign currency markets. The flare-up shows that the euro crisis hasn't been overcome by far. By announcing that he intended to do everything possible to save the common currency, if necessary, Draghi was merely buying time.

For weeks, his promise felt like a strong cold remedy: It successfully treated the symptoms, but it didn't eliminate the virus causing the cold in the first place. On the surface, the patient seemed to have recovered, but in reality he was as sick as before. Politicians in Berlin, Brussels and Washington, the headquarters of the International Monetary Fund (IMF), are keeping an eye on about half a dozen hot spots in the euro zone. Their alarming conclusion is that some pathogens are now more dangerous than ever.

The combination of the Italian election results and the continuing stagnation of the French economy has been a serious setback to recovery in the euro zone, say officials close to German Finance Minister Wolfgang Schäuble, a member of the center-right Christian Democratic Union (CDU). Schäuble and his experts are especially worried about France's condition, as they note with disbelief how the government of President François Hollande has presided over a state of stagnation and decline for months.

Washington's view of the situation is similarly pessimistic. The first reforms on the French labor market, which employers and labor unions recently agreed to, point in the right direction, say IMF officials, but they are still too tentative. In her new World Economic Outlook, which will be released in mid-April, IMF Managing Director Christine Lagarde intends to bluntly expose the weaknesses of her native France, and to call upon Hollande to institute bold reforms.

But the IMF isn't just worried about [France](#) and [Italy](#), the second and third-largest economies in the euro zone. According to the Washington-based organization, the euro zone's fourth-largest economy, Spain, is everything

but rehabilitated. The country's banking sector, in particular, is seen as a trouble spot. Late last week Bankia, one of Spain's largest banks, reported a record loss of close to €20 billion (\$26 billion).

## Problems at the Periphery

Finally, the problems of the peripheral Mediterranean countries of [Greece](#) and [Cyprus](#) haven't been solved yet, either. In the case of Greece, IMF officials say they are shuttling from one troika visit to the next. Every three months, experts from Washington, the ECB and the European Commission descend on the country to make sure that [reforms](#) are succeeding. Although the situation is only slowly improving, last week the so-called Euro Task Force, a group of top officials tasked with preparing the monthly meetings of euro-zone finance ministers, released the February tranche for Greece in the amount of €2.8 billion. The fresh funds will keep the country afloat for a while, but almost all experts agree that the financial injections will not solve Greece's problems in the long run. Another debt haircut, this time by public creditors, is seen as unavoidable if Greece is to recover. But that won't happen before Germany's federal election in September.

Very [little progress](#) has been achieved in Cyprus, either. Although the country recently elected a conservative president, a change in the way of thinking remains unlikely. Like his Communist predecessor, the new president opposes raising the business tax -- the lowest in the euro zone at 10 percent, compared to the 29 percent levied in Germany -- and allowing the country's financial sector to be investigated for money laundering. Both are conditions of aid imposed by the donor countries.

But those conditions are the only thing members of the euro zone can agree on. Otherwise, they are deeply divided over Cyprus. The German government still questions whether the Mediterranean island even needs an aid program. Conversely, EU Economic and Monetary Affairs Commissioner Olli Rehn [believes](#): "Every euro-zone member is systemically relevant." He opposes plans to involve the [creditors](#) of Cypriot banks in the costs of the aid program.

Finance Minister Schäuble and his French counterpart Pierre Moscovici recently spoke of finding a solution by the end of March, but no one in Brussels is taking that date seriously at the moment. According to participants, there is no evidence of Franco-German unity in the negotiations. But time is short. Cyprus will run out of money around Easter, which is when the monetary union could begin to totter again. "If Cyprus were to face a disorderly default, there is a high probability that the consequence would be an exit from the euro zone," warns Commissioner Rehn.

## Growing Concern

There is growing concern in politicians' offices that the euro crisis could soon return in full force. "The mood in the financial markets, which signaled calm in recent weeks, was a little ahead of the actual situation," an IMF insider drily concludes.

No one is feeling the consequences with quite as much force as ECB chief Draghi, who notes with concern that credit is drying up and investment is shrinking in many countries. He fears that the ECB may have to step up to the plate even more than it has to date.

Last year, the ECB supported ailing Greece for months, because the EU couldn't agree on a bailout package for so long. It recently looked the other way when the Irish central bank came to the aid of a bank, and the prohibition on directly funding public budgets was cunningly circumvented. If the ECB were now forced to help an Italian government that is unwilling to institute reforms, its credibility would be destroyed once and for all. Many central bankers are no longer willing to cooperate with the lawmakers behind Europe's rescue programs.

Not surprisingly, Draghi's appeals to governments are slowly beginning to sound like sermons. "Individuals have to do what they can to help themselves before they seek help from the community," Draghi [told his Munich audience](#) last week. "The same is true for the countries in the euro area."

*Translated from the German by Christopher Sultan*



## Talks for EDF Energy to build nuclear plants 'could fail within weeks'

Talks between EDF Energy and the Government over building Britain's first new nuclear plant in a generation are at "crisis point" and could fail within weeks because of deadlock over subsidies for the project.

With all but one of Britain's existing nuclear reactors due to close by 2023, new plants are 'crucial' if nuclear power is to remain part of the UK's energy mix in future decades, Mr Yeo's committee has said. Photo: Alamy

By [Emily Gosden](#)

71,176

8:45PM GMT 04 Mar 2013

Tim Yeo MP, chairman of the Energy Select Committee, warned of the problems as EDF said it was scaling back spending on its £14bn project for reactors at Hinkley Point in Somerset "until there is greater clarity around its negotiations with the Government".

This would "have an impact on recruitment and jobs", EDF said, understood to mean the loss of 150 jobs – about one-fifth of the project's workforce.

Under plans devised by the Department of Energy and Climate Change, EDF will receive a long-term contract guaranteeing a price for the electricity it generates from Hinkley Point. The price will be subsidised through levies on all UK consumer energy bills.

But the Treasury, which is heavily involved in the negotiations, has taken a tough line over the returns EDF should be allowed.

"The talks have reached a critical stage," Mr Yeo told *The Daily Telegraph*, adding he believed they were likely to conclude either way "in the next fortnight".

"There is a limit to the amount of time you can spend discussing the same issue," he said.

EDF has said it wants a deal by the end of this month, after [an original December deadline was missed](#). "The process of reaching an agreement has taken longer than expected," it said on Monday.

Mr Yeo said he believed EDF felt that "if they are not going to agree now, why would they be any different in three months' time?" and "all they are doing is, perhaps, throwing good money after bad".

Failure of the talks would be "a terrible setback, not just to the nuclear industry but for British energy policy", effectively meaning Britain would have no new nuclear power plants until the mid-2020s at the earliest, he said.

EDF, which has invested nearly £1bn in the project, is understood to have asked for a rate of return of 10pc, while the Treasury believes it should be nearer 8pc.

One senior industry source said that if the talks failed it could scare off investors in other UK infrastructure projects, not just in energy.

A DECC spokesman said: "The talks are ongoing."

A Treasury source said: "Our overriding concern is to get the best deal for the consumer."

## Les seniors retardent leur départ à la retraite

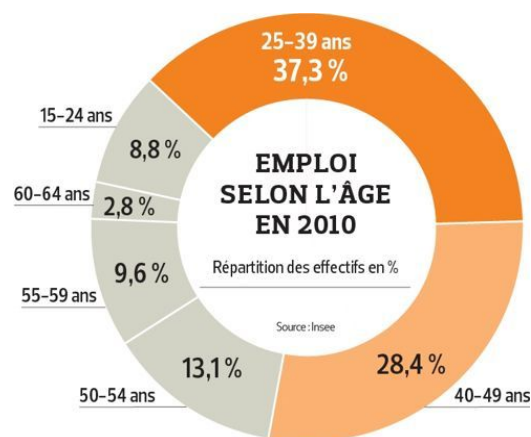
Par [Eric de La Chesnais](#), [Service infographie du Figaro](#) Publié le 06/03/2013 à 06:20 [Réactions](#) (3)

71,177

### atteindre 20 %. Un taux comparable à 1985.

C'est l'un des enseignements majeurs de l'étude annuelle de l'Insee «Emploi et salaires» 2013: les [seniors](#) sont de plus en plus nombreux à retarder leur départ à la retraite. «On observe une hausse du taux d'activité assez marquée en 2011 et 2012 pour les personnes qui ont exactement 60 ans, ce qui montre un effet certain de la réforme qui a conduit au recul de l'âge de la retraite sans oublier l'extinction des dispositifs de cessation anticipée d'activité», note Nicole Roth, chef du département emploi et revenu d'activité à l'[Insee](#).

En 2011, le taux d'activité des 60-64 ans (hommes et femmes confondus) a augmenté de 10 points pour atteindre 20 %, soit un taux comparable à celui de 1985. On entend par taux d'activité le rapport entre le nombre de personnes ayant un emploi et celle à la recherche d'un travail par rapport à la population totale.



Le taux d'activité des personnes de 55 à 59 ans - on peut être senior à plus de 55 ans voire à partir de 50 ans dans les cas extrêmes, il n'existe pas de définition légale - a quant à lui encore plus progressé au cours de la dernière décennie. Il s'élève à 69 % en 2011, contre 53 % en 2000. Malgré cette forte progression, le taux d'activité des hommes de 55 à 59 ans reste faible en France. Il se situe dans le dernier tiers des pays de l'Union européenne à 27. Parmi les pays de l'ex-UE 15, seuls le Luxembourg, la Belgique et l'Italie ont des taux plus faibles. La situation est inversée pour les femmes du fait de leur participation élevée au marché du travail depuis quelques décennies. Parmi les personnes ayant un emploi, une sur quatre a plus de 50 ans, une sur onze a moins de 25 ans. «La France se caractérise par des taux particulièrement bas à la fois pour l'emploi des seniors mais aussi pour l'emploi des jeunes, résume Nicole Roth. D'autres pays européens connaissent un taux élevé de seniors en activité mais aussi de jeunes. Il n'y a pas de lien immédiat entre l'activité des jeunes et celle des seniors», ajoute-t-elle.

### 90 % en CDI

D'autant que les plus de 50 ans sont moins nombreux dans certaines activités destinées davantage à des jeunes. Il s'agit des secteurs à forte rotation, comme la construction, le commerce, l'hébergement-restauration ainsi que les activités scientifiques, techniques et de soutien, dont l'intérim.

En activité, les seniors sont plus de 90 % à bénéficier d'un CDI (contrat à durée indéterminée). Mais quand ils doivent à nouveau trouver un travail - l'âge minimal pour bénéficier d'une dispense de recherche d'emploi est passé progressivement de 57 ans à 60 ans depuis 2009 -, ils retrouvent rarement un CDI. «Lorsqu'une personne de plus de 55 ans retrouve un emploi, c'est plus d'une fois sur deux un emploi à temps partiel», indique Nicole Roth.

## Guest Post: Europe Is Drowning Under Too Much Government

Submitted by [Tyler Durden](#) on 03/05/2013 18:25 -0500 Submitted by [Alasdair Macleod](#) via [Peak Prosperity](#), 71,178

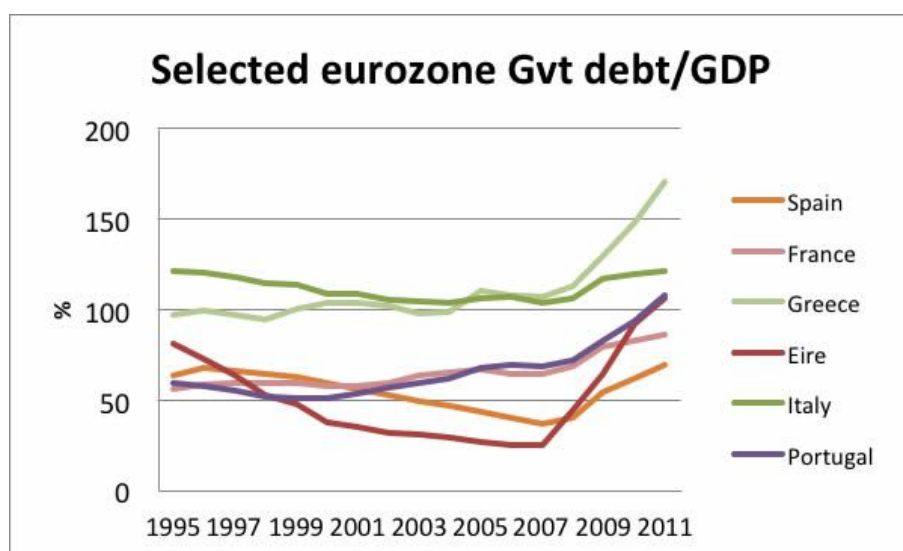
The Christmas and New Year's break, when Europe shuts down and stops thinking, is now well and truly over, and we are reawakening to the same old problems: Greece, Spain, Cyprus, Portugal, Italy, France... all with their hands out for money from Germany, Holland, Finland, and Austria.

The holiday from the banking crisis, which was the result of the determination of the ECB to put a lid on it, is also over, with yields on the supplicant countries' debt rising again.

However, **joining the bad news list is the United Kingdom**. Ominously, the pound is sliding in the foreign exchange markets, providing a very tricky background for Chancellor Osborne's budget on March 20<sup>th</sup>. I shall examine the UK's position later, but first let's update ourselves on developments in the Eurozone.

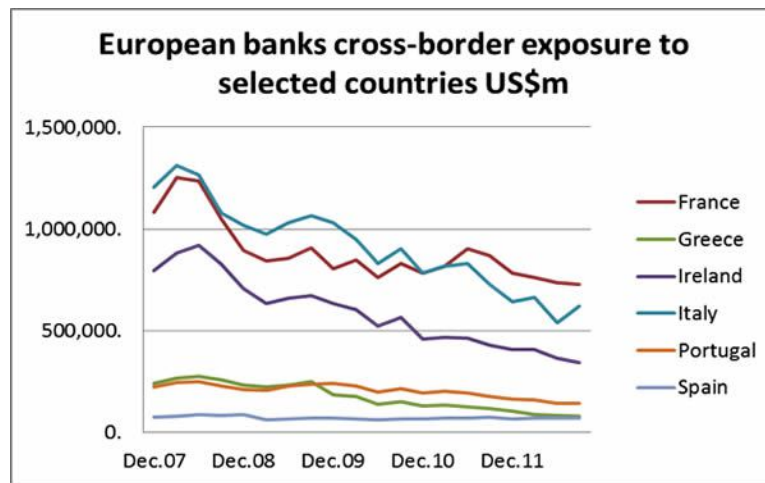
The reality is that all the problems of the Eurozone are still with us, despite the fall in bond yields and their modest subsequent recovery. There is now the likelihood that **we are about to enter the final phase of the end of the Eurozone experiment, with far wider consequences**. So we need to pick up the story where we left off.

First, let's look at the trend of government-debt-to-GDP for selected countries (the numbers are from the ECB):

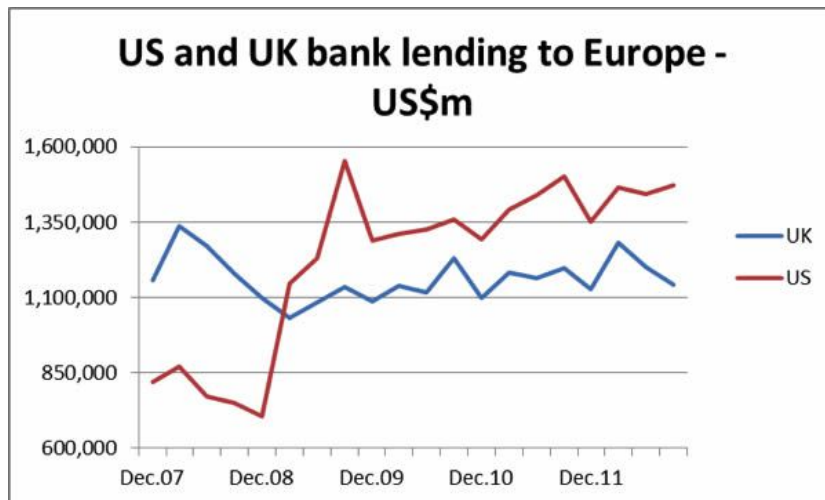


As we can see, government deficits for these countries took off from the time of the banking crisis and are still increasing beyond the charts' cut-off point into 2012. They reflect poor economic performance, a lack of desire to slash government spending, and contracting bank credit. Only Spain and France were below Carmen Reinhart and Ken Rogoff's tipping point of 90% government debt-to-GDP (see their book, *This Time is Different*), but in Spain's case for 2012, if you add in €27bn raised to pay the backlog of bills incurred by regional governments and the €40bn so far (and rising) to bail out the mortgage banks, today Spain is closer to 100% debt to GDP, and France's is now over 90%.

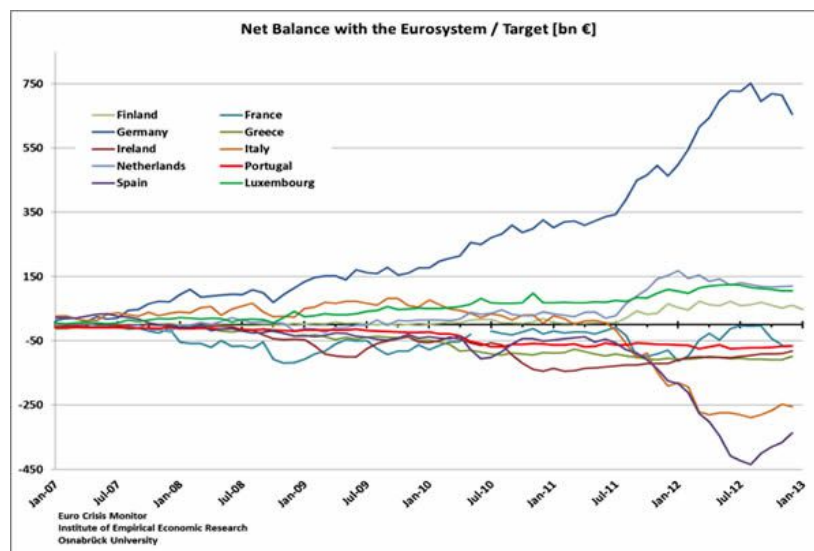
Bank credit continues to be withdrawn by European cross-border lenders, as the figures from the Bank for International Settlements, which run from the time of the banking crisis, show in the next chart:



**This is a deflating credit bubble.** Italy, France, and Ireland have seen the largest withdrawals. Italy has been pursuing aggressive tax collection, driving wealth abroad and deterring economic activity, Ireland has seen a contraction in its financial centre, but France is the surprise suggesting that deflationary forces are stronger than generally understood. **The decline in bank lending from European banks has been compensated for by generous Americans**, presumably too-big-to-fail banks on instruction from the Fed, putting up an extra \$850bn in the first three quarters of 2009. Meanwhile, UK banks have maintained business as usual, slightly increasing their exposure from 2009 onwards. This is shown in the next chart.

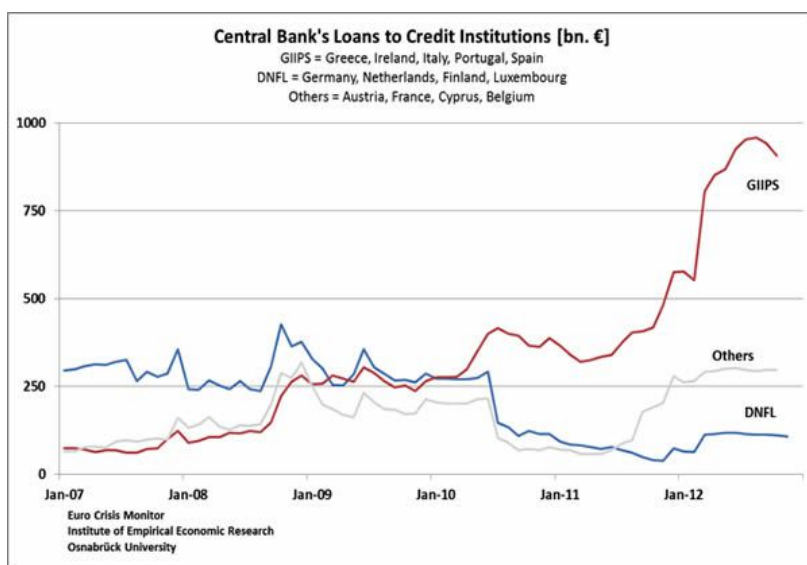


Of course, domestic bank lending in all of these countries, with the possible exception of France, has equally been constrained by capital flight from domestic banks, reflected in TARGET2 balances building up in Germany, Netherlands, Luxembourg, and Finland, as shown in the next chart. [\[1\]](#)



This capital flight has come from the other countries on this chart, and interestingly, there is early evidence that money is now leaving France.

Overall the pressure has come off these imbalances, the natural consequence of a pause in the flow of bad news perhaps, and reflecting the ECB's success in bringing back a degree of stability. This is also reflected in the next chart, which groups central bank loans to credit institutions in the weak, the strong, and others:



We can clearly see the effect of last year's crisis on the GIIPS banks, but there is also a worrying pick-up in France, which makes up the bulk of "others".

This quick tour of European statistics sets the scene. It is clear that some short-term stability has returned, but there is not enough evidence that the underlying position has actually changed. One should bear in mind that European politicians and their economic advisers, with very few exceptions, do not understand markets, and believe that they mostly require confidence. While there is some short-term truth in this belief as recent market performance suggests, the European political establishment appears to go further, believing that confidence is everything. **The current economic strategy is therefore little more substantive than to talk markets up.**

The reality behind this short-term façade is very different. As time marches on, government employees have to be paid and welfare distributed. Those combined government deficits for the Eurozone need feeding by extra taxes and borrowing at the rate of \$40bn per month and rising. And this is only part of the story; along with as central governments, regional governments, cities, and towns (particularly in the periphery) are in deep trouble and have even suspended salaries for employees such as doctors and teachers, as well as payments for essential services.

General government in the Eurozone (which for statistical purposes includes regional and local governments) takes up approximately 50% of GDP. **This is the Eurozone's weakness: The productive capacity of its economy is overwhelmed by the burden of too much government.**

Now go back to the first chart, showing the trend of government-debt-to-GDP for selected countries, and worry. It is indicative not only of the suffocating burden of government debt, but because government dominates individual economies, it also tells us that their private sectors cannot backstop this debt through future taxes.

Therefore there's no way economic recovery will provide the get-out-of-jail card for the weaker group of countries. The transfer of wealth from a relatively limited private sector to high-spending governments is no solution, as France has found out. If you raise taxes to balance the books, taxpayers walk.

## Welfare Costs

No one in Europe mentions escalating welfare costs. So far as I am aware, there are no estimates for the net present value of future welfare costs for Eurozone countries, such as the one by Professor Kotlikoff of Boston

University for the United States. The element of “baby-boomers” in European demographics varies, but the state pensions, healthcare costs, and other benefits are very high, as shown in the following table (*data mostly supplied by the OECD “Pensions at a glance 2011”*). Over the last year, pension costs as a proportion of GDP will have risen above these figures due to the increasing retirement rate, and even more sharply in those countries where GDP has fallen. These figures will therefore be under-estimates for the current position.

Selected eurozone countries mandated pension costs			
	Public pension cost % GDP	Pensioners as % of working age population	Unemployment (recent)%
Austria	12.3	27.6	4.5
Belgium	8.9	28.8	7.4
Finland	8.3	27.4	7.7
France	12.5	28.2	10.5
Germany	10.7	32.8	5.4
Greece	11.9	29.1	26.8
Ireland	3.6	18.0	14.7
Italy	14.1	33.0	11.1
Netherlands	4.7	24.1	5.6
Portugal	10.8	28.3	16.3
Spain	8.0	26.8	26.6
UK	5.4	27.3	7.8
US	6.0	21.1	7.8
OECD Average	7.0	23.6	8.2

Source: OECD “Pensions at a glance 2011”

We know from Professor Kotlikoff’s estimates that the net present value of the US’s future welfare costs rose \$11 trillion in 2012, we also know that free healthcare in the eurozone is more advanced – meaning more expensive - than in the US. With the eurozone’s public pension costs on average nearly twice that of the US, we can see that **the baby-boomer and longevity problems faced by the United States are nothing compared with key Eurozone countries**. It is also important to note that the cost on government finances of a retiring wage-earner is two-fold: The state loses tax revenue and gains a cost.

The only Eurozone countries in the table with lower pension costs are Ireland and the Netherlands, both smaller population countries. Furthermore, all Eurozone countries, with the exception of Ireland, have a higher proportion of pensioners than the OECD average, implying again that future welfare costs are substantially greater than those of the U.S.

The level of unemployment (the last column) must be taken into account as well, because an unemployed person does not pay the taxes to fund pensions. The countries with a high level of unemployment and higher-than-average numbers of pensioners as a proportion of the working population are in deep trouble. The worst, in descending order, are Greece, Italy, Spain, Portugal, and France. Furthermore, Spain, and Ireland have raided their public pension funds to support general government finances.

We can therefore conclude that even if somehow the Eurozone extracts itself from its current difficulties it will have to address the burden of these future welfare costs as a matter of urgency.

While on the subject of welfare and pensions, it is worth mentioning the impact on Scandinavian countries with their exceptionally high taxes, which vary from Norway’s 57.9% of GDP to Sweden’s 51.4%. These countries, which everyone assumes are financially stable, will be badly hit by the demographic time-bomb.

So far, welfare has not been a headline issue anywhere and until fairly recently politicians have stayed off the subject. However, it is now being recognised as a growing problem to which there is no easy solution. Properly accounted for with reasonable provisions made, it is obvious that including the net present value of these future commitments true government deficits are multiples higher than officially stated.

## Eurozone Politics

The political balance has changed substantially over the last year, from the cosy days when Merkel met Sarkozy and Monti kept the Italians in order. First, Sarkozy was dumped by the French electorate, which preferred welfare to austerity, and now Monti has been dumped for similar reasons. The idea that Chancellor Merkel can

trade greater fiscal control over the Eurozone debtors for her own electoral support in Germany has been disproved. The ramifications of the hung Parliament in Rome are likely to be profound, not least in Berlin.

Germany faces full elections in September this year, and it will be difficult for Chancellor Merkel to win, given that her party, the Christian Democrats, did badly in the local German elections in January. The German voter has generally been more concerned with Germany's relative economic success, bringing low unemployment, than the intractable problem of supporting other Eurozone nations. This may be changing, with Germany's more dynamic export markets – China, Russia, and the other emerging economies – slowing somewhat. If this trend continues and unemployment rises, the Christian Democrats will find it a struggle to get re-elected.

For this reason, it is likely that Merkel's room for manoeuvre will be increasingly limited. It is apparent to the German voter that the government has no prospect of recovering money lent to the Eurozone periphery through the banks, reflected in TARGET2 balances, nor directly through the European Stability Mechanism (ESM). So far, the ESM has only lent €40bn to Spain to recapitalise the Spanish mortgage banks, but the demands on the ESM are bound to increase. Germany's contribution to date is €21.72bn, which can be increased, if required, to €190bn.

Given Merkel's political difficulties, she is likely to be slow to subscribe Germany's full commitment and can use the excuse that she can only be expected to match the other large contributors – who are by the way, France, Italy, and Spain. It is likely to be a political virtue for her to take a tougher line.

It would therefore be a mistake to think that Germany is going to continue to fund profligate governments. Since the ECB has already created the precedent (quote from Mr Draghi: "*Whatever it takes*"), the ECB will have to end up creating the money required.

In [Part II - Europe: Welcome to the Domino Effect](#), we conclude therefore that **the Eurozone is now on track for a hyper-inflationary outcome, rather than a deflationary collapse**, similar to prospects for the other major currencies. Its collective banking system is also extremely vulnerable to shocks with accumulated bad debts from prior bubbles and prospective bad debts from insolvent government debts.

To understand how this will play out, one needs to understand the likely future in store for each of the most influential, unstable players in this unfolding melodrama: Spain, Italy, France – and a recent addition, the UK.

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[1] This and the next chart are reproduced with kind permission from the Institute of Empirical Economic Research, Osnabruck University.

## European Press Review of 06/03/2013

71,183

### POLITICS

Zeit Online - Germany

#### Deadlock in Italy bad news for all Europe

Despite the [electoral stalemate](#) in Italy, the parties are searching feverishly for a solution that will allow them to form a government. But it's not as easy for its European neighbours to exert pressure here as it was in [Greece](#), the liberal weekly paper Die Zeit writes: "When the elections took place in Greece, the country had long since been dependent on the bailout fund, and as such on the goodwill of the other euro countries. Exiting the Eurozone was a realistic perspective. This option is lacking in Italy. The country is 'too big to fail or to bail'. ... A renewed escalation of the crisis would have far-reaching repercussions for the economic and social situation in the rest of the Eurozone. Consequently the formation of a government in Rome is by no means just a national issue, but a matter of European domestic policy. Nevertheless, the possibilities for influencing the goings-on in Rome are small indeed." (06/03/2013)

[» full article \(external link, German\)](#)

More from the press review on the subject [» EU Policy](#), [» Elections](#), [» Italy](#), [» Europe](#)

All available articles from [» Matthias Krupa](#)

Phileleftheros - Cyprus

#### Cypriots dread austerity dictates

The finance ministers of the Eurozone on Monday approved the [Cypriot government's](#) request for a bailout package to be agreed by the end of March. Cyprus says it needs loans amounting to approximately 17 billion euros, mainly to help its struggling banks. The liberal daily Phileleftheros describes the feelings of the citizens while they wait for the austerity memorandum: "The more money the borrower asks for, the more hostage he becomes to the lenders' demands. ... In this respect, considering the billions the Cypriot economy needs to get back on its feet, we Cypriots will be forced to sing to the tune of our lender-rescuers like birds on the roof. ... It's better to try not to think of the austerity memorandum which the lenders are preparing for us. It's like being a prisoner waiting to be shown to the damp cell where he will spend most of his life. Hoping that the lenders will be merciful." (05/03/2013)

[» full article \(external link, Greek\)](#)

More from the press review on the subject [» EU Policy](#), [» Domestic Policy](#), [» Cyprus](#)

All available articles from [» Nikos Tokas](#)

Irish Independent - Ireland

#### Mass protests unlikely in Ireland

The EU finance ministers asked the troika to work out proposals for [extending the repayment periods](#) on the bailout loans received by Ireland and Portugal on Tuesday. Hundreds of thousands of people had [protested](#) against the austerity measures in Portugal on Saturday. The left-liberal daily Irish Independent considers it unlikely that Ireland will see similar protests: "In Portugal today there are mass protests because the people feel they live within a dictatorship, like their votes don't matter because any new government will still have to enact austerity policies. Since 2011, Portugal's government - like Ireland's - has decreased consumer demand and pushed unemployment to record levels of 17 percent. ... In Ireland, however, unemployment is dropping; Ireland's bond yields, reflecting the cost of borrowing for the State, are dropping; and we are close to closing the budget gap between spending and taxes. The question for policy makers is: are there ways to alleviate Ireland's austerity fatigue before the people turn on their rulers?" (05/03/2013)

[» full article \(external link, English\)](#)

More from the press review on the subject [» National debt](#), [» Euro crisis](#), [» Ireland](#), [» Portugal](#)

All available articles from [» Stephen Kinsella](#)

Who's saying what [» Austerity jeopardises social peace](#)

Diário de Notícias - Portugal

#### Model pupil Portugal is far too humble

The troika will investigate the possibility of [extending the repayment period](#) for bailout loans granted to Portugal and Ireland, the EU finance ministers decided on Tuesday. The two countries have received an important mark of confidence, the liberal-conservative daily Diário de Notícias writes, but criticises the Portuguese minister's humble demeanour: "What is surprising is the different negotiating positions of the two countries. Before the decision of the Council of Ministers, the Irish finance minister announced that he had demanded that the repayment periods be extended by an average of 15 years. Our finance minister didn't say anything on the subject. Then when the agreement was reached, Vítor Gaspar didn't hesitate to weaken his colleague's negotiating position, calling it untenable. He wouldn't dare do anything else. ... Even when the subject is prolonging repayment periods, the model pupil remains exemplary." (06/03/2013)

[» full article \(external link, Portuguese\)](#)

More from the press review on the subject [» EU Policy](#), [» Fiscal Policy](#), [» Euro crisis](#), [» Ireland](#), [» Portugal](#)



## Technocrats in Italy Scheming to Steamroll Voter Rejection of Austerity

Author: [Yves Smith](#) · March 4th, 2013 · [Comments \(0\)](#) Share This Print 25 4

71,184

Even though we were keen about how voter repudiation of austerity in the Italian elections last week was throwing a wrench in the Troika's austerity plans, we also warned, based on the example of Greece, that they'd try to neutralize the results. That effort is already underway. Ambrose Evans-Pritchard's latest article, "[Anger builds in Italy as old guard plots fresh technocrat take-over](#)," tells us:

Italian officials say the Bank of Italy's governor Ignazio Visco is front-runner to take over as premier despite warnings that this will be seen as an elitist ploy. It is far from clear whether the Democrats (Pd) in charge of the lower house will back the idea.

The plans amount to a near replica of the outgoing team of Mario Monti, though one greatly weakened by the earthquake upset in the elections a week ago. Almost 57pc of the vote went to groups that vowed to tear up the EU-imposed austerity agenda.

At the moment, this looks like brave talk. Beppe Grillo's Five Star Movement does not have enough votes to block a coalition. But the Democrats would have to back an the technocrats, and so far, they don't appear to be willing to buck voters:

Stefano Fassina, the Pd economics chief, said his party is vehemently opposed to "any form of technocrat government, new or old", insisting that the election result must be respected. Mr Fassina said 90pc of the country had rejected the Monti agenda and warned that it would be a grave error to try to force through the same reviled plans a second time.

Grillo has no doubt further rattled the northern countries by reiterating his campaign proposal of having a referendum on the euro. But at least today, Mr. Market isn't betting on a technocratic counter-revolution in Italy. Europe is down after a day in Shanghai, where property shares tanked. But as of this hour, the MIB is down 1.65% while the DAX has fallen a mere .57%. The lead story on Bloomberg now, natch, is "Euro Leaders Demand Austerity as Italy Nears New Vote." This is a clean-up up version of the the hissy fits we described last week. From [Bloomberg](#):

E

European leaders demanded that euro members press on with budget cuts to end the debt crisis as Italy edged closer to a new election after an anti-austerity vote last week resulted in political deadlock.... In Rome, a top aide to Democratic Party leader Pier Luigi Bersani said the country may need to hold another election this year after passing new electoral laws.

"Now in Europe, after the Italian election, it seems to be a case of either austerity and savings programs or growth, but that's a completely false premise," German Chancellor Angela Merkel said at March 1 event. EU Economic and Monetary Affairs Commissioner Olli Rehn echoed those comments this weekend, telling Germany's Der Spiegel magazine that there's no scope for the bloc to let up on budget discipline.

The Italian elections are simply laying bare a dynamic [that Michael Hudson described in 2011](#):

Book V of Aristotle's Politics describes the eternal transition of oligarchies making themselves into hereditary aristocracies – which end up being overthrown by tyrants or develop internal rivalries as some families decide to "take the multitude into their camp" and usher in democracy, within which an oligarchy emerges once again, followed by aristocracy, democracy, and so on throughout history.

Debt has been the main dynamic driving these shifts – always with new twists and turns. It polarizes wealth to create a creditor class, whose oligarchic rule is ended as new leaders (“tyrants” to Aristotle) win popular support by cancelling the debts and redistributing property or taking its usufruct for the state.

Since the Renaissance, however, bankers have shifted their political support to democracies. This did not reflect egalitarian or liberal political convictions as such, but rather a desire for better security for their loans...But the recent debt protests from Iceland to Greece and Spain suggest that creditors are shifting their support away from democracies. They are demanding fiscal austerity and even privatization sell-offs.

This is turning international finance into a new mode of warfare. Its objective is the same as military conquest in times past: to appropriate land and mineral resources, communal infrastructure and extract tribute. In response, democracies are demanding referendums over whether to pay creditors by selling off the public domain and raising taxes to impose unemployment, falling wages and economic depression. The alternative is to write down debts or even annul them, and to re-assert regulatory control over the financial sector.

It does not take familiarity with Aristotle to recognize financiers as the new oligarchs. Simon Johnson made the same observation in 2009, based on his experience with the IMF, in his article [The Quiet Coup](#). Italy may wind up being the last stand of the democrats. Let’s hope they prevail.

*This piece is cross-posted from [Naked Capitalism](#) with permission.*

## A Response to ‘Why Politicians Ignore Economists on Austerity’

Author: [Mark Thoma](#) · March 5th, 2013 · [Comments \(1\)](#) Share This Print 56 0

71,186

[Simon Wren-Lewis](#):

... So why are politicians, in the Netherlands and elsewhere, pursuing a policy that most economists regard as an elementary error? This was a question [raised](#) by Coen Teulings, who is the director of the CPB, the Dutch fiscal council. He was commenting on an IMF sponsored conference in Sweden, at which most economists argued against short run austerity when the economy was weak, and instead advocated dealing with budgetary problems through long term structural reform. **The politicians in the audience, led by the Swedish finance minister Anders Borg, disagreed. He summarizes their view as follows: “Politicians lack the ability to commit today to austerity measures to be implemented tomorrow. Hence, the only option is to take action straightaway.” ...**

Tuelings does not take this argument seriously, for good [reasons](#). Instead he provides three suggestions as to why politicians are ignoring the economists. The first is a memory of the 1970s, when Keynesian policies were pursued because many failed to see the structural impact of the oil crisis. Politicians do not want to make the same mistake again. The second is that economists neglected countercyclical fiscal policy for too long, and therefore have failed to provide politicians with a clear guide to what policy should be, like perhaps an equivalent to the Taylor rule for monetary policy. Third, while both structural reform and short term austerity have political costs, politicians can sell the latter more easily, and success can be demonstrated more quickly. ...

Why do politicians ignore economists? It’s a chance to implement ideological goals. Make an argument that sounds good — if we don’t get the debt under control bad things will happen! — and use it to argue for spending cuts, smaller government, and ultimately lower taxes on wealthy contributors to reelection campaigns.

In good times or bad, conservatives will find a way to argue that tax cuts for the wealthy are the key to economic success.

*This piece is cross-posted from [Economist’s View](#) with permission.*

## Regierungsbildung: Italiens Wahlsieger Bersani will vor allem Geld ausgeben

06.03.2013 · Pierluigi Bersani will nach seinem knappen Wahlsieg jetzt die Protestpartei des Komikers Beppe Grillo umwerben. Die jüngsten Äußerungen lassen sich als Wende nach links interpretieren.

Von [Tobias Piller](#), Rom

71,187



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Pier Luigi Bersani

Der Parteiführer und Spitzenkandidat der Demokratischen Partei in Italien, Pierluigi Bersani, will nach seinem knappen Wahlsieg jetzt die Protestpartei des Komikers Beppe Grillo mit einem auf Staatsausgaben orientierten Programm locken. Bersanis linkes Wahlbündnis hatte bei den Parlamentswahlen Ende Februar mit knapp unter 30 Prozent der Stimmen 55 Prozent der Sitze im Abgeordnetenhaus erhalten, aber keine Regierungsmehrheit in der zweiten Kammer, dem Senat. Weil dort nicht einmal die Stimmen von Mario Montis neuer Partei für eine Mehrheit reichen, und andererseits die Demokraten eine Koalition mit Silvio Berlusconi kategorisch ausschließen, bleibt als potentieller Bündnispartner nur die neue „Bewegung 5 Sterne“ des Komikers Beppe Grillo. Diese hat bisher Koalitionen kategorisch ausgeschlossen. Daher kommt ihr Bersani mit einem Acht-Punkte-Programm nun sehr weit entgegen.

Die jüngsten Äußerungen lassen sich im Vergleich zu den Äußerungen im Wahlkampf als Wende nach links interpretieren: Das Programm, das Bersani am Mittwoch dem Parteivorstand vorlegte, beginnt bereits mit dem Titel „Raus aus dem Gefängnis der Austerität“. Die italienische Regierung werde auf europäischer Ebene eine aktive Rolle für eine „Korrektur der europäischen Stabilitätspolitik“ einnehmen. Nach fünf Jahren der Austerität und Abwertung der Arbeit stiegen die Schulden überall in der Eurozone, der „Teufelskreis von Austerität und Rezession“ bringe Risiken für die repräsentative Demokratie. Für Bersani und die Demokraten sind Korrekturen des staatlichen Haushaltsdefizits und der Staatsschulden nur noch mittelfristige Ziele. „Der aktuelle Notstand steckt in der realen Wirtschaft und in der Beschäftigung.“

Die Belebung der Wirtschaft und der Beschäftigung soll nach Ansicht der Demokraten mit Staatsausgaben an vielen Fronten erfolgen: Versprochen wird die Bezahlung der 90 Milliarden Euro an Verbindlichkeiten der öffentlichen Hand gegenüber privaten Unternehmen durch die Ausgabe neuer Staatstitel. Der interne Stabilitätspakt zur Begrenzung der Neuverschuldung von Kommunen soll gelockert werden. Die Sozialabgaben für Festangestellte sollen gesenkt und auf das niedrigere Niveau der prekären Arbeitnehmer gesenkt werden. Die bisher vor allem für die Beschäftigten großer Industrieunternehmen geltende Arbeitslosenversicherung soll nun an alle Arbeitslosengeld bezahlen. Zugleich werden Mindestlöhne und die Aufhebung der Folgen von Montis Rentenreform für Hunderttausende von Frührentnern versprochen. Bersani will ferner staatliche Investitionen in Telekommunikationsnetze, die Sanierung von Giftdeponien und Industriebrachen, ein Programm für die Sanierung von Schulbauten und die Einstellung aller arbeitslosen Bewerber für das Lehramt.

Zur Finanzierung dieser umfangreichen Programme gibt es keine Aussagen. Die Rede ist von einer Überprüfung der Ausgaben („Spending Review“), zudem von Schritten zur Bekämpfung der Steuerhinterziehung, etwa die noch genauere Verfolgung von Geldströmen und die Verschärfung der Strafgesetze für Bilanzfälschung.

## Gründung ohne Größenwahn Starbatty sieht geringe Chancen für Anti-Euro-Partei

06.03.2013 · Die neue Anti-Euro-Partei wird es bei der Bundestagswahl schwer haben, prognostiziert Mitinitiator Starbatty. Zu stark sei die Bindung an die etablierten Parteien.

Von [Manfred Schäfers](#), Berlin

71,188



© Eilmes, Wolfgang Joachim Starbatty

Der Euro-Kritiker Joachim Starbatty hat die Erfolgsaussichten der neuen Antieuropartei skeptisch beurteilt. Die Neugründung werde es schwer haben, die ausgeprägte Bindung der Menschen zu den Altparteien zu lösen, sagte der emeritierte Professor für Volkswirtschaftslehre, als er am Mittwoch sein Buch „Tatort Euro“ in Berlin vorstellte. Im künftigen Präsidium der „Alternative für Deutschland“ säßen nur Intellektuelle. „Wie soll die Partei innerhalb eines halben Jahres den institutionellen Unterbau schaffen, um bei Wahlen antreten zu können?“, fragte Starbatty. Er selbst werde in seinem Alter nicht mehr eine Partei mitgründen, aber beratend zur Seite stehen, wenn er gefragt werde, und die Partei wählen, wenn sie zur Bundestagswahl antreten werde.

Der Ökonom warb für eine ehrliche Bestandsaufnahme der Defizite im Euroraum. Nach der Wahl in Italien zeichne es sich ab, dass das Land nicht mehr bereit sei, mit harten Maßnahmen seine Finanzen zu sanieren und seine Wettbewerbsfähigkeit zu steigern. Andere Länder wie Spanien und Irland dürften diesem Vorbild folgen. Die Strategie von Bundeskanzlerin Angela Merkel (CDU), mit Geld Zeit für Reformen zu kaufen, sei gescheitert. Die Europäische Zentralbank werde sich nicht an ihre Zusicherung halten können, nur Anleihen von Länder aufzukaufen, die strenge Auflagen einhielten, da sie mit allen Mitteln den Euro verteidigen wolle. Starbatty warnte vor den Folgen einer aufgeblähten Geldmenge. Dies werde zu gefährlichen Blasen auf den Märkten für Aktien, Immobilien, Kunst und Rohstoffen führen.

Er empfiehlt in seinem Buch mit dem Untertitel „Bürger, schützt das Recht, die Demokratie und euer Vermögen“ den Griechen, den Weg Islands zu gehen: aus dem Euro austreten und über eine massive Abwertung die Wettbewerbsfähigkeit erhöhen. Die in der Rezession fehlende inländische Nachfrage werde dann durch ausländische ersetzt. Eine staatliche Garantie für die Spareinlagen könne Vertrauen in der Bevölkerung schaffen.

Nach einem Austritt aus dem Euro werde das Land zumindest einen Teil seiner Schulden zurückzahlen können. Bleibe es im Euro, „dann fließt nichts zurück“. Die Hilfskredite wertet er als „gemeinschaftliche Konkursverschleppung“. Das Ausscheiden weiterer Länder hält er für möglich. Die Länder, die in der konsolidierten Eurozone blieben, könnten mit einer Aufwertung rechnen. Zwar würden die Steuerzahler belastet, da weniger Geld zurückkäme. „Verglichen mit den Belastungen, wenn die Politiker auf dem Irrweg weiter voranschreiten, kommen sie aber noch glimpflich davon.“

Quelle: F.A.Z.

March 7, 2013

## Clarity on the Line / Could Germany move away from austerity?

OP-ED By [JOHN VINOCCUR](#)

71,189

FOR Angela Merkel to get re-elected on Sept. 22, a risk she must avoid is arousing German voters' fears of painful economic reforms by the governing coalition. On that score, so far so good, according to Renate Köcher, who runs the Allensbach Institute, one of Germany's elite polling organizations. In her view, stoking those fears is a big part of a potentially winning formula for the opposition — but she adds that “an overwhelming majority are not concerned about having to face such reforms in the foreseeable future.”

All the same, she writes that only 19 percent of the voters think continuation of the Merkel-led, right-of-center governing coalition is a good idea. In spite of the chancellor's general popularity, Köcher believes the election to be “everything other than locked up” and the campaign so far without a decisive theme.

How about this one: Germany embarking on an economic “paradigm change,” which means standing its old export-export-export/save-save-save model on its head. The idea would be to encourage growth through higher German salaries and consumption, more imports and, in a sense, less competitiveness.

This theme entered the election campaign picture last weekend with what seemed like a careful leak to a newspaper. “It's so enormous that no one in Berlin will talk about it publicly,” the weekly *Die Zeit* reported. As its sources, the newspaper cited both “an official” said to be helping to formulate the government line, and “other members of the government” who insist the policy turnabout plan is for real.

Theoretically at least, this could be a political bombshell because the shift in approach equals a move away from the creed of austerity that Germany has preached to the rest of Europe. *Die Zeit* — its seriousness embodied by Helmut Schmidt, who serves as its co-publisher — wrote, “Silently and softly, Angela Merkel is planning the next big change in the economy.”

But maybe a little skepticism should enter here. Not so much about the newspaper's reporting, but in the fact that word of the policy shift comes in the context of an election year. The chancellor has lousy economic numbers to hold up to voters. An absence of palpable German economic growth this quarter, coming on the heels of minus 0.6 percent growth at the end of 2012, would mean a country entering a recession roughly five months before it votes.

Italy's new instability has begun to dull investment interest in the euro zone. And the Organization for Economic Cooperation and Development, in its 2013 “Going for Growth” report, now charts Germany as seventh from the bottom among 34 countries for responsiveness to suggested reforms aimed at stimulating their economies.

Merkel has neither acknowledged the trouble nor pointed to a way out of it. Certainly not with calls for tough reforms — the route that, according to Allensbach's research, frightens the Germans in 2013 and can be the path to Merkel's defeat.

So, while the leak conjured up epochal innovation, couldn't the real intent be setting the stage for a spritz of demand-side stimulants to move the weakened economy clear of recession-like numbers?

Sure, this collides with the gospel of German economic conservatism. But the government may be thinking it's O.K. if it comes enveloped in a ground-fog of debate. That could end up with Germany basically deciding on micro-retouches that keep the country's focus on competing, while reducing a few exports in an economy over-reliant on them.

Some expert opinion enters here. It asserts that the talk of paradigm change just doesn't amount to the structural reform that the O.E.C.D. says German economic growth needs to avoid falling to a rate below 1 percent in 2020.

Looking at the Die Zeit report, Felix Huefner, a German economist in charge of global economic forecasting at the Institute of International Finance in Washington, said "higher wages won't alter Germany's downwards demographic trend."

As described in the newspaper, he said, the paradigm shift involves "purely short-term demand-side policies, not the kind of structural reforms that would make for more lasting change."

The reforms Huefner referred to include steps like removing regulatory barriers to competition (often masked as "consumer protection" measures) or simplifying layoff procedures to open up the national job market. An O.E.C.D. progress report last month on similar recommendations labeled Germany's response to both with the phrase, "No Action Taken."

What's left is an election where Germans may regard the government's urging higher salaries and creating more jobs in the service sector as obvious campaign promotions. And voters may well wonder about the sincerity of the Merkel government's economic convictions — which, since 2009, she has called a beacon for the universe.

Bring down Germany's exports and its vast current account surpluses? That might ultimately be a welcome formula worldwide, but it's a risky one for re-election, particularly as a dodge to escape talking about harder structural reform.

Günther Bannas, the political correspondent of the conservative Frankfurter Allgemeine Zeitung, has defined the campaign as one where clarity is on the line. He wrote of the chancellor: "Merkel's rhetoric is near the borderline behind which people believe the full truth is not available."

## Italy's Bersani on collision course with Germany and ECB over austerity

Italy's Pier Luigi Bersani vowed to break free of the country's austerity regime as he laid out plans for a centre-Left government, risking a serious clash with Germany and the European Central Bank.



Mr Bersani's Democrats (Pd) and its allies control the lower house but failed to win the senate. He is hoping for tacit support on a law-by-law basis from the Five Star Movement of comedian Beppe Grillo. Photo: Reuters

By [Ambrose Evans-Pritchard](#)

71,191

7:03PM GMT 06 Mar 2013

“We must leave the austerity cage,” he told leaders of his Democrat Party (Pd), responding to Italy's electoral earthquake by tearing up his pre-election programme.

“A change of course is absolutely necessary given that five years of austerity and attacks on workers have pushed up public debt levels across Europe,” he said.

“The vicious circle between belt-tightening and recession is putting representative government at risk and making it impossible to govern. The immediate emergency is the real economy and joblessness,” he said.

The pledge puts Mr Bersani on a collision course with the ECB, which is constrained from helping to shore up the Italian bond market unless Rome complies with Europe's austerity agenda.

“Italian voters may have effectively voted away the ECB safety net,” said Christian Schulz from Berenberg Bank. The central bank cannot activate its bond purchase programme (OMT) unless Italy requests a rescue from the EMU bail-out fund, and that in turn requires a vote in Germany's Bundestag.

“The ECB cannot – and will not want to – do anything to help Italy after the inconclusive election result, even if borrowing costs spiral out of control,” he said.

Mr Bersani's Democrats (Pd) and its allies control the lower house but failed to win the senate. He is hoping for tacit support on a law-by-law basis from the Five Star Movement of comedian Beppe Grillo.



Mr Grillo has responded with a volley of anathemas, calling Mr Bersani a relic from a defunct political order that must be swept away by civic revolution. Yet many of his 163 senators and deputies say the movement should seek common ground with the Pd.

Mr Bersani said Italy should mobilize its EU voting weight to push for an EU-wide change of course. He has natural allies in Paris.

French finance minister Pierre Moscovici warned EMU colleagues on Monday that current policies “risk a loss of social and political confidence across Europe. We must not pile austerity on top of recession”.

Mr Moscovici said France would need an extra year to meet its deficit target of 3pc of GDP and called for action to tackle the root of the crisis with an EMU-wide growth strategy.

French officials are deeply alarmed by the relentless upward rise in France’s unemployment rate to 10.6pc, or 26.9pc for youth. President Francois Hollande’s popularity ratings have crashed from 55pc to 30pc since his election in May, the fastest decline ever recorded for a French leader.

Italy, France, and Spain toyed with a Latin bloc alliance last year to confront Germany over EMU’s contractionary policy mix, but the initiative faded.

Mr Hollande pulled back from a showdown with Berlin and ultimately pushed through further fiscal cuts and reforms, while Italy’s Mario Monti was never willing to jeopardise the European Project that he served for ten years as a commissioner.

Critics says Mr Monti, whose Civic Choice list won just 10pc of the vote, went native in Brussels long ago and has been slow to understand the deeper political crisis unfolding in Italy.

The outgoing premier gave them fresh ammunition today, saying that it would be better to hold fresh elections than to see an anti-EU government to take power.

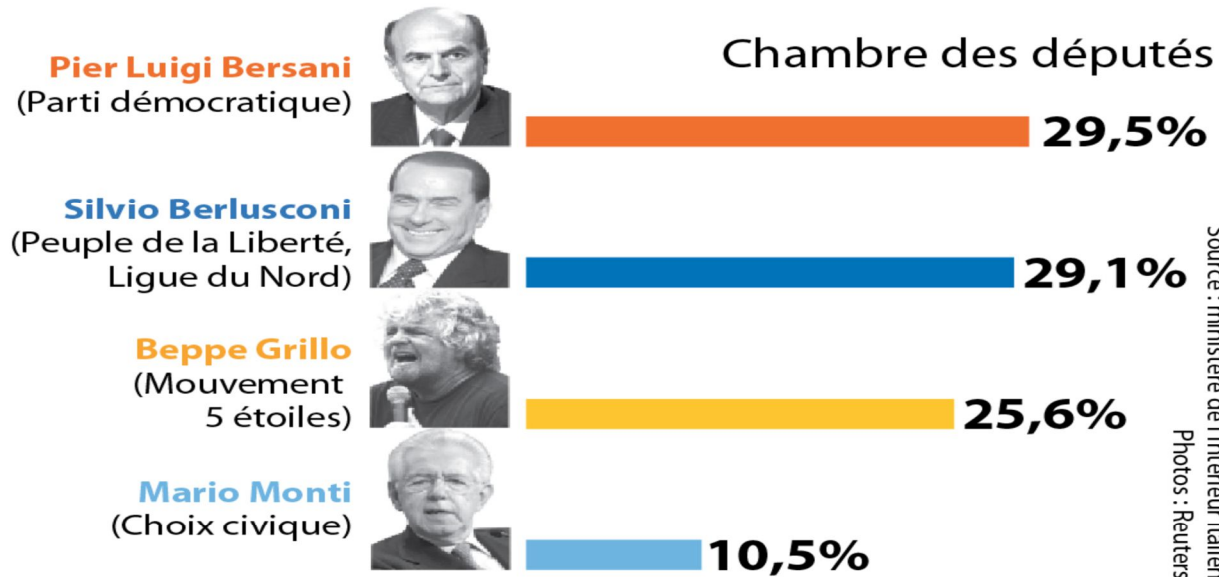
It is unclear whether a second vote would achieve what he intends. The latest snap polls show that Mr Grillo’s support is still rising, jumping from 25pc to 28pc.

Ominously, nostalgia for Fascist leader Benito Mussolini has started to emerge as the post-War order crumbles. Two key figures have praised elements of Fascist rule over the last two days.

A leader of the Five Star Movement professed “fascination” with the Fascist sense of the Italian state and the family, while the deputy state secretary of the economy said Mussolini “governed well until 1935.” The taboos are falling one by one.

# Les résultats des élections italiennes

En % des suffrages exprimés



Source : ministère de l'Intérieur italien  
Photos : Reuters



idé

March 7, 2013, 10:56 a.m. ET

# ECB Gives Little Hope of More Action

By [GEOFFREY T. SMITH](#)

71,194

The European Central Bank cut its forecasts for the euro-zone economy this year and next, but President [Mario Draghi](#) played down the possibility of taking further steps to revive it, saying the central bank has already done what it could.



*Associated Press*

European Central Bank President Mario Draghi.

In his monthly news conference, Mr. Draghi appeared to rule out most forms of further stimulus, despite data earlier this week that showed the economy contracted for a fifth straight month, that unemployment was at a record high of nearly 19 million and that inflation had now fallen within the ECB's targeted range.

"We're not...planning anything special," Mr. Draghi said, but he stressed that the central bank's policy would remain "accommodative" for as long as needed, giving euro-zone politicians and banks the breathing space to implement structural reforms and reduce their debts.

He said the bank would remain alert to any signals that money markets were pricing in an end to accommodative policy.

Mr. Draghi repeated the message of earlier news conferences, saying that this would allow the economy to start recovering in the second half of the year, and said that the process of recovery would be helped by a continued healing in financial markets.

He appeared to do everything but rule out any experimentation with cutting the ECB's deposit rate below zero, saying that "we have looked at that" and come to the conclusion that "the unintended consequences of a measure like that can be serious."

Mr. Draghi said the ECB now expects the euro-zone economy to shrink by around 0.5% this year. That is below its central estimate of a 0.3% contraction in December, and below the European Commission's and International Monetary Fund's forecasts for this year. For next year, the central projection was cut to growth of 1.0% from 1.2% previously.

The bank's governing council made only a fractional adjustment to its projections for inflation, leaving this year's central estimate unchanged at 1.6% and cutting next year's to 1.3% from 1.4%.

Some of Mr. Draghi's colleagues on the governing council obviously thought that that was far enough below its medium-term target of just under 2% to justify cutting rates from their current historic low. Mr. Draghi confirmed that the decision was taken by "prevailing consensus" rather than unanimously.

Mr. Draghi's main point was, as in the past, that the bulk of the euro zone's problems are outside the ECB's control, even within the realm of weak credit growth.

"As regards the lack of funding...I think we have resolved that," Mr. Draghi said. He said the ECB couldn't do anything to address banks' lack of capital, but said that the ECB would "continue to consider 360 degrees" on how to ensure that banks don't become even more even more averse to lending as the economy deteriorates. He wasn't any more specific.

The news conference had surprisingly little market impact, although the euro rose above \$1.31 as bets on future policy easing were trimmed.

In a low-key and low-impact session with the media, Mr. Draghi largely dodged invitations to comment on the political stalemate in Italy after an election that appeared to reject resoundingly the reform policies of Prime Minister Mario Monti—policies that the ECB has warmly endorsed.

"Italy, like all the other countries, should continue on the structural reform path which is the only way that can restore growth," Mr. Draghi said, urging the next government to continue with the "very substantial consolidation" begun by the Monti government.

Mr. Draghi repeated that there would be no special favors for Italy from the ECB's new and still-untested program of bond purchases—known as Outright Monetary Transactions—insisting that the new government would have to ask for a euro-zone program first.

"The rules to OMT are what they are," he said. "The ball is in the governments' hands."

He argued, however, that the mere existence of the OMT program had helped stop concerns about Italy spreading throughout the region.

"Contagion to other countries has been muted this time, compared with what it would have been perhaps a year ago," he said.

Elsewhere in the news conference, Mr. Draghi dismissed what he jokingly called the "angst of the week"—namely, reports in the German press that the ECB is considering withdrawing from the "troika" of official creditors involved in the euro zone's bailout programs for Greece, Portugal, Ireland and Spain.

With what appeared to a sideswipe at the Deutsche Bundesbank, he referred to the articles as stemming from "friendly fire" and testily rejected the reports' insinuation that the ECB couldn't resist political pressure.

The euro zone is currently putting together its fifth bailout program, a package for Cyprus that revolves largely around a massive capital hole at the country's banks.

Mr. Draghi went out of his way to urge the Cypriot government to "revisit" its anti-money-laundering legislation, and allow officials approved by the euro zone to do a thorough audit of its effectiveness. A number of governments led by Germany have warned loudly that they won't allow their funds to rescue banks that they suspect of laundering money for principally Russian clients.