

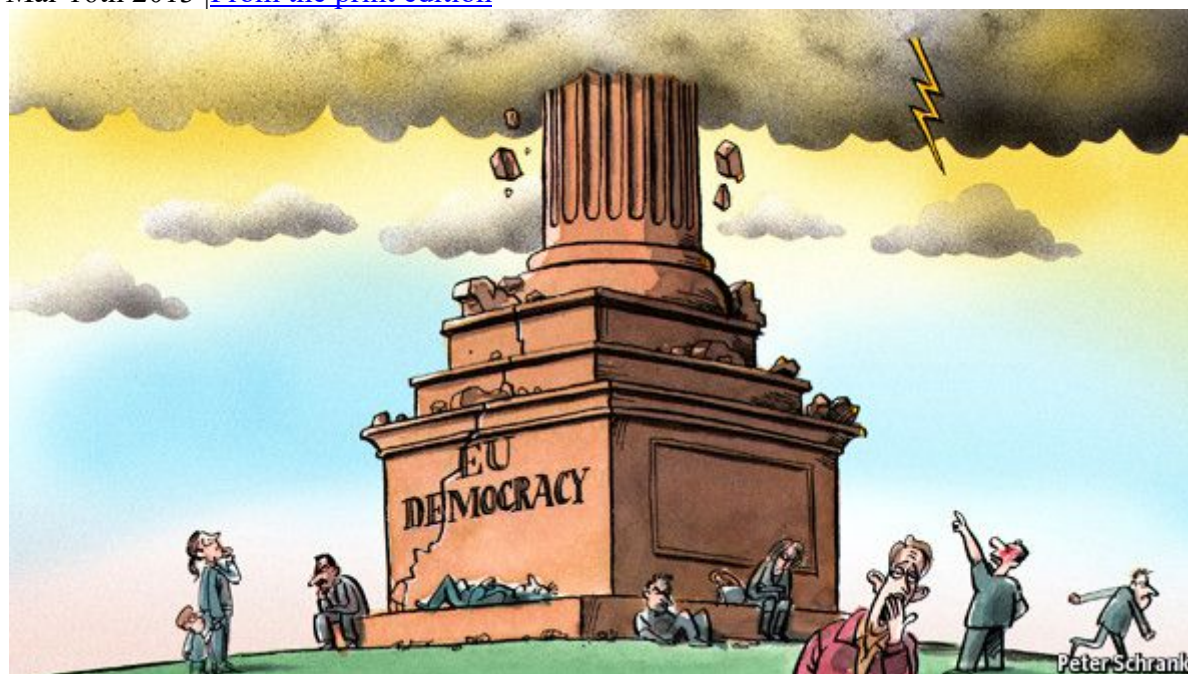
Charlemagne

A flawed temple

## The loss of legitimacy may now be the biggest threat to the European project

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EUROPEAN leaders may have saved the euro (for the time being, at least), but they are fast losing Europe's citizens. Eurobarometer polls show that voters are ever more disenchanted with European bodies. Plainly, the fight against budget deficits is widening Europe's other deficit: the democratic one.

The EU boasts of being a union of democracies. But its crisis of legitimacy is intensifying as it delves more deeply into national policies, especially in the euro zone. One problem is the evisceration of national politics: whatever citizens may vote for, southerners end up with more austerity and northerners must pay for more bail-outs. Another is that the void is not being filled by a credible European-level democracy. Ancient Greeks could more readily seek the intercession of Olympian gods than today's citizens can hope to change policy in Brussels. A separate but related problem is that the EU struggles to maintain democratic norms among its members, as in Hungary.

Eurocrats' reply to these conundrums is a flawed mantra: that "more Europe" must always be matched by "more European Parliament". Directly elected since 1979, MEPs have gained many powers. This week they rejected European leaders' arduously negotiated budget compromise. Yet falling turnouts for European elections suggest they have not won voters' respect.

Now the parliament's big political "families" want each to name a champion for next year's European election who, if successful, would become the nominee for the next president of the European Commission, the EU's civil service. This week it formally blessed the idea with an unusual (non-binding) "recommendation". The aim is to create a less opaque European system that mimics national politics. Having flesh-and-blood politicians slug it out over, say, the balance between austerity and growth is supposed to kindle the passion for pan-European politics.

That said, television ratings may not be much improved by a clash of unknowns arguing in a foreign language (probably English). And the focus on European candidates may only highlight the splits between the families' constituent national parties—for instance the British Labour Party and the French socialists.

A clearer democratic mandate for the president of the European Commission (some would hold direct elections for the job) would shift the EU, a hybrid of a UN-style international organisation and a US-style federal system, closer to the American model. Under the current system, national leaders typically choose a commission president from among their caste of current or former peers, then seek approval from MEPs. Now the parliament would present its choice for leaders to rubber-stamp.

The experiment would change the pool of candidates. Few sitting prime ministers will dare be seen ignoring national affairs to campaign in Europe. The *papabili* include Donald Tusk of Poland, Helle Thorning-Schmidt of Denmark, Enda Kenny of Ireland and, now less likely, Mario Monti of Italy.

The new selection method would favour EU insiders: Martin Schulz, president of the European Parliament (a German Social Democrat), Guy Verhofstadt (a Belgian who leads the parliament's liberals) and Viviane Reding (the justice commissioner, a Christian Democrat from Luxembourg, who pushed through the recommendation). The current president, José Manuel Barroso, has not ruled out seeking an improbable third term.

A deeper worry is that a more overtly political president would damage the non-partisan role of the commission, which claims to act on behalf of large and small states alike, regardless of political colour. Some think that any future president would still be bound by the ethos of consensus. Nevertheless, the commission may one day have to spin off some important functions—eg, the enforcement of competition rules and budget monitoring—to independent agencies, as happens in many states.

The EU's democratic credentials, and its credibility, are important when it comes to the fraught business of trying to preserve democracy in member countries. The passage of dubious constitutional amendments in Hungary is worrying. The rift in Romania last year between the president and prime minister also caused alarm. Oddly, given the EU's huge impact in democratising aspirant members, the union has few powers over the political order of countries once they join—short of the “nuclear option” of suspending voting rights.

As a form of peer pressure, the commission is planning to draw up a “scoreboard” of members' justice systems. The foreign ministers of Germany, the Netherlands, Finland and Denmark want to go further. They want the commission to monitor and enforce democratic values, backed by the threat of economic penalties. But could a politicised commission probe such matters?

A dangerous new European spirit

Finding the proper balance between national and European levels of democratic accountability will be awkward, not least because of the lack of a common European identity, or *demos*. Part of the answer lies in strengthening national parliaments' oversight of ministers' actions in the EU. And part lies in making the EU more responsive to voters' wishes. If European political groups want a bigger role, they will have to be tougher with their own; the European People's Party, the biggest family, does not question the presence of Hungary's Viktor Orbán and Italy's Silvio Berlusconi in its midst.

A return to economic growth would do much to preserve the EU's legitimacy. If the recession and mass unemployment in the European periphery persist into next year, politics may become dangerously polarised. Forget about EU jobs. If Europe makes the leap towards a new *demos*—it may be one united in wanting to get rid of the euro and the bastards in Brussels.

[Economist.com/blogs/charlemagne](http://Economist.com/blogs/charlemagne)

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## Democracy and Deficits

### Hungary and Cyprus Hijack EU Summit

By SPIEGEL ONLINE Staff

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**Stalled economic growth and high unemployment were supposed to be the focus of this week's European Union summit in Brussels. But concerns about democracy in Hungary and debt in Cyprus have taken center stage. Both issues have generated considerable strife.**

The focus of the European Union summit on Thursday and Friday in Brussels this week was supposed to be clear, with measures to promote growth and reduce unemployment across the Continent topping the agenda.

But instead, this has been overshadowed by a number of other issues that have thrust themselves into the limelight.

First and foremost among them is the extreme concern with which European leaders are viewing recent constitutional [amendments pushed through](#) by the Hungarian government of Prime Minister Viktor Orbán. Just as heads of state and government were set to begin their regularly scheduled meeting in Brussels on Thursday, the issue emerged at the forefront, with a decisive shove being provided by European Parliament President Martin Schulz.

"The European Union is a community of values," Schulz said. "We cannot remain silent if a member state rides roughshod over them." Schulz demanded that European leaders take a close look at the constitutional amendments passed by Hungarian parliament on Monday to see if they counteract European values and to punish the country if they do. "In response, Orbán sharply attacked me," Schulz said, adding that the atmosphere between the Hungarian prime minister and other European leaders was "very frosty."

The point was underlined during Orbán's combative press conference on Thursday afternoon. "Who is able to present even one single point of evidence -- facts, may I say -- which could be the basis for any argument that what we are doing is against democracy?" he said. "Saying 'we don't like something' is not concrete enough to react .... I am more than happy to answer their questions."

#### 'Political Opinions'

Schulz was not alone on Thursday in questioning the recent changes made to Hungary's constitution, though. German Chancellor Angela Merkel emphasized that a parliamentary majority should not be "abused," adding that it should be "treated very carefully." And Viviane Reding, EU commissioner of justice, said that the European Commission would take a close look at the amendments and examine possible sanctions. "You don't play around with the constitution," Reding said. "You can't go and change the constitution every six months."

The amendments in question are to a constitution that Orbán's government only installed last year. They were passed by an overwhelming majority on Monday evening, with 265 lawmakers voting in favor, and just 11 against, with 33 abstentions. Orbán's conservative Fidesz party holds more than the two-thirds parliamentary majority necessary to pass constitutional amendments in [Hungary](#).

The changes will severely limit the powers of the country's constitutional court and likewise erode freedom of expression. Several laws the constitutional court had previously rejected, such as a ban on the homeless from loitering in public places, were also anchored into the constitution.

Orbán showed no signs of backing down on Thursday, saying defiantly: "As far as I can see, we are talking about political opinions here. They cannot replace facts."

Yet despite Orbán's apparent pleasure in the massive turnout for his Thursday afternoon press conference, his country was not the only issue to hijack the summit agenda. Though Merkel said repeatedly on Thursday that a potential [Cyprus](#) bailout was not on the schedule, it was a major topic in smaller, informal groups on the summit sidelines.

### **Berlin Puts on the Brakes**

Luxembourg Prime Minister Jean-Claude Juncker, who was also, until recently, head of the Euro Group, demanded that a solution to the issue be found by Friday evening. Specifically, Juncker was referring to the parallel meeting of euro-zone finance ministers in Brussels on Friday, saying the gathering "must not only make progress towards a solution to the Cyprus question, but present it in finalized form" by Friday evening.

The head of the Cypriot central bank, Panicos Demetriades, likewise piled pressure on the euro-zone on Thursday saying that his country presents a "systemic danger" to the common currency. "The greatest risks are coming from the periphery and at present that is Cyprus," he said, adding that the bailout must be ready by the end of the month.

Merkel, however, sought to lower expectations of a finalized package being ready on Friday. Further negotiations, she said, are "desirable," adding that it takes time to come up with a "prudent, quality solution."

New Euro Group head Jeroen Dijsselbloem suggested on Thursday that finding such a solution might actually be easier than thought. Thus far, it had widely been assumed that the country needed a bailout of €17.5 billion. Though small relative to previous euro-zone bailouts, the sum is close to the equivalent of the small country's annual gross domestic product and raised concerns about Cyprus' long-term ability to shoulder that debt.

### **Lower Cypriot Financing Needs**

Dijsselbloem, however, said on Thursday that the country's actual needs are closer to €10 billion (\$13 billion). He declined to offer details, but hinted that Russia might play a greater role than previously assumed. One of the primary hurdles facing the package has been the significant presence of [Russian money in Cypriot banks](#) and EU concerns that bailouts would first and foremost help Russian oligarchs. The country's alleged ineffectiveness in combating money laundering has also led many in Berlin and other euro-zone capitals to view a bailout with skepticism.

As for the actual agenda prepared for the summit -- those issues too will apparently be addressed. French President François Hollande made sure of that on Thursday by demanding more flexibility on EU budget rules to create growth. Saying that he remained committed to budgetary consolidation, Hollande added: "It is precisely because of this commitment that there must be flexibility because the only priority right now, aside from the budgetary commitments, is growth .... Too much rigidity would mean too much unemployment."

Berlin is unlikely to consider watering down EU budget rules, though. It was only on Wednesday that German Finance Minister Wolfgang Schäuble announced that his country's budget would be balanced by 2015, a year earlier than necessary under the "debt brake" amendment to the constitution. Deputy Chancellor Philipp Rösler, who joined Schäuble in announcing the news, crowed that Germany was "an example to Europe" and that "the whole world envies" its finances. Hardly the words of a leadership willing to grant France much wiggle room.

*With reporting by Christian Teevs in Brussels and information from wire reports*

## Seeking to Aid Rebels in Syria, France Urges End to Arms Embargo

By [STEVEN ERLANGER](#)

BRUSSELS — France, joining Britain, is urging its European Union partners to meet this month and end an arms embargo on [Syria](#), to allow weapons to be sent to the opposition there.

“We want Europeans to lift the arms embargo,” President [François Hollande](#) of France told reporters as he arrived in Brussels for a European Union summit meeting.

Echoing earlier comments by his foreign minister, Laurent Fabius, Mr. Hollande said: “We are ready to support the rebellion, so we are ready to go this far. We must take our responsibilities.”

Mr. Hollande said that Britain and France were in agreement. “We cannot allow a people to be massacred by a regime that for now does not want a political transition,” he said.

The European Union pact on the embargo and on sanctions against Syria must be renewed every three months. France is moving for the next review to be held this month, rather than in May. “We have to go very fast,” Mr. Fabius said, urging that the union try to shift the balance of forces in Syria in favor of the opposition before many thousands more people die.

The rebels are clamoring for anti-aircraft and anti-tank weapons. A European supply line could alter the dynamics of the two-year Syrian civil war, which is believed to have cost the lives of 70,000 people, without ending the Assad family’s decades of rule.

French and British officials have said that only once the Syrian president, [Bashar al-Assad](#), understands that he is [losing the battle](#) will he agree to negotiate a political resolution with the opposition. And there is a sense that [the Syrian Army is beginning to erode](#), offering a greater opportunity for change.

In February, the embargo was renewed despite British concerns, with Germany and Sweden especially arguing against escalating the civil war. But Britain did win agreement to relax the embargo to allow nonlethal but quasi-military aid, like armored vehicles. The issue is likely to come up in Brussels at the two-day meeting of European Union leaders, but their focus will be on the economy.

Mr. Hollande met separately with Prime Minister David Cameron of Britain before the summit meeting to discuss the Syria embargo, British officials said. The arms embargo is backfiring, one of the officials said. “It doesn’t stop those aiding Assad; it does stop E.U. countries and others helping those against whom Assad is waging a brutal and terrorizing war,” the official said.

Mr. Fabius warned that France and Britain might act unilaterally if their European partners disagreed. Asked on France Info radio whether the two would arm the opposition if there was no agreement, Mr. Fabius said only that France was “a sovereign state” and that the two countries would jointly act “to lift the embargo.”

“We cannot accept that this current lack of balance, with on one side Iran and Russia delivering arms to Bashar, and on the other rebels who cannot defend themselves,” Mr. Fabius said. “Lifting the embargo is one of the only ways that remain to change the situation politically.”

On Tuesday, Mr. Cameron said his nation would continue to adhere to the embargo for now, but that it might reconsider if its partners did not agree to lift the embargo. “It is not impossible that we’ll proceed the way we see fit,” he said.

Britain and France pushed for intervention in Libya, and France recently intervened in Mali without European Union agreement. But they seem to be lobbying their European Union colleagues rather than declaring independence of European Union consensus.

The French public has been shaken by the bloody, vicious and seemingly stalemated civil war in Syria, with which France has historical ties, and there are new concerns about the stability of Lebanon, as thousands of refugees continue to pour out of Syria.

The Syrian government threatened Thursday to launch attacks on Lebanese territory to stop Lebanese anti-Assad militants from entering Syria, demonstrating how difficult it has become for Lebanon to stay out of the war consuming its larger, closely connected neighbor. The threat — the most pointed warning yet to the Lebanese government, which is divided on the Syrian conflict — was delivered in a diplomatic note that Syria's ambassador to Lebanon, Ali Abdul Karim Ali, presented to Lebanese authorities, Syria's state news agency, SANA, reported.

At the same time, concerns are growing that the Lebanon-based militia Hezbollah, with Iran's backing, is increasing its efforts to bolster the Assad forces. In a speech to a security gathering on Thursday, Israel's chief of military intelligence asserted that Hezbollah was training a popular army in Syria that numbered 50,000 men, which Iran and Hezbollah could use to protect their Syrian interests if Mr. Assad fell.

"Iran and Hezbollah are both doing all in their power to assist Assad's regime," the intelligence chief, Maj. Gen. Aviv Kochavi, said at the annual Herzliya Conference in Israel. "They support Assad operationally on the ground, with strategic consultation, intelligence, weapons." He added that the plan was to double the size of the popular army. Such numbers are impossible to confirm.

In a statement on Thursday, the British Foreign Office said that the international effort for a political solution in Syria "has little chance of gathering momentum unless the regime feels compelled to come to the negotiating table," and added, "They need to feel that the balance on the ground has shifted against them."

Referring to the arms embargo, the statement said, "We are not prepared to rule out any options to bring an end to the suffering of millions of innocent Syrians."

British and French officials say they also sense that Washington's strict opposition to helping the Syrian rebels militarily may be shifting in President Obama's second term.

The new secretary of state, John Kerry, made his [first overseas tour](#) recently, with Syria as a prime topic, and his stops included Britain and France. After the visit, French officials said they found him sympathetic to their views. While Mr. Kerry repeated that the United States would not arm the rebels, the country has sent medical and humanitarian aid, and the C.I.A. has been [covertly training rebel groups](#) in Jordan since last year, according to American officials.

The United States has opposed sending ground-to-air and antitank missiles, even from other nations like Qatar and Saudi Arabia, out of concern that those weapons will fall into the hands of more radical Islamist fighters and could be used against other American allies, like Israel and Jordan.

On Thursday, Germany's foreign minister, Guido Westerwelle, said in a statement that his nation was ready to discuss the issue. "If important partners in the European Union now think the situation has changed, and they think this makes it necessary to change the decisions on sanctions, we are, of course, prepared to discuss this in the E.U. immediately," he said.

Isabel Kershner contributed reporting from Jerusalem, and Anne Barnard from Beirut, Lebanon.

## European institutions: Grand ideas and empty jargon

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**Each year the EU produces thousands of pages of reports, speeches and legislation designed to move the European project forward. They have one thing in common: a pompous language worthy of a regime lost in its own dogma, writes a Czech political scientist in *Revue Politika*.**

[Tomáš Břicháček](#)

Every week, European Union institutions and their leaders churn out dozens of documents and public utterances of all kinds. Legal regulations, legislative proposals, green and white papers, reports, resolutions, statements, speeches, etc. It piles up. One of their peculiar properties is the very distinctive language in which they are written or spoken.

The language of the European Union, at first glance, attains an extraordinary density using fixed constructions – various phrases, slogans, sayings – that are, with minor variations, endlessly recycled. Some of them are encoded in the primary legislation, part of which originates in key programme documents adopted, for example, in connection with the so-called Lisbon Agenda and Europe 2020. They are words that seem to have hardened into solid slabs, which using the cut-and-paste crane of the computer keyboard allows the quick erection of any kind of structure in writing or speech.

Among the most popular pre-fab “panels” is that concerning sustainable development based on a highly competitive social market economy aiming at full employment and social progress, the fight against social exclusion and discrimination, smart, sustainable and inclusive growth, and the European social model...

### **Hackneyed, platitudinous rhetoric**

Even in places where the most hackneyed platitudes are absent, the language of the EU excels at a considerable stiffness and is stamped by rhetoric. For example, the Commission document entitled the [Single Market Act \(2011\)](#) contains a noteworthy sentence: “The common market – which has now become the internal market – has for over 50 years woven strands of solidarity between the men and women of Europe, whilst opening up new opportunities for growth for more than 21 million European businesses.”

The European Parliament, in its response to the Commission's Single Market Act echoed and, among other things, stressed the need to “put the citizens back at the centre of the single market” and further stated that “the single market offers a wide range of options in terms of employment, economic growth and competition, and that in order to exploit this potential to the full, a coherent structural concept must be created.”

In its 2007 [White Paper on Sport](#), the Commission states: “Sport attracts European citizens, with a majority of people taking part in sporting activities on a regular basis. It generates important values such as team spirit, solidarity, tolerance and a sense of fair play, contributing to personal development and fulfillment. It promotes the active contribution of EU citizens to society and thereby helps to foster active citizenship.”

## **Pompous language**

The EU institutions and their leaders particularly revel in pompous, extravagant formulations. Various, the Union is described or projected as a “key player on the global scene”. It is a “European vision for mountain ranges” or the “European vision for the oceans and seas”. Other times, it seeks to “re-awakening the entrepreneurial spirit in Europe”, or heralds a call for “general political mobilisation for common, ambitious visions and goals.”

In the 2010 "communication" [Europe 2020: A strategy for smart, sustainable and inclusive growth](#), the Commission states: “The crisis is a wake-up call. [...] If we act together, then we can fight back and come out of the crisis stronger. We have the new tools and the new ambition. Now we need to make it happen.”

Many statements and texts demonstrate a true fervour for building. In the already cited [White Paper on Youth](#), which incidentally boasts the subheading “Young People to the Fore[JJ1]“, we read: “The EU must take shape with the people of Europe. It is important that consultations on the way the EU will develop and on its form of governance should include the people to whom tomorrow’s Europe belongs.”

## **Moralising and solicitous tone**

EU texts and speeches are frequently filled with dogmas and propositions delivered in a moralising and solicitous tone. It’s as if the authors would like to set themselves up as teachers in front of their students, or rather as enlightened elites who know best and who spread goodness and knowledge among the common people.

Reading or listening to some of the language coming out of the European Union, our middle-aged and elderly fellow citizens may feel they are time-travelling back to their childhood [in the Czechoslovak Socialist Republic]. No surprise there. The characteristics of that language are traditionally associated with the left-wing worldview.

Our leftist parties have somewhat abandoned this tone, to distance themselves from the previous regime; in Western Europe, however, the situation is different. Language is just one of many proofs that the driving force behind the EU’s present direction is leftist, which the structures of the union are able to exploit to push through their political agenda.

The constant repetition of the same phrases and dogmas is, then, an expression of intellectual torpor, of the lack of a critical faculty, of indolence, of inertia, of wheels spinning in a rut. It is an illustration of just how much the Union’s elites lack self-reflection upon their failure to grasp that it is oversized ambitions that have plunged the Union into the crisis we have today, and of their inability to extricate themselves from the dead end of programmed centralisation.



## Cracked heart of the old world

For centuries the Germans were at war with a shifting cast of hostile neighbours. Upheavals in the 19th century and two world wars brought about a settlement, but Germany today is both too strong and too weak to assume its rightful position in world politics.

By [Brendan Simms](#) Published 14 March 2013

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*You are invited to read this free preview of the upcoming New Statesman, out on 14 March. To purchase the full magazine - with our signature mix of opinion, longreads and arts coverage, plus an essay by Rafael Behr on the internet and sex, reportage by Michael Brooks on fracking and Richard J Evans on Michael Gove's "pub quiz history curriculum" - [please visit our subscription page](#).*

A spectre is once again haunting Europe – the spectre of German power. The past five years have coincided with a remarkable increase in the influence of Germany, which has so far weathered the world economic crisis well and has been reluctant to empower the European Central Bank to embark on the bond-buying spree that the countries of the bankrupt European periphery so crave, prescribing for them a diet of unpalatable fiscal “rules” instead.

It is not surprising, therefore, that this period has also witnessed a surge of political and popular Germanophobia across the continent. In Italy, Silvio Berlusconi has made a remarkable electoral comeback by attacking Berlin. In Ireland, long the home of a sneaking regard for Britain's old rival, the conditions imposed during the bank “bailouts” have led to a surge in hostile media and political commentary. In Greece, which has been taken into financial care by the EU and International Monetary Fund, hatred of Germany – seen as the driving force behind Greek economic “enslavement” – has reached such a pitch that Chancellor Angela Merkel needed the protection of thousands of policemen on her last visit to Athens.

At the same time, there are many who worry that Germany is not using her power actively enough, due to the country's historically based discomfort with exercising military force. Poland and the Baltic states were deeply unsettled by Berlin's veto of Ukraine's entry to Nato in 2008, which increased fears of a security vacuum in

eastern Europe. They were further horrified by Merkel's firm refusal to retaliate when an emboldened Russia invaded Georgia in August that year. The most open confrontation on security issues, however, came in 2011 when Germany abstained on the UN Security Council vote authorising Nato intervention in Libya.

Above all, over the past three years, there have been widespread calls for Germany to take the lead in resolving the escalating euro crisis. The foreign minister of Poland, Radek Sikorski, spoke for many when he remarked, in a speech in Berlin in 2011: "I fear German power less than I am beginning to fear German inactivity."

That is the dilemma of German power today – Germany is damned if it does and damned if it doesn't.

To historians, none of this is new. The Germans have always been either too weak or too strong. Most people know that the German question goes back at least as far as the two world wars, and they are vaguely aware that its roots can be traced to 19th-century debates about German unification. There is a large and sophisticated scholarly literature on the subject. Very few, however, understand that the "German question", in various guises, has dominated European history since the mid-15th century.

Towards the end of the Middle Ages, the Holy Roman empire of the German nation, which spanned the present-day Federal Republic, the Low Countries, Switzerland, Bohemia and Moravia and much of northern Italy, was the focus of furious political contestation. Internally, the emperor confronted the larger principalities, which in turn were fiercely divided among themselves. The German parliament (the Reichstag), representing the nobility and the towns, had long ceased to be an effective forum for the commonweal. Frantic appeals from the Croats and Hungarians for help against the advancing Turks after the Fall of Constantinople in 1453 went unheeded.

Despite all attempts by reforming emperors, bureaucrats and intellectuals, Germany remained a fragmented political space. The onset of the Reformation in the early 16th century divided western Christendom between the Roman Catholic, Lutheran and Reformed Churches, splitting the Holy Roman empire right down the middle.

The resulting strategic vacuum at the heart of Europe sucked in powers from all sides. This was partly because Germany lay at the very centre of the continent: more than any other territory, it was traversed by armies fighting for causes that sometimes concerned Germany only tangentially. The French were determined to prevent the Habsburgs from tightening the ring of encirclement around them in Flanders, Burgundy and Spain. England regarded Germany as the buttress of its position in the Low Countries, control of which would allow the French or the Spaniards to descend on the south coast by the shortest route. Spain used the Holy Roman empire as a sally port to attack both the French and the rebellious Dutch. The Swedes sought to establish a buffer in northern Germany to secure themselves from invasion from across the Baltic. The Turks, too, attempted to grapple with western Christendom in a final cataclysmic assault on Germany, until they were repulsed at the gates of Vienna in 1683.

Germany was renowned for its wealth and the quality of its fighting men, many of whom served as mercenaries abroad. For this reason, the European powers were anxious either to secure these resources for themselves or to deny them to their rivals. It became an axiom of European politics that, as one mid-17th-century Swedish diplomat remarked, the area "was a temperate and populous part of the world and . . . there was not a country under the sun in a better position to establish a universal monarchy and absolute dominion in Europe than Germany". Moreover, the Holy Roman empire was the font of ideological legitimacy in Europe: the imperial crown took precedence over all other monarchies and, in theory at least, conferred the right to rally the resources of Germany and even the whole of the European continent in a common cause. In 1519, for instance, the German imperial election was contested by the three most powerful monarchs: Francis I of France, Henry VIII of England and the victor, Charles of Burgundy.

The quest for the imperial crown continued to drive European politics until the Napoleonic wars, when Bonaparte seriously considered crowning himself Holy Roman emperor. Even the Muslim Ottoman empire was obsessed with seizing the Holy Roman mantle for itself, having staked a claim through the capture of Constantinople.

For this reason, the principal European peace treaties were primarily German settlements. Central Europe was at the heart of the peace treaties of Westphalia signed in 1648, which have lent their name to the whole modern international order. Somewhat misleadingly, because, far from stipulating the sovereign inviolability of states, they constrained German princes from arbitrary action against their subjects in order to forestall another civil war that would invite outside intervention and ignite a European conflagration.

At Westphalia two states, Sweden and France, extracted for themselves a formal recognition as “guarantors” of the Holy Roman empire and thus of the central European territorial order; in the late 18th century, tsarist Russia was granted that privilege as well. This connection between the internal dispensation and the European balance of power also found expression in the Treaty of Vienna in 1815, which brought the revolutionary and Napoleonic wars to an end. It established a German confederation that was designed to be strong enough to keep the internal peace and deter foreign aggressors but was too weak to develop hegemonic ambitions of its own.

The struggle for Germany also drove internal politics across Europe. In England, Ireland and Scotland, the failure of the Stuarts to support the Protestant cause in Germany in effect delegitimised the dynasty and eventually led to the civil war that cost the English Charles I his head. Up to 100,000 Britons fought in the Thirty Years War, even at a time of intense fratricidal conflict at home (recent archaeological evidence has shown that their bones are scattered across central Europe). Throughout the 18th century there was no issue that made or broke more ministries, including those of Robert Walpole and Pitt the Elder, than the state of the Holy Roman empire; indeed, when Britons referred to “the empire” before about 1760 it was Germany they meant, not their overseas colonies. In France, the abject failure of the Bourbons to defend French national interests in the Holy Roman empire and eastern Europe precipitated the revolution that destroyed the country’s monarchy.

During the Thirty Years War, Germany was traumatised by civil conflict and humiliated by foreign armies – Spanish, Danish, Swedish and French, to name only the most prominent – marching back and forth across its territory. The population of the Holy Roman empire dropped from 21 million to just over 13 million people, one of the highest losses in any war ever. Its central European location had nearly become a collective death sentence. Thereafter, as the philosopher Gottfried Wilhelm Leibniz lamented in 1670, Germany remained “the ball which [the powers] toss to one another . . . the battlefield on which the struggle for mastery in Europe is fought”. During the revolutionary and Napoleonic wars, Germans were once again the main victims, fought over, partitioned and conscripted by both sides.

Most Germans resented this fate and many tried to overcome it. They looked with dismay at the haemorrhaging of imperial territories, especially to France; Alsace-Lorraine was the most obvious but by no means the only case. For hundreds of years, reformers struggled to give the Holy Roman empire a constitutional and military structure that would enable the Germans to coexist without outside tutelage. All of these attempts failed, from the activities of the imperial Austrian general Lazarus von Schwendi in the 16th century and Samuel von Pufendorf in the 17th century, through those of Johann Jakob Moser in the 18th century to the liberal nationalists of the early and mid-19th century. It was only when the Prussian chancellor Otto von Bismarck appropriated German nationalism for his own ends, and excluded Austria, that Germany finally found the internal unity that would enable it to deter aggressors, or so it was hoped. Instead, for both structural and behavioural reasons, the new central European state eventually unhinged not merely the continental but also the global order, and was twice crushed by a coalition of great powers.

The united Germany of 1871 was, as Henry Kissinger has put it, “too big for Europe, but too small for the world”. With a population of 41 million people, it was larger than France (36 million), Austria-Hungary (about 36 million) and Britain (31 million). Only the vast tsarist empire could boast an even greater number of subjects (77 million). (In comparison, the population of Prussia in 1850 had been 16 million.) Moreover, unlike its stagnating French rival, the German population was rapidly increasing. Harnessed to this demographic motor was a rapidly industrialising economy, the best education system in the world and an army that was second to none.

The Reich was threatened on two sides, however: in the east by Russia, which was on the move again after a long period of passivity, and in the west by France, which remained completely unreconciled to her defeat in 1870-71. From the early 20th century, this fear was aggravated by naval rivalry with Britain and the United

States. Moreover, while Germany was territorially static, the British, French and Russian empires and the United States were all huge and expanding empires. To make matters worse still, Germans were emigrating in their millions in search of a better life in the British settler colonies and especially the United States, not only depriving the Reich of their energies but “replenishing” the demographic reservoirs of her potential rivals.

There were different ways of dealing with these challenges and Germany tried all of them without lasting success. Bismarck sought to square the strategic circles through skilful diplomacy – isolating France by making sure that the Reich was always “one of two in a world of three” or “one of three in a world of five”. This tactic worked well for a while, but the strain of making contradictory commitments to her main allies, Russia and Austria-Hungary, was not sustainable in the long run, even if Wilhelm II had not opted so decisively for Vienna and thus driven Paris and St Petersburg together at Germany’s expense. Bismarck’s successor as chancellor, Leo von Caprivi, sought to secure Germany’s position in the world through manufacturing: “Export goods or people”, the slogan went. This strategy was vulnerable to external tariff barriers, however, not least because Germany, too, imposed all kinds of restrictions in deference to strong agricultural lobbies at home. The third option, territorial expansion to compensate that of her mighty rivals, failed most spectacularly of all. It provoked balancing coalitions such as the Triple Entente between Britain, France and the Russian empire, the Grand Alliance during the Second World War and the enmity of the United States, which turned against Berlin out of hemispheric concern over German penetration of Latin America, especially Mexico. Kaiser Wilhelm’s often clumsy *Weltpolitik* overseas around the turn of the century, imperial Germany’s large-scale territorial ambitions in western and eastern Europe during the First World War and Hitler’s racially driven quest for “living space” in the 1930s and 1940s all ended in disaster.

During this period, the German problem was also at the heart of European domestic politics. In France, the question of how society was to be organised against Germany underlay almost every domestic crisis, from the threat of *boulangisme* in the late 19th century, through the Dreyfus affair, to the bitter divisions of the 1930s. In Russia, the pan-Slavist movement took aim at German “dominance” from the third quarter of the 19th century. By the outbreak of the First World War, the determination to contain Berlin was so strong in Russian politics that military failure, and the general feeling that the dynasty was secretly pro-German, led to the first Russian revolution of 1917. After the second (Bolshevik) revolution, the question of how to promote a communist uprising in Germany and what to do when it failed to materialise was the central preoccupation of the new government. Only the victory of Stalin’s “socialism in one country” approach over Trotsky’s “world revolution” settled the matter. In Britain, fears of German ambition first surfaced during electoral debates about the “dreadnoughts” in the early 20th century and, as in France, appeasement was the defining issue of the 1930s.

After 1945, the postwar European and global settlement reflected the need to deal with the German question. The United Nations originated as a wartime alliance to defeat Adolf Hitler, a history that is still reflected in the structure of the Security Council, with its five veto-bearing permanent members. Germany lost swaths of territory, especially in the east; millions were either expelled or fled westwards. The rump was divided into four zones of occupation which consolidated as the Federal Republic of Germany in the west and the German Democratic Republic in the east. How to resolve the German question became the principal point of contention during the cold war between western democracies and the communist dictatorships led by the Soviet Union.

It was also the main driving force behind the process of European integration. The European Coal and Steel Community was established to ensure that France and Germany were structurally incapable of going to war with each other again. To Washington, European integration was intended not merely to contain German revanchism, but to mobilise the Federal Republic against the Soviet threat. For the Germans, the European project was a vehicle through which they could be rehabilitated politically without frightening either their western partners or themselves.

The political and military integration of the continent through the European Defence Community was blocked by the French parliament in the mid-1950s. Thereafter, the military integration of Europe – including German rearmament – took place within Nato. Economic, political and cultural integration devolved to the European Economic Community, which was founded in 1957 and grew into the European Union. Into the EU, the Germans brought not only their rapidly recovering economy but also much of their premodern political culture,

especially a preoccupation with legality, interminable debate and due process, so that the EU increasingly began to resemble the Holy Roman empire.

For about 50 years, the European settlement worked well. Despite considerable anxieties at the time, it survived the collapse of communism, the fall of the Berlin Wall and German reunification in 1990, which greatly increased the *Bundesrepublik's* territorial and demographic weight. It survived in part because it took much longer than expected for the German economy to sort out the mess left by communism, but mainly because the next stages of the European project –the Maastricht Treaty and the introduction of the euro, which superseded the mighty Deutschmark –were speeded up in order to embed the united Germany more firmly in a uniting Europe.

Far from breaking out on its own, the enlarged Federal Republic worked ever more closely with its partners, especially on security, in which it had long lagged. Berlin was a strong supporter of the initial eastern enlargement of Nato and the EU into Poland, Hungary and the Czech Republic. German forces participated at a late stage in the intervention against ethnic cleansing in Bosnia, they were there from the start in Kosovo, and after the 11 September 2001 attacks, Berlin sent troops to Afghanistan, proclaiming that “German security was being defended on the Hindu Kush”. And if the Germans briefly broke the “convergence criteria” for monetary union, they were far from alone in doing so. One way or the other, it seemed, the transformation in the German state’s behaviour since 1945 had neutralised the structural shift brought about by reunification.

Over the past five years, however, this arrangement has come under considerable strain, primarily for structural reasons. First of all, thanks to reforms by Chancellor Gerhard Schröder, the German economy – written off for a decade as the sick man of Europe – regained its competitiveness at the expense of southern Europe. Second, the critical and unrecognised shift after 1989 was the growth not in German size but in German security. With the collapse of communism and the enlargement of Nato and the EU, Germany is surrounded for the first time ever by friendly democracies only. This has diminished its interest in security matters, particularly the problem of Russian power further east. As such, Poland and the Baltic states appeal to Berlin for help today as much in vain as the Hungarians and Croats did under the Reichstag more than 500 years ago. They still have Nato, but, given President Obama’s defence cuts and his trumpeted turn towards the Pacific, they wonder for how much longer.

Finally there is a behavioural divide: although the origins of the economic and fiscal crisis vary across Europe, they stem from various forms of bad practice in which the Germans by and large did not indulge. Unlike the Irish and the Spaniards, they did not build huge housing estates for single ownership but were content to rent apartments as they had always done; unlike the Italians, they did not turn their political life into a circus that sapped confidence in state bonds; and unlike the Greeks, they have a political system based (for all its difficulties) on honesty and transparency. To be sure, these countries also suffered from a structural fault in the new European architecture, by which monetary union, designed to supersede the Deutschmark, flooded all member states with cheap credit and fuelled an asset bubble in some of them. So, the great irony is that the casualties of the sovereign and private debt crises on the European periphery are victims, first and foremost, not of German power but of the attempt to constrain it.

The German question has mutated over more than half a millennium. For four centuries Germany was too weak. The question was how to mobilise the Germans in defence of the balance of power, or to prevent them from falling into the hands of a hegemon. For roughly 80 years after unification, Germany was too strong, and either threatened world peace or appeared to do so. Then followed about half a century in which Germany was relatively weak in political terms, and contributed far less to the western cause than it could have done.

Today, Germany is both too strong and too weak, or at least too disengaged. It sits uneasily at the heart of an EU that was conceived largely to constrain German power but which has served instead to increase it, and whose design flaws have unintentionally deprived many other Europeans of sovereignty without giving them a democratic stake in the new order. The question we face now is this: how can the Federal Republic, which is prosperous and secure as never before, be persuaded to take the political initiative and make the necessary economic sacrifices to complete the work of European unity?

One way or the other, the German question persists and will always be with us. This is because, whenever Europe and the world think they have solved it, events and the Germans change the question.

*Brendan Simms is professor in the history of international relations at the University of Cambridge. His next book, "Europe: the Struggle for Supremacy – 1453 to the Present" will be published next month by Allen Lane*

## European Union: The problem with Germany

Presseurop, New Statesman, The Daily Mail 15 March 2013

73,15



[New Statesman](#), 15 March 2013

“A spectre is once again haunting Europe – the spectre of German power,” [writes historian Brendan Simms](#) in *The New Statesman*’s cover story, dedicated to “The German problem”. The weekly outlines how the last five years have witnessed a “remarkable increase” in German influence, while Berlin has simultaneously fared well during the economic crisis and stopped the European Central Bank (ECB) from embarking –

on the bond-buying spree that the countries of the bankrupt European periphery so crave, prescribing for them a diet of unpalatable fiscal ‘rules’ instead. [...] It is not surprising, therefore, that this period has also witnessed a surge of political and popular Germanophobia across the continent.

Simms believes that throughout most of the last 500 years, Germany has vacillated between being diplomatically too strong or too weak.

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The question we face now is this: how can the Federal Republic, which is prosperous and secure as never before, be persuaded to take the political initiative and make the necessary economic sacrifices to complete the work of European unity? One way or the other, the German question persists and will always be with us. This is because, whenever Europe and the world think they have solved it, events and the Germans change the question.”

Meanwhile, historian and columnist [Dominic Sandbrook](#), [writes in the Daily Mail](#) that an increasing number of Europeans are arguing that “for the third time in less than 100 years Germany is trying to take control of Europe.” He refers to the [comments of former Eurogroup President Jean Claude Juncker](#), who drew parallels between 2013 and the year before the start of WW1 and warned that the threat of European war still exists. Speaking of the Germans, Sandbrook continues –

If they continue to impose brutal economic strictures on Europe’s peoples, the consequences in terms of social alienation, international disputes and the rise of political extremism could be dramatic. Already we have seen bloody protests against the German economic yoke in Athens, Rome and Madrid. [...] Thanks to this seemingly endless political crisis, Germany is increasingly being seen not as Europe’s economic saviour but its oppressor. [...] Yet the truth is that lashing together the economies of nations as disparate as Portugal, Greece, France, Italy and Germany has served only to inflame old enmities.

## European Union: ‘The poisoned gift’

15 March 2013

73,16

Presseurop

Handelsblatt



[Handelsblatt](#), 15 March 2013

Presenting Mario Draghi as the 19th Century monarch [Charles XIV John of Sweden](#), the business daily says that the European Central Bank President is “the saviour of the euro and the ruination of savers.”

In a feature devoted to the actions of the ECB, [the newspaper notes](#) that

... since the onset of the financial crisis, the ECB and other central banks have swamped the world with cheap money. Initially, this calmed the markets, but there are risks: the emergence of new [financial] bubbles, at a time when insurers are having trouble finding investments and savers are threatened with the loss of their savings.

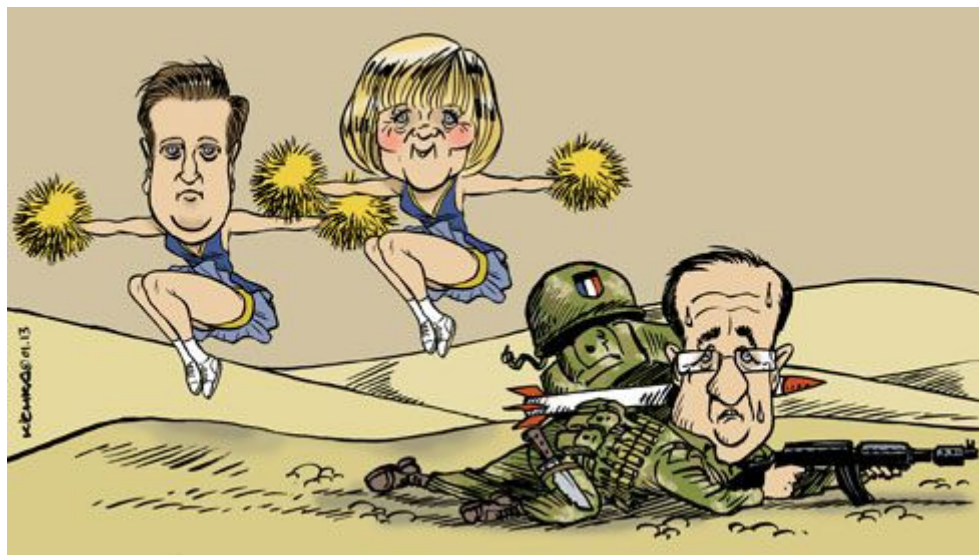


## Diplomacy: Stupidity and stinginess in Mali

14 March 2013

[Le Monde](#) Paris

73,17



Kichka

**Despite what its European partners say in public, France is alone in fighting the armed Islamists and helping rebuild the Malian state. The EU's inability to agree on major global issues will cost it dearly one day, argues Le Monde.**

[Le Monde](#)

The meeting of the EU Foreign Ministers, held on March 11 in Brussels, has once again left the impression of an EU unable to agree on major international issues. This short-sighted attitude could have serious consequences.

More disenchantment with Europe is not what we want. With a great funk of depression hanging over the continent, we are reluctant to expose yet again the [vacuity that distinguishes the European idea these days](#). In short, we still hesitate to play the pessimist by drawing attention to the [discouraging absence of Europe in matters of defence and foreign affairs](#).

This is not a failure. A failure would imply that we gave it our best shot. No: it's a debacle, a sad farce, and Mali has demonstrated that masterfully. This held especially true for the meeting of the foreign ministers of the 27 member states in Brussels on March 11. France has felt more isolated than ever since the start of the military operations in the Sahel.

## Forgetting the Sahel

With the courteous, somewhat aloof firmness that is his trademark, French Minister of Foreign Affairs Laurent Fabius was reduced to begging for 30 soldiers from Belgium and Spain to be sent to Mali. Not 300. Only 30. Why? Because another 90 are still needed to protect the 500 instructors the EU has sent to Bamako to train the Malian army.

These 90 soldiers must be "prised" one by one away from the grip of the 27 countries of wealthy Europe, which prides itself on ranking amongst the greatest economic powers in the world. Let's just call it as it is: the reluctance shown by the Belgians and the Spaniards is not political, or even financial. It's much simpler than that: Brussels and Madrid could not care less about what may happen in the sands of the Sahel.

Hypocrisy has triumphed. On paper, the bloc are all in agreement. The stability of Africa depends heavily on extinguishing the jihadist fire spreading across the Sahel, say the Europeans; so too does the security of Europe, so close and so vulnerable to Islamist terrorism.

But these are just words. When it comes to acting jointly, no one, or almost no one, shows up. For sure, Paris was wrong at the start to send in its troops without consulting with its partners. But a true European solidarity would have been necessary then, a show of a common interest, a common defence – in short, the sharing of a burden that will have to be carried in the future.

## **‘Let France handle it’**

The EU should have shown a strong presence in this part of the world, without leaving it to China, the United States or others to become the privileged partners of the Africans in the 21st century.

Unfortunately, Europe has displayed only pathological disunity and blind stinginess. Only five out of the 27 member states are really involved in the [mission to train the Malian army](#). Beyond sententious declarations on the need for a “plan for the political and economic stabilisation of the Sahel”, the thinly veiled response of most of the 27 member states to events in Mali can be summed up in one sentence: “Let France handle it.” So much for the contradiction between [suspecting the French of postcolonial tendencies](#) and letting them man the front line in Francophone Africa...

Europe is fleeing from history. It will pay for it one day.

## EU Parliament blocks budget

The EU Parliament on Wednesday rejected the [compromise](#) on the EU budget for 2014-2020 by a large majority. Making use of its [veto right](#), it has called for fresh negotiations. The EU is finally becoming more democratic, some commentators write. Others see the Parliament as a lobbying association and warn against expanding its competences.

Helsingin Sanomat - Finland

### **Fresh wind blowing in the EU**

Europe seems to have failed to grasp the fact that a new era began for the EU with the ratification of the [Treaty of Lisbon](#), the liberal daily Helsingin Sanomat writes: "This can be seen in the fact that the member states believed the agreement on the [budget](#) reached in February was unchangeable, because it was decided upon by the government representatives. ... And it can be seen in the fact that the Parliament's decision seems to be big news. When the Treaty of Lisbon accorded the Parliament more powers regarding financial matters, it was perfectly clear that it would make use of this right. Additional problems came up because in seeking to represent its own interests, Britain has recently thrown a [wrench in the works](#) [of its EU partners]. But what worked in the past no longer works today. The Treaty of Lisbon attaches more importance to majority decisions. In this new era, the European Parliament must be taken seriously at all times." (15/03/2013)

» [full article](#) (external link, Finnish)

More from the press review on the subject » [EU Policy](#), » [EU treaties](#), » [Fiscal Policy](#), » [United Kingdom](#), » [Europe](#)

Imerisia - Greece

### **Veto gives Europe's citizens hope**

The EU parliamentarians' attitude is a sign of hope for the people of Europe, the business paper Imerisia believes: "The actions of those who lead the powerful EU countries have as little to do with their own statements and obligations regarding 'more Europe' as they do with people's expectations. ... The European Parliament effected a major reversal on Wednesday. Contrary to the predictions of those who saw the parliament as a 'spineless' organ, for the first time in history it has voted against the resolutions of an EU summit. ... The message is clear: as a representative of the true will of the people, the European Parliament demands that the governments take account of this will, and promote the fiscal convergence and integration of the Union." (14/03/2013)

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

More from the press review on the subject » [EU Policy](#), » [Fiscal Policy](#), » [EU institutions](#), » [Europe](#)

Who's saying what » [EU budget new bone of contention](#)

Lidové noviny - Czech Republic

### **EU Parliament already too powerful**

The blockade of the EU's first genuine austerity budget by the European Parliament should give pause for thought, writes the conservative daily Lidové noviny: "Above all the MEPs don't agree with

the cuts to total expenditures, because these supposedly pose a threat to the European priorities [according to which the budget is distributed]. Even in the curtailed budget agreed on by the UK and Germany, the biggest expenditures are earmarked for agriculture. Calling this a priority that will lead Europe out of the crisis takes quite a bit of imagination. ... The EU Parliament traditionally pushes through the interests of influential groups. That explains its recent decision to prolong the bizarre sugar quotas for another seven years, even though the Commission had decided that this senseless regulation and superfluous price increases should be stopped by 2015. The MEPs rejected this proposal, pointing to the dangers for the labour market. In view of this, any deliberations on increasing the competences of the European Parliament seem risky, to say the least." (15/03/2013)

**» to the homepage (Lidové noviny)**

More from the press review on the subject **» EU Policy**, **» Fiscal Policy**, **» EU institutions**,

**» Europe**

All available articles from **» Lenka Zlámalová**

Who's saying what **» EU budget new bone of contention**

## European Parliament: Change looms ahead of 2014

14 March 2013

[Hufvudstadsbladet](#) Helsinki

73,21



[Mayk](#)

**The European elections slated for 2014 will be a departure from the past procedure, and that has awoken high hopes among the public. The most crucial aspiration among Europe's citizens is the fostering of a true trans-national debate.**

[Mikael Kosk](#)

The question of the distribution of seats in the new parliament, ahead of elections due in June 2014, is a result of both a provision of the Lisbon Treaty – which foresees reducing the total number of seats from 754 to 751 – [and to Croatia's accession to the EU](#). The other member states are being invited to make room for the 11 Croatian MEPs, and the only way to do this is to retire their seats. Is this redistribution political, or is it a purely mathematical calculation?

Arithmetic and fairness are two different things. In the jargon of Brussels bureaucrats, fairness is called "degressive proportionality", which means that small countries get more parliamentary seats in proportion to their population, than large countries do.

The [Draft of the Constitutional Affairs Committee](#), on which the European Parliament will vote in mid-March, retires three seats in Germany and one seat in each in 12 other countries, leaving untouched the other 15 countries' seats. The fact that Germany, which has a dominant position within the EU, is seeing its influence in parliament recede may suggest the choice is a political one. The truth, though, is simpler: the Lisbon Treaty stipulates that no country can have more than 96 seats. Germany – which has 99 – has been an anomaly.

### Crucial 2014 election

None of the other major EU countries – France, Britain, Italy, Spain and Poland – will be giving up any seats in the parliament. It is the smaller countries that are losing them, which does seem to be a breach of the "degressive proportionality" principle. Finland, which gets to hold onto its 13 seats, can count itself lucky.

Some find it futile perhaps to dwell on the number of parliamentary seats handed out to member states. But it's an important issue. Parliament is the only EU body that is elected by the people, its influence is growing, and the election of 2014 will be more crucial than ever.

True, the European elections have never really excited citizens in any country – especially young people – and only one in five seem to care who will represent the country.

Opinion polls show that the majority of citizens in the 27 member states still believe that their voice is not heard at the European level. Knowledge of the EU is flawed in all the countries, but most people still believe that Parliament is the institution that best represents the Union – which has something to do with the fact they can choose who goes to Parliament.

## **Debating the EU's future**

For the first time, the president of the European Commission will be appointed based on the election results. This, along with the fact that it may be possible in the future to vote for deputies appearing on joint European lists, should encourage the emergence of a European-wide debate on the future direction of EU policy.

Till now, there has been no debate among the various party groupings in the Parliament in the run-up to the European elections, even though they may hold radically different views on the direction in which the Union should be steered. The members vote more often depending on their political affiliation, rather than their nationality.

A more ambitious proposal is to choose all the commissioners from among the MEPs, to give them greater democratic legitimacy. The relationships between the Commission and the Parliament, however, are not comparable to those that can be maintained between the government and the parliament within a nation-state.

A direct link would make the Commission a European government, bringing the Union that much closer to a more federal EU state. At the moment, however, the political will for strengthening federalism is still timid.

Syrien

## Widerstand in der EU gegen Waffenlieferungen an Rebellen

15.03.2013 · Großbritannien und Frankreich beißen mit ihrem Vorstoß zur Aufhebung des Waffenembargos gegen die syrischen Rebellen bei den EU-Partnern auf Granit. Kanzlerin Merkel warnte beim EU-Gipfel in Brüssel vor den Konsequenzen. Die Außenminister sollen weiter beraten.

Von Nikolaus Busse, Brüssel

73,23



© dpa Zwei Kämpfer der Freien Syrischen Armee im Häuserkampf in Aleppo

Großbritannien und Frankreich ist es fürs erste nicht gelungen, in der EU Einigkeit über eine Aufhebung des Waffenembargos gegen die syrische Opposition zu erreichen. In einer Diskussion im Europäischen Rat in Brüssel äußerten sich am Freitag mehrere Staats- und Regierungschefs zurückhaltend oder ablehnend zu dem Vorschlag, mit dem London und Paris die anderen EU-Länder in dieser Woche überrascht hatten. Bundeskanzlerin Angela Merkel sprach von einem „gemischten Bild“. Die Außenminister sollen sich nun auf einer Sitzung Ende nächster Woche mit dem Thema befassen.

Bundeskanzlerin Merkel sagte, sie habe ihre Meinungsbildung zu dem Thema noch nicht abgeschlossen, so wie das in „Deutschland insgesamt“ noch nicht der Fall sei. Die EU-Außenbeauftragte Catherine Ashton habe in der Aussprache aber „profunde Argumente“ gegen eine Aufhebung des Embargos zugunsten der Opposition vorgetragen, wie etwa mögliche Auswirkungen auf den Libanon und auf die UN-Blauhelmtuppe auf den Golanhöhen. Frau Merkel sagte, eine gemeinsame europäische Position sei „kein Zweck an sich“. Das müsse jedes Land mit seinem Gewissen ausmachen.

## Briten wollen Aufständische mit Material unterstützen

Schon am Donnerstag hatte die Kanzlerin die Bereitschaft der Bundesregierung bekräftigt, über die EU-Sanktionen gegenüber Syrien noch einmal zu sprechen. Sie wies aber auch auf die Gefahr hin, dass eine Aufhebung des Embargos für die Opposition die Verbündeten Assads zu mehr Waffenlieferungen an das Regime veranlassen könnte. Die EU hatte im Mai 2011 ein Waffenembargo gegen Syrien verhängt, das für sämtliche Akteure in dem Land gilt.

Auf Dringen Großbritanniens und Frankreichs wurde vor zwei Wochen beschlossen, das Embargo zu lockern, um die Lieferung „nichttödlicher“ militärischer Ausrüstung an die Opposition zu ermöglichen. So will Großbritannien den Aufständischen etwa Schutzwesten und gepanzerte Fahrzeuge zur Verfügung stellen. Damals verlangten London und Paris in Brüssel keine weitergehenden Lockerungen, geschweige denn eine Aufhebung der Sanktionen für die Opposition, weshalb ihr jüngster Vorstoß in der EU mit Verwunderung aufgenommen wurde.

Frau Merkel sprach von einem Positionswechsel, über den sie „zeitnah“ informiert worden sei. Der britische Premierminister Cameron überraschte die Gipfelteilnehmer zudem mit der Aussage, dass sein Land der Opposition selbst gar nicht mit Waffen helfen wolle. „So wie es heute aussieht, sage ich nicht, dass Großbritannien tatsächlich gerne Waffen an die Rebellengruppen liefern würde.“ Sein Land wolle technische Hilfe leisten. Er begründete seinen offenbar mit dem französischen Präsidenten François Hollande abgestimmten Vorschlag damit, dass in Syrien ein Kräftegleichgewicht zwischen Assad und der Opposition hergestellt werden müsse. Hollande sagte, die Rebellen hätten ihm versichert, dass die Waffen nicht in falsche Hände kämen. Cameron und Hollande verwiesen auf die hohe Opferzahl in Syrien.

## **Van Rompuy für einheitliche europäische Position**

In der Aussprache plädierte Ratspräsident Herman Van Rompuy dem Vernehmen nach für eine einheitliche europäische Position. Frau Ashton wies auf die Gefahren für die regionale Stabilität hin und warf die Frage auf, welche Folgen eine teilweise Aufhebung des Embargos für die Bevölkerung habe. Es meldeten sich vor allem Staats- und Regierungschefs zu Wort, die dem britisch-französischen Vorhaben skeptisch gegenüber standen. Öffentlich äußerten der schwedische Ministerpräsident Frederik Reinfeldt, der Finne Jyrki Katainen und der Österreicher Werner Faymann Widerspruch. Faymann sagte, dass Österreich als neutrales Land stets gegen Waffenlieferungen sei. Österreich stellt außerdem Soldaten für die UN-Blauhelmtuppe auf den Golanhöhen. Philippinische Soldaten dieser Truppe waren kürzlich von syrischen Aufständischen gefangengenommen worden. Auch der luxemburgische Ministerpräsident Jean Asselborn äußerte sich ablehnend.

In der EU-Außenpolitik können Beschlüsse nur einstimmig gefasst werden, weshalb der Einspruch kleinerer Mitgliedstaaten Gewicht hat. Die Gipfelteilnehmer verständigten sich nach Angaben von Frau Merkel darauf, die Sache bis Mai „in aller Gründlichkeit“ zu prüfen. Auch Hollande, dessen Regierung in den Tagen vor dem Gipfel noch zu großer Eile gedrängt hatte, nannte als Zieldatum für eine Einigung Ende Mai. Dann laufen die Sanktionen der EU ohnehin aus. Sollten die Mitgliedstaaten sich bis dahin nicht einstimmig auf eine Änderung und Verlängerung verständigen, könnten interessierte europäische Länder von Juni an Waffen nach Syrien liefern. Hollande ließ offen, ob Frankreich auch vorher Waffen liefern würde. Von britischer Seite hieß es, dass man EU-Recht nicht brechen wolle und bis Ende Mai warten werde.

Quelle: F.A.Z.



## Essay

# Gerechtigkeit als Politikziel

15.03.2013 · Politiker entdecken zunehmend die Gerechtigkeit als Betätigungsfeld. Sie fordern mehr Umverteilung und versprechen „gerechtere“ Regeln. Häufig fehlt es freilich für die angestrebte Gerechtigkeit an Maßstäben, und die in Aussicht genommenen Regelungen führen zu mehr Unfreiheit.

Von Daniel Zimmer

73,25



© akg-images / Electa Der ewige Traum vom Paradies auf Erden. Gemälde von Hieronymus Bosch aus dem Prado in Madrid.

Immer mehr Politiker entdecken das Thema der sozialen Gerechtigkeit für sich. In Frankreich hat François Hollande nach der Ankündigung einer Anhebung des Spitzensteuersatzes der Einkommensteuer von rund 45 auf 75 Prozent die Präsidentenwahl von 2012 für sich entschieden. Auch in Deutschland mehren sich die Stimmen, die mehr „Gerechtigkeit“ fordern und damit unter anderem eine stärkere Besteuerung höherer Einkommen meinen. Allerdings gibt es auch gegenläufige Tendenzen. So hat der britische Premierminister David Cameron schon seit längerem eine Senkung des Spitzensteuersatzes von 50 auf 45 Prozent ins Auge gefasst.

Wer „soziale Gerechtigkeit“ fordert, meint oft einen Ausbau der bestehenden Umverteilung. Politiker machen eine „soziale Schieflage“ aus und stützen diese Aussage unter anderem auf die Feststellung, dass in Deutschland nahezu ein Viertel der sozialversicherungspflichtig Beschäftigten ein Einkommen habe, das nach OECD-Maßstäben im Niedriglohnbereich liege. Es lohnt sich, das Zustandekommen solcher Zahlenangaben näher zu betrachten.

Die Organisation für wirtschaftliche Zusammenarbeit und Entwicklung (OECD) definiert den Niedriglohn als einen Lohn in Höhe von bis zu zwei Dritteln des nationalen Medianlohns (brutto) aller Vollzeitbeschäftigten. Der Medianlohn ist ein Durchschnittslohn, allerdings nicht im Sinne des arithmetischen Mittels aller Löhne. Vielmehr ist der Medianlohn so definiert, dass die eine Hälfte der Beschäftigten mehr, die andere weniger als den Median verdient. Die logische Folge einer solchen Definition ist: Je höher das Lohnniveau in einem Land ist, umso höher liegt die Grenze, unterhalb derer ein Lohn als „Niedriglohn“ bezeichnet wird.

## Wer „soziale Gerechtigkeit“ fordert, meint oft den Ausbau der Umverteilung

In Deutschland betrug das Medianeinkommen (netto) im Jahr 2011 nach Angaben des europäischen statistischen Amtes Eurostat 19043 Euro. Die Fragwürdigkeit von Aussagen der hier diskutierten Art wird an folgendem Rechenexempel deutlich: Stiege das Medianeinkommen in Deutschland aufgrund gleichmäßiger Lohnerhöhungen für alle Beschäftigten bei ansonsten gleichbleibenden Lebensbedingungen auf den Wert, den das europäische Statistikamt für das Jahr 2011 für Luxemburg angegeben hat - 32538 Euro -, so ginge es allen Einkommensbeziehern in Deutschland besser als zuvor. Stellt man für die Definition eines „Niedriglohns“ auf einen Wert von zwei Dritteln des Medianlohns ab, so steigt dieser Grenzwert im gegebenen Beispiel mit der allgemeinen Lohnerhöhung auf einen Betrag von 21692 Euro an - und damit über den Wert des in Deutschland 2011 tatsächlich erzielten Medianeinkommens (19043 Euro).

Die Zwei-Drittel-Grenze stiege bei einer solchen gleichmäßigen Lohnerhöhung sogar über den Wert des in Deutschland 2011 im arithmetischen Mittel erzielten Einkommens von 21549 Euro. Der Empfänger eines deutschen Durchschnittslohns des Jahres 2011 befände sich also auf einmal im Niedriglohnsektor, ohne dass die Lebensbedingungen sich für ihn geändert hätten.

Ob jemand ein Einkommen bezieht, das nach der genannten Formel im Niedriglohnbereich liegt, sagt demnach überhaupt nichts über die tatsächlichen Lebensverhältnisse und die Bedürftigkeit dieser Person aus. Die nach OECD-Formel berechnete Quote der Niedriglohnbezieher gibt allein einen Hinweis auf die Verteilung der Löhne in einem Land: Je größer die Spreizung der Löhne ist, umso größer wird der Anteil derjenigen, die unter der genannten Zwei-Drittel-Grenze liegen. Wer eine Verringerung der Niedriglohnquote fordert, tritt also für eine größere Gleichheit der Einkommen ein.

Neben der allgemeinen Einkommensverteilung werden auch einzelne Regelungen des geltenden Rechts von manchen als ungerecht angesehen. Ein Beispiel bildet die einkommensabhängige Gestaltung des Elterngeldes: Eltern neugeborener Kinder haben Anspruch auf Elterngeld in Höhe von zwei Dritteln des vor der Geburt des Kindes erzielten monatlichen Einkommens, höchstens aber von 1800 Euro je Monat. Der Gesetzgeber hat das Elterngeld bewusst als Einkommensersatz ausgestaltet, um im geburtenschwachen Deutschland den Einkommensverlust Berufstätiger im Fall der Entscheidung für ein Kind zu mildern. Der Mindestbetrag des Elterngeldes liegt bei 300 Euro. Ungerecht erscheint manchen, dass Elterngeld - auch der Mindestsatz von 300 Euro - bei der Berechnung des Arbeitslosengelds II (im Volksmund Hartz IV) als Einkommen zu berücksichtigen ist. In Internetforen wird beklagt, dass arbeitslose Eltern von Hartz IV-Regelsätzen leben müssen, während Bezieher hoher Einkommen, die für die Elternzeit haben vorsorgen können, monatlich 1800 Euro Elterngeld erhalten.

Freilich kann auch eine Gegenrechnung aufgemacht werden: Die Hartz-IV-Sätze sind nach der Rechtsprechung des Bundesverfassungsgerichts so zu bemessen, dass sie den Berechtigten ein menschenwürdiges Leben ermöglichen. Die hierfür erforderlichen Geldsummen werden empirisch ermittelt. Der so festgestellte Regelbedarf deckt pauschal die Kosten der Ernährung, Kleidung, Haushaltsenergie, Körperpflege, Hausrat, Bedürfnisse des täglichen Lebens sowie „in vertretbarem Umfang“ auch Beziehungen zur Umwelt und die Teilnahme am kulturellen Leben. Dies sind im Jahr 2013 für eine alleinstehende, alleinerziehende Person 382 Euro und für ein Kind unter sechs Jahren 224 Euro. Hinzu kommt ein Anspruch auf Erstattung der tatsächlichen Aufwendungen für Unterkunft und Heizung, soweit diese angemessen sind. Richtwerte für eine angemessene Brutto-Warmmiete liegen beispielsweise in Berlin für einen Zwei-Personen-Haushalt zwischen 462 und 489 Euro. Ein alleinerziehendes arbeitsloses Elternteil, das nicht (mehr) zum Bezug von Arbeitslosengeld I berechtigt ist, kann in Berlin bei Einrechnung der Kosten für die Warmwasserbereitung mit Einkünften in der Größenordnung von 1068 bis 1106 Euro rechnen.

Alleinerziehende Arbeitslose erhalten hiernach eine monatliche Transferleistung (unter Einschluss des Hartz-IV-Regelsatzes für das Kind) von deutlich mehr als 1000 Euro - zwölf Monate im Jahr, ohne zeitliche Begrenzung. Dies gilt selbst in dem Fall, dass sie im Leben noch nicht einen Euro Lohnsteuer und nicht einen Euro Sozialversicherungsabgaben geleistet haben. Erwirtschaftet wird diese Transferleistung im Wesentlichen von den Erwerbstätigen. Können auch sie die bestehende Gesetzeslage für ungerecht erklären, indem sie sagen: Es ist nicht gerecht, dass wir zur Finanzierung des Lebensunterhalts von Personen herangezogen werden, die nicht zum Aufkommen an Steuern und Sozialabgaben beigetragen haben?

Die Gegenüberstellung der beiden möglichen Positionen zu Elterngeld und Hartz-IV-Regelsätzen erweist: Es fehlt an eindeutigen objektiven Maßstäben dafür, was „gerecht“, was „angemessen“ ist. Früheren Generationen war das schon bewusst. So hat der langjährige Bundeswirtschaftsminister Ludwig Erhard, der vielen als der Vater des Nachkriegs-Wirtschaftswunders gilt, das Wort Gerechtigkeit nach eigenem Bekunden „fast immer nur in Anführungszeichen“ ausgesprochen, da „mit keinem Wort mehr Missbrauch getrieben wird“ als mit diesem. Weil „Gerechtigkeit“ keinen objektiven Maßstab bildet, kann niemand begründen, dass eine bestimmte Einkommensverteilung „gerechter“ sei als eine andere. Auch kann angesichts des Fehlens objektiver Maßstäbe nicht begründet werden, dass ein Spitzen-Einkommensteuersatz von 50 Prozent „gerechter“ sei als ein solcher von 45 oder von 75 Prozent.

## **Obdachlosigkeit und Hunger kann vermeiden, wer die Leistungen des Gemeinwesens annimmt**

Wer über soziale Gerechtigkeit diskutiert, sollte auch die Herkunft des Begriffs in Rechnung stellen: Der Ruf nach sozialer Gerechtigkeit wurde in Reaktion auf eine Massenarmut und -verelendung laut, die ihren Ursprung in der seit dem 18. Jahrhundert von England ausgehenden Industrialisierung hatte. Die Schrift von Friedrich Engels über „Die Lage der arbeitenden Klasse in England“ macht überdeutlich, was ein soziales Anliegen ist. Der Autor beschreibt, wie der Wandel von einer bäuerlichen und handwerklichen zu einer industriellen Wirtschaft und der damit einhergehende Produktivitätsfortschritt zu massenhafter Arbeitslosigkeit und Verarmung geführt hat. Zahlreiche Menschen hungerten, viele litten aufgrund der ungesunden Lebens- und Arbeitsbedingungen an schweren Krankheiten wie Schwindsucht (Tuberkulose) und Typhus. Wer nicht durchhielt, dem drohte der Hungertod.

Der materielle Lebensstandard der arbeitenden Bevölkerung hat in den vergangenen zweihundert Jahren einen Aufschwung erlebt, wie er kaum in Worte zu fassen ist. Menschen, die im frühen 19. Jahrhundert unter gesundheitsgefährdenden Bedingungen sieben Tage in der Woche zwölf Stunden am Tag schwere Arbeit verrichteten, um sich und ihren Familien das schiere Überleben - insbesondere den Erwerb von Nahrungsmitteln - zu ermöglichen, müssten die Lebensbedingungen eines heutigen Durchschnittsverdieners wie das seinerzeit in Märchen umschriebene Schlaraffenland erscheinen. Milch, Honig und Wein sind tatsächlich im Überfluss verfügbar. Die Menschen hausen in beheizten und mit fließendem kaltem und warmem Wasser ausgestatteten Wohnungen. Viele bewegen sich mit Kraftfahrzeugen, wie sie erst im späten 19. Jahrhundert ersonnen wurden und zunächst wohlhabenden Schichten vorbehalten waren. Damit nicht genug: Heute stehen breiten Bevölkerungsschichten stationäre und mobile Informations- und Kommunikationsgeräte zu Gebote, wie sie Zeitgenossen von Engels als Mittel der Hexerei oder Zauberei hätten erscheinen müssen.

Mindestens so wichtig wie die zuletzt angesprochenen Verbesserungen in der materiellen Lebenshaltung der arbeitenden Bevölkerung können die Fortschritte erscheinen, die im Bereich der sozialen Sicherung erreicht wurden. Der Sozialstaat schützt Menschen heute vor Existenzrisiken. Die in Deutschland bestehende Grundsicherung wurde schon angesprochen. Dieses System sichert die Menschen vor existentieller Not. Wer sich all dies bewusst macht, dem kann die ausdrückliche Anerkennung eines - wie das Bundesverfassungsgericht formuliert - „Grundrechts auf Gewährleistung eines menschenwürdigen Existenzminimums“ als eine Kulturleistung ersten Ranges erscheinen. Sie nimmt den Menschen die Sorge vor einem unverschuldeten Abgleiten in existenzbedrohende Not. Namentlich Obdachlosigkeit und Hunger kann vermeiden, wer die Leistungen des Gemeinwesens annimmt. Bei Inrechnungstellung der heute in Deutschland herrschenden Lebensbedingungen kann nach alledem festgestellt werden, dass „soziale Gerechtigkeit“ im ursprünglichen Sinn des Begriffs seit geraumer Zeit besteht.

## **Keine Eingriffe in den Preismechanismus, denn Preise sollen Knappheiten signalisieren**

Um die für die beschriebene Grundsicherung erforderlichen Mittel aufzubringen, muss der Staat seine Bürger belasten. In entwickelten Kulturen ist anerkannt, dass er hierbei wirtschaftlich Leistungsfähigere stärker in Anspruch nehmen darf als weniger Leistungsfähige. Einkommensteuertarife belasten daher Gutverdienende mit einem höheren Steuersatz als Geringverdiener. Mit einem solchen differenzierenden Steuersystem werden nicht nur die für die Gewährleistung der Grundsicherung erforderlichen, sondern auch die für andere Staatsaufgaben

etwa in den Bereichen Bildung, Polizei und Verkehr benötigten Mittel generiert. In gewisser Weise kann diese unterschiedliche Behandlung der Bürger als Umverteilung bezeichnet werden: Der Staat verteilt die bei seinen Bürgern vorhandenen Mittel um, indem er die einen stärker, die anderen weniger stark belastet und an Dritte Transferleistungen erbringt.

In der aktuellen Gerechtigkeitsdiskussion wird nicht immer deutlich, ob es eine solche Umverteilung ist, die den Diskutanten vor Augen steht. Mancher Beitrag kann in dem Sinn verstanden werden, dass eine Umverteilung nicht mehr nur bei Gelegenheit der Erfüllung von staatlichen Aufgaben erfolgen, sondern in den Rang einer eigenständigen Staatsaufgabe gehoben werden soll. Wenn Politiker pauschal „mehr Gerechtigkeit“ fordern, hat es manchmal den Anschein, als sei ihnen der Unterschied zwischen beiden Konzepten nicht bewusst.

Politiker möchten größere „Gerechtigkeit“ nicht allein durch mehr Umverteilung im Steuer- und Sozialsystem erzeugen, sondern zunehmend auch durch ein unmittelbares Eingreifen in Marktergebnisse. Im Zentrum stehen dabei die Lohn- und die Preisbildung. So hat das Bundesministerium für Arbeit und Soziales in den vergangenen Jahren für immer mehr Branchen durch die Allgemeinverbindlicherklärung bestehender Tarifverträge Mindestlöhne eingeführt. Im Wahljahr 2013 werden demgegenüber - viel weiter gehend - Mindestlöhne versprochen, die nie ausgehandelt, sondern auf Parteitag beschlossen wurden. Zwei Parteien haben derzeit einen gesetzlichen Mindestlohn von 8,50 Euro im Angebot. Eine andere Partei stellt eine „allgemeinverbindliche“ Lohnuntergrenze in Aussicht, die von einer staatlich eingesetzten Kommission festgesetzt werden soll.

Die Auswirkungen von Mindestlohnregelungen auf den Arbeitsmarkt werden unterschiedlich eingeschätzt. Während Wirtschaftswissenschaftler bis vor wenigen Jahren weit überwiegend von einem beschäftigungsfeindlichen Effekt von Mindestlöhnen ausgingen, ist die Diskussionslage heute gespalten: Manche Ökonomen argumentieren, Arbeitgeber könnten nur aufgrund von Verhandlungsmacht niedrige Löhne durchsetzen. Sie könnten und würden auch zu (etwas) höheren als den unter dem Einfluss ihrer Macht zustande gekommenen Löhnen Arbeitssuchende beschäftigen.

Die Diskussion um die allgemeine Wirkung eines flächendeckenden Mindestlohns auf den Beschäftigungsgrad soll an dieser Stelle nicht vertieft werden. Vom hier eingenommenen Blickwinkel aus reicht eine einfache Feststellung: Es dürfte nicht zu bestreiten sein, dass ein Verbot einer Beschäftigung zu einem niedrigeren als dem Mindestlohn zumindest in Einzelfällen Beschäftigung verhindert: Ein Unternehmer, für den die Beschäftigung eines bestimmten Arbeitssuchenden zum Mindestlohn unwirtschaftlich wäre, wird von einer Einstellung des Bewerbers absehen. Den Arbeitswilligen stößt die Mindestlohnregelung möglicherweise in die Arbeitslosigkeit.

## **Es ist an der Zeit, dem Gedanken der Freiheit wieder mehr Gehör zu verschaffen**

Für Mindestlöhne wird häufig angeführt, man müsse vom Lohn seiner Arbeit leben können. Bei der Diskussion dieses Anliegens sollte eines nicht verschwiegen werden: Wessen Arbeitseinkommen nicht zum Leben reicht, der hat in Deutschland Anspruch auf ergänzende Leistungen der Grundsicherung. Jeder kann also vom Lohn seiner Arbeit leben, nötigenfalls ergänzt um Leistungen der Grundsicherung.

Im gleichen Zusammenhang ist ein weiteres Argument zurückzuweisen, das mitunter für Mindestlöhne vorgebracht wird: Der ergänzende Bezug von Sozialleistungen sei, so lautet der Gedanke, niemandem zuzumuten, der einer geregelten Arbeit nachgehe. Wer so argumentiert, fördert verkehrtes Denken. Er bestätigt damit diejenigen, die Bezieher von Leistungen der Grundsicherung stigmatisieren. Die umgekehrte Argumentation ergibt mehr Sinn: Wer die gesetzlichen Voraussetzungen erfüllt, hat Anspruch auf Grundsicherung. Er darf daher nicht durch die verquere Argumentation, ein - und sei es ergänzender - Bezug von Sozialleistungen sei „unzumutbar“, ausgegrenzt werden.

Die Vorstellung, durch staatlichen Eingriff in Marktergebnisse „Gerechtigkeit“ erzeugen zu können, treibt immer neue Blüten. Das Jahr 2013 hat schon zwei weitere Vorschläge für staatliche Preisregelungen hervorgebracht: Ein Vorschlag geht dahin, die Höhe von Mieten für Wohnraum künftig auch bei

Neuvermietungen zu begrenzen. Ein anderer Vorschlag möchte die Zinsen für Dispositionskredite auf ein gesetzlich festgelegtes Maß deckeln.

Bei alledem scheint das Verständnis dafür verlorengegangen zu sein, dass Preise regelmäßig etwas zum Ausdruck bringen. Hohe Mietpreise in städtischen Lagen bringen zum Ausdruck, dass Wohnraum dort knapp ist. Sie schaffen zugleich einen Anreiz zur Investition in den Mietwohnungsbau und können auf diese Weise zur Überwindung der Knappheit beitragen. Eine staatliche Begrenzung der erzielbaren Mieten könnte dazu führen, dass Investitionen in den Mietwohnungsbau unterbleiben und sich an der Knappheitssituation nichts ändert. Wer annimmt, dass beim Mietwohnungsbau der Markt versagt, sollte andere Instrumente - etwa solche der Wohnungsbauförderung - in Betracht ziehen und nicht Eingriffe in den Preismechanismus. Risiken und Nebenwirkungen haben staatliche Preisinterventionen auch in anderen Bereichen: Wenn Zinsen staatlich gedeckelt werden, bekommen Schuldner, bei denen ein erhöhtes Ausfallrisiko besteht, womöglich gar keinen Kredit mehr.

Mindestlohn- und Preisregelungen der zuletzt beschriebenen Art sind staatliche Verbote. Sie untersagen einen Vertragsschluss zu anderen als den staatlich erlaubten Löhnen beziehungsweise Preisen. Dies gilt auch dann, wenn beide Seiten einen solchen Vertragsschluss wünschen. Auch an vielen anderen Fronten greift die Politik mehr und mehr in die Vertragsfreiheit ein. Europäische Vorschriften geben mittlerweile vor, welche Glühbirnen wir erwerben dürfen und welche nicht. Derzeit erwägt die Europäische Kommission den Erlass von Vorschriften zum wassersparenden „Ökodesign“ von Duschköpfen und Wasserhähnen - unionsweit, ohne Rücksicht darauf, ob in einem Staat Wasser knapp oder im Überfluss vorhanden ist.

Europäische Antidiskriminierungsvorschriften wirken schon heute in viele Lebensbereiche hinein. So dürfen Versicherungen auch dann keine unterschiedlichen Tarife für Männer und Frauen mehr anbieten, wenn bei den Geschlechtern unterschiedliche Risikostrukturen bestehen, und Fluggesellschaften dürfen bei der Pensionierung von Piloten keine besonderen Altersgrenzen mehr anwenden.

Es ist an der Zeit, dem Gedanken der Freiheit - zu deren wichtigen Bestandteilen die Vertragsfreiheit gehört - nicht nur in Sonntagsreden, sondern auch im Zusammenhang der konkreten Rechtsetzung wieder mehr Gehör zu verschaffen. Mehr Freiheit ist zu fordern - und das bedeutet: Weniger Politik!

Der Autor

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Der Beitrag basiert auf dem in Kürze im Verlag C.H.Beck erscheinenden Buch „Weniger Politik!“ von Daniel Zimmer.

Quelle: F.A.Z.

## Zwei Jahre Bürgerkrieg

### Die syrische Tragödie

15.03.2013 · Seit bald zwei Jahren tobt der Bürgerkrieg in Syrien, und ein Ende der Tragödie ist nicht abzusehen. Zu glauben, eine frühe Intervention durch den Westen hätte daran etwas geändert, ist aber falsch. Jede Revolution durchläuft den Zyklus der Radikalisierung. Erst danach kann die Stabilisierung beginnen.

Von [Günther Nonnenmacher](#)



© REUTERS Mit einem Schuh, dem Zeichen höchster Verachtung in der arabischen Welt, schlägt ein Junge in Istanbul auf ein Assad-Plakat ein

Siebzigttausend Opfer hat der syrische Bürgerkrieg nach Angaben der Vereinten Nationen bisher gefordert, mehr als eine Million Menschen sind auf der Flucht. Das Regime Assad bekämpft Aufständische mit schweren Waffen und bombardiert Städte ohne Rücksicht auf Verluste. Es gibt aber auch Berichte darüber, dass die bewaffnete Opposition Massaker verübt habe; Selbstmordattentate, die hohe Funktionäre des Regimes zu treffen versuchen, reißen viele Unschuldige mit in den Tod. Ein Ende der Tragödie ist nicht abzusehen.

Als die Arabellion in Tunesien und dann in Ägypten begann, wurde sie von Assad zunächst scheinheilig begrüßt, weil sie Gegenspieler in der arabischen Welt hinwegfegte. Doch als vor zwei Jahren in Syrien friedliche Demonstrationen gegen sein Regime begannen, griff Baschar al Assad auf die Methoden seines Vaters Hafez zurück. Der hatte 1982 die Stadt Hama bombardieren lassen, in der sich Muslimbrüder gegen das Alawiten-Regime in Damaskus aufgelehnt hatten - dabei soll es zwanzigttausend Tote gegeben haben. Als auch Baschar auf die Demonstranten schießen ließ, begann eine Eskalation der Gewalt, die zum offenen Bürgerkrieg führte.

### Die Regierungen halten sich zurück

Anders als in Libyen, wo der Sieg über Gaddafis Armee nach monatelangen Kämpfen dank einer Flugverbotszone und mit Hilfe von Luftangriffen westlicher Staaten errungen wurde, haben sich die Regierungen, die gegen den Gewaltherrscher in Tripolis eingeschritten waren, bisher zurückgehalten. Zwar gibt es in Paris und London immer wieder Diskussionen über eine Flugverbotszone, doch EU und Nato, vor allem aber Amerika, sprechen sich dagegen aus.



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Das Regime strauchelt, ist aber noch längst nicht am Ende: eine gefallene Statue von Baschar al Assads Vater, Hafez al Assad, in der syrischen Raqqa-Provinz

Das hat mehrere Gründe. Anfangs war die Lage in Syrien unklar, das Land war gespalten. Minderheiten wie die Christen hielten zu dem Regime der Alawiten, einer schiitischen Minderheit, weil sie unter deren Herrschaft mehr Autonomie genossen als in anderen Staaten der arabischen Welt. Anders als in Libyen gab es zunächst auch keine „befreiten Gebiete“, die man hätte schützen können, um den Aufständischen eine Operationsbasis zu sichern. In Syrien selbst war die Zusammensetzung des Widerstands unklar, die Exil-Opposition war und ist ein zerstrittener Haufen, der sich bis heute nur auf Minimalziele einigen kann, hauptsächlich westlichen Geldgebern zu Gefallen.

## Sorge um ein Kernland der arabischen Welt

Auch die internationale Lage ist anders. Weil die westlichen Mächte in Libyen nicht nur die völkerrechtliche Schutzverantwortung wahrgenommen, sondern einen Regimewechsel betrieben hatten, blockieren Moskau und Peking im Fall Syriens bis heute den UN-Sicherheitsrat. Syrien ist im Gegensatz zu Libyen ein Kernland der arabischen Welt, mit hegemonialer Stellung im Libanon und mit einer gemeinsamen Grenze zu Israel. Eine Begrenzung des Konflikts auf Syrien wäre kaum möglich - der gesamte Nahe Osten würde wahrscheinlich in Mitleidenschaft gezogen.

Schließlich ist das Regime in Damaskus Teil einer schiitischen Achse, die von Iran über Irak und Syrien bis in den Libanon reicht. Diese Achse steht in einer historischen Auseinandersetzung mit den sunnitischen Mächten, von der Arabischen Halbinsel im Westen über Ägypten, das bevölkerungsreichste Land der arabischen Welt, über Nordafrika bis nach Afghanistan und Pakistan im Osten. Eine Intervention würde damit Teil eines geopolitischen Konflikts, mit kaum absehbaren Konsequenzen. Hinzu kommt, dass die Erfahrungen mit militärischem Eingreifen im Irak und in Afghanistan die westlichen Staaten enttäuscht und erschöpft haben.

## Frühe Intervention hätte kaum etwas verändert

Auch die Lage in Syrien selbst hat sich mit der Eskalation der Kämpfe verändert. Zwar dürfte sich heute eine Mehrheit der Syrer von Assad abgewandt haben, doch auch bei den Aufständischen hat sich eine Radikalisierung vollzogen. Die härtesten Kämpfe liefern Assads Armee heute islamistische Gruppen; die Al-Nusra-Front, die auf der amerikanischen Terrorliste steht und mit Al Qaida in Verbindung gebracht wird, hat angeblich mehr als fünftausend Mann unter Waffen.



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## Stolzer Kämpfer: ein Mitglied der Freien Syrischen Armee in Aleppo

Kritiker des westlichen Abseitsstehens glauben, eine frühe Intervention hätte zu einem schnellen Sturz des Assad-Regimes führen können, viele Opfer verhindert und der ethnischen und religiösen Radikalisierung des Aufstandes und damit einem möglichen Zerfall des syrischen Staates vorgebeugt. Doch das ist wenig plausibel. Abgesehen von der vom Fall Libyen gänzlich verschiedenen Ausgangslage, wird die Dynamik unterschätzt, von der die revolutionären Umwälzungen in der arabischen Welt angetrieben werden. Die städtischen, gebildeten, säkularen Kräfte, die vom Westen als Herolde eines „arabischen Frühlings“ gefeiert wurden, haben sich als schwach erwiesen; sie sind nicht wirklich Ausdruck der Tiefenströmung der Arabellion. Das ist die konflikttreibende Renaissance des Islam, teilweise vermischt mit ethnischen Spannungen. Zudem kämpft ein schnell wachsendes Heer arbeitsloser Jugendlicher für eine bessere Zukunft.

Letztlich durchlaufen alle Revolutionen einen Zyklus der Radikalisierung; er hätte in Syrien nach einer Intervention gleichfalls stattgefunden. Erst wenn sich diese Dynamik erschöpft, kann eine Stabilisierung des Landes und der Region beginnen.

Quelle: F.A.Z.



## Euroländer verabschieden Rettungspaket für Zypern

16.03.2013 · Zypern erhält als viertes Land ein Vollprogramm des EU-Rettungsschirms. Darauf haben sich die EU-Finanzministerin der Nacht zum Samstag in Brüssel verständigt. Erstmals in einem europäischen Krisenland werden auch Anleger zur Kasse gebeten.



© dapd Das Idol von Pomos: Die Rückseite der zypriotischen Euro-Münzen

Zur Rettung Zyperns vor der drohenden Staatspleite werden in einem beispiellosen Schritt auch Bankkunden kräftig zur Kasse gebeten. Bei Einlagen unter 100 000 Euro wird eine Abgabe von 6,75 Prozent fällig, bei höheren Summen sind es 9,9 Prozent. Das soll geschätzte 5,8 Milliarden Euro einbringen, kündigte Eurogruppen-Chef Jeroen Dijsselbloem nach der Einigung der Finanzminister auf das Hilfspaket am Samstagmorgen in Brüssel an.

„Wir haben die Lastenverteilung sehr sorgfältig geprüft“, versicherte der Niederländer. „Wir bestrafen Zypern nicht.“ Das Hilfspaket soll ein Volumen von bis zu zehn Milliarden Euro haben. Der Mittelmeerinsel droht ohne die Unterstützung der Euroländer und des Internationalen Währungsfonds (IWF) die Staatspleite. „Die Eurogruppe hat ihre Mission erfüllt“, verkündete der französische Ressortchef Pierre Moscovici beim Online-Dienst Twitter.

### „Zypern ist systemrelevant“

Die Geldgeber griffen ein, obwohl das Land nur 0,2 Prozent zur Wirtschaftsleistung der Eurozone beiträgt. „Zypern ist systemrelevant für die Eurozone“, resümierte EU-Währungskommissar Olli Rehn. Dies bedeutet, dass eine Staatspleite die gesamte Eurozone gefährden würde. Der Deutsche Bundestag und mehrere andere nationale Parlamente müssen dem Hilfspaket noch zustimmen. Der Bundestag sollte noch am Samstag unterrichtet werden. Das Paket soll in der zweiten April-Hälfte endgültig unter Dach und Fach gebracht werden.

Die einmalige Belastung der Bankkunden sei als außerordentliche Maßnahme nötig, weil das zypriotische Banksystem gemessen an der gesamten Wirtschaft überdimensioniert sei, hieß es. Die Abgabe soll sowohl für in Zypern ansässige als auch für ausländische Bankkunden gelten. Sie können der sogenannten Solidaritätsabgabe nicht mehr entgehen: Der fällige Betrag werde ab sofort auf den Konten eingefroren, sagte EZB-Direktoriumsmitglied Jörg Asmussen nach rund zehnstündigen Marathonverhandlungen.

### Das vierte EU-Land im Vollprogramm

„Bevor die Banken wieder öffnen, wird die Abgabe abgezogen. Der Rest des Geldes ist frei verfügbar“, sagte Asmussen. Verantwortlich für das Verfahren seien die Zypriern. Ein solches Vorgehen drohe in anderen Krisenländern des Kontinents nicht.

Zyperns Finanzminister Michalis Sarris sprach ohne konkrete Details die Möglichkeit eines Umtauschs der Gebühr in Aktien der betroffenen Institute an. Als Finanzminister sei er nicht glücklich über die Gebühr. „Aber die Aufgabe, den Wohlstand der Menschen und die Stabilität des Systems zu schützen, ließ uns keine andere Wahl.“

Rund ein Drittel der Einlagen in Zypern sind in der Hand ausländischer Kontoinhaber - vor allem reicher Russen und Briten. Seit längerem halten sich Vorwürfe, Zypern locke mit niedrigen Firmensteuern und einer lockeren Finanzaufsicht Schwarzgeld an. Zypern bestreitet dies. Die Mittelmeerinsel ist zweitgrößter Auslandsinvestor in Russland.

**Zypern ist nach Griechenland, Portugal und Irland das vierte Land, das ein Vollprogramm aus dem europäischen Rettungsschirm bekommt. Spanien erhält Milliardenhilfen nur für seine maroden Banken.**

Die von einer schweren Bankenkrise erschütterte Mittelmeerinsel hatte schon im vergangenen Juni ein Hilfsgesuch in Brüssel vorgelegt. Bis vor kurzem war ein Volumen von rund 17,5 Milliarden Euro genannt worden. Mit welchem Volumen sich der IWF beteiligt, ist noch offen, sagte die Chefin des Fonds, Christine Lagarde. Nach unbestätigten Informationen könnte es um eine Milliarde Euro gehen.

## **Kein Schuldenschnitt**

Deutschland und andere Staaten bestanden darauf, dass Anti-Geldwäsche-Standards eingehalten werden. Eine unabhängige Prüfung dazu ist bereits angelaufen und soll bis Monatsende abgeschlossen werden.

Als Teil der Maßnahmen wird die Unternehmensteuer in Zypern von 10 auf 12,5 Prozent angehoben. Einen Schuldenschnitt soll es nicht geben. Russland stellte die Verlängerung eines Kredits an Zypern zu reduzierten Zinsen in Aussicht. Sarris wird am Mittwoch in Moskau erwartet.

**Die Euro-Kassenhüter beschlossen auch, den Krisenländer Portugal und Irland verlängerte Laufzeiten für ihre Rettungskredite zuzubilligen. Damit bekommen Lissabon und Dublin mehr Zeit, ihre Darlehen aus dem europäischen Rettungsschirm EFSF zurückzuzahlen.** Details werden im kommenden Monat geklärt.

## Hollande pousse l'UE à armer les Syriens

Par [Jean-Jacques Mevel](#) Mis à jour le 15/03/2013 à 19:01 | publié le 15/03/2013 à 18:22

73,35



Angela Merket et François Hollande lors d'une table ronde, le 15 mars à Bruxelles. Crédits photo : BERTRAND LANGLOIS/AFP

### **L'embargo européen pourrait expirer fin mai. Reste à convaincre les Vingt-Sept d'équiper les rebelles.**

*Correspondant à Bruxelles*

François Hollande a lancé un pavé dans la mare européenne, reste à savoir si la France sera suivie. Le chef de l'État a affirmé vendredi qu'il veut rendre possible la livraison d'armes de guerre aux rebelles syriens «d'ici quelques semaines», mais la réponse de ses pairs du sommet européen apparaît réservée, pour ne pas dire franchement circonspecte.

[Paris, sans doute appuyé par Londres](#), a déjà partie gagnée, sur le papier. Le 31 mai, lorsque l'actuel régime de sanctions contre la [Syrie](#) viendra à expiration, il suffira d'une voix sur 27 pour en interdire la reconduction, et ainsi ouvrir les vannes. La question est plutôt de savoir si, d'ici là, l'Europe pourra parler à l'unisson et assouplir l'embargo comme l'Élysée le souhaite. Là il faut l'unanimité et si l'on s'en tient aux déclarations publiques des dirigeants européens, il manque encore 25 voix.

### **La Haye et Vienne s'affichent clairement dans le camp du non**

Le président Hollande en a pris l'engagement: «Je ferai tout pour qu'une solution commune soit trouvée à la fin mai au plus tard.» Sur l'autre rive du débat, Angela Merkel n'a pas caché que le pari de l'Élysée était risqué: «La recherche d'une position commune n'est pas une fin en soi», a-t-elle lâché devant la presse, en dépit de convictions européennes bien enracinées. Comprendre: sur ce dossier, l'accord sera laborieux, en particulier avec Berlin. La Haye et Vienne s'affichent encore plus clairement dans le camp du non.

Pour en finir avec l'interdit, David Cameron est sans doute le meilleur des alliés. Le Royaume-Uni a d'ailleurs précédé François Hollande de 48 heures pour réclamer la levée de l'embargo. Londres et Paris comptent pour l'essentiel du ressort diplomatique et militaire de l'UE. Mais s'il s'agit de rallier le reste des Européens,

l'avantage est moins sûr. Conforme à la doctrine insulaire, le premier ministre a clairement dit que l'unité n'est pas son plus grand souci: «La Grande-Bretagne est un pays souverain. Nous nous sentons parfaitement libres d'agir unilatéralement.»

Agir seul? C'est précisément le point sensible sur lequel la diplomatie française cherche à mettre un peu de baume depuis 24 heures. Le chef de l'État, à la différence de Laurent Fabius, s'est gardé d'insister sur un éventuel acte de «souveraineté» de la part de la France si le reste de l'Europe ne suivait pas.

### **Un périlleux exercice de persuasion**

Face à une opinion française et à des Européens peut-être plus dubitatifs qu'escompté, l'Élysée se lance dans un périlleux exercice de persuasion qui prendra du temps. Il s'agit bien d'aider la rébellion anti-Assad et de protéger indirectement les civils syriens. Mais la fourniture d'armes s'inscrit aussi dans une lutte contre le terrorisme que la France «mène partout dans le monde et bien sûr au Mali», a assuré François Hollande. En Syrie, poursuit-il, «le pire serait de ne rien faire, avec d'un côté un régime qui continue de massacrer et de l'autre des groupes désespérés qui se jetteraient dans le chaos» et l'extrémisme. Le président assure aussi avoir «toutes garanties» que l'armement distribué resterait entre de bonnes mains.

La France, encore à la recherche d'un insaisissable règlement politique en Syrie, lance aussi une perche au Kremlin, après l'avoir publiquement accusé d'enhardir et d'armer un régime en perdition. Angela Merkel a reçu l'argument: sur la Syrie, elle a promis de pousser la discussion «à tous les niveaux» avec Moscou.

## A Bruxelles, les 27 sceptiques face à l'offensive franco-britannique

Le Monde.fr | 15.03.2013 à 20h34 Par Philippe Ricard - Bruxelles, bureau européen

73,37



Pure coïncidence ou communication bien calculée ? [François Hollande](#) était attendu à Bruxelles sur le terrain de la rigueur et des réformes cher à Angela Merkel, lors du Conseil européen des 14 et 15 mars. Mais voilà que le chef de l'Etat est passé à l'offensive, aux côtés du Britannique David Cameron, pour [tenter de faire](#) lever l'embargo sur les armes au profit de l'opposition syrienne.

Les deux hommes ont peaufiné leur tandem, dès l'ouverture du sommet jeudi, lors d'un bref tête-à-tête, à peine un mois après s'être empoignés sur les questions budgétaires. Début février, le chef de l'Etat avait paru isolé dans sa volonté de [limiter](#) les économies imposées par le Britannique, tandis qu'[Angela Merkel](#) avait joué les arbitres, en ménageant Cameron. Une défaite médiatique douloureuse pour l'Elysée.

Cette fois, François Hollande et [David Cameron](#) entendent [faire bouger](#) les lignes sur la question du soutien aux opposants de Bachar Al-Assad. Pour eux, les Vingt-sept doivent [assouplir](#) leur embargo d'ici au 31 mai, lors du prochain prolongement, tous les trois mois des sanctions européennes. Faute de quoi, ils menacent de "*prendre leurs responsabilités*", pour [livrer](#) les rebelles syriens.

Aux yeux de François Hollande, un tel mouvement survient alors que la situation en [Syrie](#) s'aggrave de jour en jour, deux ans après le début des hostilités. "*Le plus grand risque serait de ne rien faire, le plus grand risque serait le chaos*", a plaidé le chef de l'Etat, vendredi, à l'issue du sommet. Dans son entourage, on explique même [avoir](#) "*la présomption d'une utilisation d'armes chimiques à toute petite échelle*".

Les Français craignent aussi l'impact de la situation sur le fragile [Liban](#), dont ils redoutent l'éclatement si la Syrie devait un jour être scindée. Au passage, ils mettent en cause la livraison d'armes au régime Al-Assad par la [Russie](#).

Seul obstacle, mais il est de taille : l'idée d'un allègement de l'embargo, au profit des seuls rebelles, est encore loin d'être consensuelle au sein de l'[Union européenne](#). Français et Britannique l'avaient déjà constaté en février, lors du récent prolongement du régime de sanctions. Ils n'avaient pas pu [obtenir](#) davantage qu'une autorisation de [livrer](#) du matériel non létal, et de [fournir](#) une assistance technique à l'opposition syrienne. Cette fois-ci les chefs d'Etat et de gouvernement ont décidé de [botter](#) en touche en chargeant leurs ministres des [affaires étrangères](#) d'[examiner](#) la question lors de leur prochaine réunion les 22 et 23 mars à Dublin.

Face à l'axe franco-britannique, Angela Merkel reste des plus partagée, par crainte de "*favoriser la dissémination*" des armes dans la région. Vendredi, la chancelière allemande n'a pas caché son étonnement face au forçage de ses homologues. [Livrer](#) des armes aux rebelles "*ne contribuerait pas à mettre fin au conflit*", a

affirmé le Chancelier autrichien, le socialiste Werner Faymann. Pour lui, le risque est au contraire que les pays soutenant Damas, comme la Russie ou l'[Iran](#), ne *"livrent encore plus d'armes"*.

*"Un cavalier seul"*, s'étonne un autre participant du Conseil européen, qui constate, ironique, que seule la [Slovénie](#) a soutenu la levée de l'embargo. Catherine Ashton, la haute représentante pour les Affaires étrangères, n'avait pas non plus été mis au courant de l'initiative. Avec ses [services](#), elle privilégie une solution plus [politique](#), en ne rompant pas le fil du dialogue avec la Russie, dont le soutien à [Bachar Al-Assad](#) pourrait s'atténuer.

Les responsables européens comptent d'ailleurs [aborder](#) le sujet mercredi prochain lors d'une rencontre avec le gouvernement de Vladimir Poutine. *"La pression militaire fera [ressurgir](#) une solution politique"* en cas de livraison d'armes aux opposants syriens, a plaidé François Hollande.

Philippe Ricard - Bruxelles, bureau européen

## Other Europeans Balk at Bid by Britain and France to Arm Syria's Rebels

By [ANDREW HIGGINS](#) and [ANNE BARNARD](#)

BRUSSELS — As the Syrian crisis entered its third year on Friday, the top rebel military leader declared that the opposition would “never give up” and asked for more support, even as a push by France and Britain to arm the outgunned rebels drew heavy resistance from other European countries.

Germany, Austria and other countries pushed back hard against a French-British effort to lift a weapons embargo on [Syria](#) to allow the arming of the rebels — who say they desperately need anti-aircraft and other sophisticated weapons to turn the tide of a war that has killed more than 70,000 people.

After a two-day [European Union](#) summit meeting in Brussels, Chancellor Angela Merkel of Germany told reporters she worried such a step would “just fan the flames of conflict.”

Gen. Salim Idriss, the leader of the Free Syrian Army, sought Friday to rebut some key arguments marshaled against arming the rebels — fears of sectarian conflict and extremist Islamist influence — by declaring that the rebels welcomed all Syrians into their fold, including members of President Bashar al-Assad's Alawite sect.

“We, the Free Syrian Army, want freedom and democracy for all Syrians, whoever they are — Sunni or Shia, Alawi, Christians or Druze,” he said, naming Syria's major sects in a video address [posted on the Internet](#).

But two years after Syria's uprising started with protests over the arrests of young boys for spraying antigovernment graffiti in the southern city of Dara'a, supporters and opponents of President Assad often seem to be describing two different conflicts.

Opponents blame the president for responding to peaceful protests with overwhelming force and, when the rebellion took up arms, leveling entire neighborhoods with air and artillery strikes.

Supporters regard the rebels as foreign-financed extremists who threaten Syria's minorities. The influence of foreign fighters and donors has grown with the conflict, and some rebel groups have turned to indiscriminate weapons like car bombs.

As the two sides dig in militarily across an increasingly divided country, the human toll mounts, further destabilizing the region.

United Nations officials declared Friday that they had received barely one-fifth of the money needed to care for Syrian refugees for the first half of the year — the worst shortfall in recent memory — as their numbers grow at a staggering rate.

In December, when there were about half a million refugees outside the country, the number was expected to double by June.

But it surpassed one million last week — and another 126,000 refugees have been registered since.

“It gives us a chilly feeling down our spine,” Amin Awad, the refugee agency's Geneva-based emergency director, said in a telephone interview, explaining that it had committed more than half its stocks for global emergency responses to its Syrian operation.

“This is the worst crisis in terms of funding in recent history,” he said. “We are basically living week by week.”

Yet with diplomatic efforts to reach a political solution stuck, and the world divided on whether to provide weapons to the rebels, there is no end in sight.

The United States said Friday that it would permit Americans to send money to Syrian rebel groups, modifying sanctions imposed earlier in the conflict that forbade any transactions with Syrians.

The change was bound to draw criticism from those who worry that money from the United States could end up financing movements that threaten American interests.

The divisions at the Brussels meeting highlighted Europe's difficulties in speaking with a single voice on international issues, especially foreign military intervention. France and Britain, former imperial powers, take a far more activist approach to foreign affairs than do Germany and Austria, which have sought for decades to shed any hints of militarism left over from World War II.

Diplomats said France and Britain were largely alone in their push to allow arms deliveries to opponents of Mr. Assad. Europe's foreign policy chief, Catherine Ashton, who is British, joined Mrs. Merkel in expressing doubts about the wisdom of lifting the arms embargo.

France, which in January sent troops to Mali, a former French colony, to push back an offensive by Islamist rebels, is frustrated that months after the European Union expressed support for the operation, it is struggling to assemble a promised training mission for the Malian armed forces.

France's president, François Hollande, said he drew hope from the fact that the Europe's position on Syria had already "evolved" from an initial refusal to provide anything but humanitarian aid to the February decision to funnel nonlethal but quasi-military aid such as flak jackets and armored vehicles.

Ms. Merkel on Friday left open the possibility of a further shift, saying that she had "not as yet come to a definitive position" on the question of arms supplies.

She said that Ms. Ashton had presented a number of cautions about supplying lethal weapons, including the risk of instability in Lebanon, the wider Middle East and the Israeli-occupied Golan Heights.

Prime Minister David Cameron of Britain, who has for months demanded a more robust European policy in support of the rebels, told members of Parliament in London this week that if other European countries continued to block arms to Syria, Britain would be ready to act unilaterally.

United Nations officials, meanwhile, have little leverage to pressure countries that pledged \$1.5 billion at a Syria donor conference in Kuwait a few months ago to make good on their promises.

Jens Laerke, a spokesman for the Office for the Coordination of Humanitarian Affairs, told reporters that given the almost daily headlines on Syria, "we're a little surprised that this money is not coming forward."

Andrew Higgins reported from Brussels, and Anne Barnard from Beirut, Lebanon. Nick Cumming-Bruce contributed reporting from Geneva, and Steven Erlanger from Brussels.



## After Negotiations, Cyprus Agrees to a Euro Zone Bailout Package

By [JAMES KANTER](#)

BRUSSELS — Cyprus reached a long-awaited bailout agreement early Saturday worth \$13 billion, or 10 billion euros, that puts some of the burden for shoring up the island's beleaguered economy on its bank depositors.

The most contentious issue in months of negotiations was whether to force Cypriot depositors to take losses in order to make the country's debt more manageable. The Cypriot authorities had sought to head off any such initiatives on the grounds that they would do lasting damage to their financial services sector.

In the early hours of Saturday morning, after 10 hours of talks, finance ministers from euro area countries, the International Monetary Fund and the European Central Bank agreed on terms that include a one-time tax of 9.9 percent on Cypriot bank deposits of more than \$130,000, or 100,000 euros, and a tax of 6.75 percent on smaller deposits, European Union officials said.

"It's not a pleasant outcome especially for the people involved," Michalis Sarris, the Cypriot finance minister, told reporters. "But we believe it is something that, compared with other possible outcomes, is the least onerous," he said.

"This is a once and for all levy," Mr. Sarris added, saying it should ensure no further flight of depositors from Cypriot banks. The measure should "remove any doubt about the future" for Cypriot depositors, he said.

Cypriot authorities had begun to monitor deposit outflows from Cypriot lenders to watch for signs of a bank run ahead of Tuesday when the levy is expected to be imposed, E.U. officials said.

Jeroen Dijsselbloem, the president of the group of euro area ministers, told a separate news conference that lenders had reached "a political agreement" to aid Cyprus. The challenges to reaching a deal were "of an exceptional nature," he said.

The latest bailout for the euro zone broke new ground by requiring haircuts, or losses for all Cypriot bank depositors. A previous bailout for Greece required a significant haircut for holders of Greek bonds in early 2012 — something that European Union officials said at the time would be a one-of-a-kind measure.

Mr. Dijsselbloem declined to rule out taxes on depositors in other countries besides Cyprus in the future, but he insisted that such a measure was not being considered.

Going into the meeting, finance ministers sought to limit the overall costs of the rescue plan while Christine Lagarde, the managing director of the I.M.F., pushed for a deal that is generous enough to enable Cyprus eventually to pay the money back.

The Cypriot authorities wanted a plan that ensures that the island remains attractive to investors, who include many Russians with large deposits in the country's banks.

Under the deal, depositors would be compensated with shares in the banks, giving some "upside potential" to the measure, Mr. Sarris said.

Ahead of the meeting, Ms. Lagarde was blunt about the need for ministers to agree to a realistic package of measures. "All I know is that we don't want a Band-Aid," she said. "We want something that lasts, something that is durable and that will be sustainable."

Ms. Lagarde told the news conference after the meeting that she would recommend that the I.M.F. make a contribution to the package for Cyprus. She said the size of that contribution still needed to be determined.

The key to a breakthrough was finding a way to bring down the bailout package, originally estimated at 17 billion euros (\$22.2 billion), which represents almost as much as Cyprus's gross domestic product, which is about \$23 billion, or 18 billion euros.

The deal that emerged on Saturday morning was for a bailout of up to 10 billion euros, Mr. Dijsselbloem said.

Cyprus asked for the bailout in June last year. But talks faltered when the former president Demetris Christofias, a Communist, balked at measures like privatizations. The talks sped up after the election last month of Nicos Anastasiades of the Democratic Rally, a center-right party, to the presidency.

Some of the other elements of the deal involved Cyprus raising its low corporate tax rate to 12.5 percent from 10 percent, privatizing state assets and overhauling its banks to ensure that they are not havens for money laundering.

Russia also was expected to contribute to the arrangement, perhaps by agreeing to lower the interest rate on a loan worth 2.5 billion euros it has already made to Cyprus.

## Britain's Plans for New Nuclear Plant Approach a Decisive Point, 4 Years Late

By *STANLEY REED* and *STEPHEN CASTLE*

LONDON — If all goes according to plan, the British energy minister on Tuesday will formally approve construction of the country's first new nuclear power plant in nearly two decades.

But little has gone according to plan in this ambitious project, which is already more than four years behind schedule. Although envisioned as a big bet on Britain's clean-energy future, the project has been bogged down in months of dickering between the British government and EDF Energy, the French state-controlled power company that is supposed to oversee construction and eventually operate the plant.

EDF Energy, which already runs most of Britain's aging fleet of nine nuclear power plants, is threatening to walk away unless the government guarantees a price for the electricity that is roughly double the current rate. With tens of billions of pounds and thousands of jobs riding on the deal, the issue might ultimately be decided at the highest reaches of the British and, possibly, French governments.

"This isn't a decision about the price for one power station," said Dieter Helm, [a professor of energy policy](#) at the University of Oxford. "This is about whether we want a nuclear industry or don't we. That is the question. Only the politicians can decide."

EDF executives declined to comment.

Mark Malpas, a spokesman for Britain's Energy and Climate Change Department, which is leading the talks, declined to discuss the negotiations in detail, other than to say that they were continuing and that the department was "focused on getting a fair deal for the consumer."

Britain had been counting on [nuclear energy](#) as a big part of meeting its commitment to cut greenhouse gas emissions in half by the mid-2020s. Planners originally called for five or so new nuclear plants to be up and running by 2025. But with even the first of those plants not yet under construction, the concern is that as Britain closes its older nuclear stations — which generate about 20 percent of the country's electricity, at a very low cost — new ones will not replace them.

"It will be a big setback for British energy policy if these negotiations break down," said Tim Yeo, a Conservative who is chairman of the House of Commons Energy and Climate Change Committee.

Britain's nuclear ambitions already received [a big setback last year](#), when two big German utilities, RWE and E.On, decided not to proceed with construction of a plant that had been planned for Wales. The companies cited the costs and the uncertainty of getting a return on their investment.

The EDF plan calls for a plant with two nuclear reactors to be built on a headland called Hinkley Point overlooking the Severn Estuary in southwest England. Earthmovers have been carving away at a hillside there in recent months. If the green light is given, that soil will be trucked into the next valley as part of a gargantuan project that is expected to create 25,000 construction jobs.

The site — 175 hectares, or about 430 acres — is just south of a 1970s-era nuclear station known as Hinkley Point B, which is operated by EDF. And looming over the fields are the eerie, boxy shells of two 1960s-era reactors that have been shut down for more than a decade but still employ a couple of hundred people in the decommissioning.

EDF executives say they have already spent £1 billion, or about \$1.5 billion, getting to the "shovel-ready" point for the reactors. After years of study, Britain's nuclear and environmental regulators have approved designs, and about 70 percent of the necessary contracts are already lined up and ready to be signed. If and when the new plant, Hinkley Point C, comes fully online, it will supply about 7 percent of Britain's electricity. That would be enough power to meet the needs of five million homes, with the added benefit of no carbon emissions.

On Tuesday, Edward Davey, Britain's energy and [climate change](#) minister, is expected to announce the final decision on whether Hinkley Point construction can begin. It would be a moot point, though, if EDF did not agree to proceed.

The sticking point has been what electricity price the government will guarantee. It has vowed not to subsidize new nuclear power plants. But energy legislation now wending through Parliament includes a means to set a floor price for the electricity from the new plants, with customers covering the cost.

With the price tag for the Hinkley Point plant estimated at £14 billion, or \$21 billion, EDF is thought to be seeking a floor price of around £100 per megawatt-hour — about double the current rate for electricity in Britain. That is what EDF would need to earn the 10 percent return on investment that it is looking for, according to estimates by Harold Hutchinson, an analyst at Investec in London. The British government is thought to be pushing for something closer to an 8 percent rate of return.

EDF Energy is already one of the biggest utility companies in Britain, and the former prime minister Tony Blair used to say that a French utility's providing energy for his Downing Street office was proof of the openness of the British economy. But the current government might fear the political beating it would take if it were perceived to be guaranteeing high profits to a French company.

Just how much the price supports would add to household electric bills is hard to gauge. The government has said that various new clean-energy measures to support nuclear energy, as well as wind and [solar power](#), will add about 4 percent to the average household electric bill by 2020.

EDF executives have complained that they are spending £1 million a day on a project that may never happen, which is why they are threatening to walk away if there is no deal by the end of the month. A few weeks ago, according to a person close to the negotiations, Vincent de Rivaz, the urbane Frenchman who heads EDF's British branch, went to Downing Street to deliver this message to Jeremy Heywood, the cabinet secretary, Britain's top civil servant. The government and EDF declined to comment.

Both sides have a lot to lose if the talks fall apart.

The main task of building the nuclear cores for the new power station will go to Areva, another state-controlled French company that is a world leader in designing and building nuclear plants and works closely with EDF. For those companies, Britain provides an opportunity to prove the mettle of a new generation of Areva-designed nuclear technology known as European pressurized water reactors, or E.P.R.'s.

The Areva reactors would be extremely powerful, generating 1.6 gigawatts each — about one-third larger than the biggest of Britain's current nuclear plants. But E.P.R.'s are also proving complex and expensive. The first two Areva E.P.R. plants, under construction at Flamanville in France and Olkiluoto in Finland, have been plagued by technical problems and huge cost overruns.

Britain's nuclear future may be hanging in the balance. When EDF first started planning for Hinkley Point in 2009, executives thought they would have the E.P.R.'s plugged into the grid by 2017. Now even 2021 looks optimistic.

That is why Centrica, the British utility that was EDF's 20 percent partner for the Hinkley project, has already walked away, taking a £200 million write-off.

“The main consideration was cost and time scale,” said Greg Wood, a Centrica spokesman. “We are now looking at a project that isn't going to generate first power until 2021 or probably 2022. We were asking our shareholders to provide capital for nine years before seeing any return whatsoever.”

## Cyprus

Make a model of it, not a mess

# How the euro zone's leaders should deal with Cyprus's bust banks

Mar 16th 2013 | [From the print edition](#)

73,45



THE country has fewer than a million inhabitants and its economy makes up less than 0.2% of the euro zone's GDP. It is hard to believe that Europe's policymakers would squander their progress in calming the single currency's crisis by botching the bail-out of such a minnow. Yet, judging by the bickering over how to handle Cyprus's bust banks and help its cash-strapped government, the rescue plan that looks likely to emerge in the coming weeks will be full of fudged numbers and will fail to solve Cyprus's problems. It will be a messy deal—and a missed opportunity.

The euro zone's policymakers should use the plight of Cyprus not only to encourage reform on the island. They should also seize the chance to push ahead towards a banking union. They should do so by using European rescue funds to restructure, recapitalise and reform Cyprus's broken banks.

Like Ireland and Iceland, Cyprus is a small island with an outsize banking system. Thanks to a growth strategy based on becoming an offshore financial centre, particularly for dodgy Russian money, the balance-sheets of Cyprus's banks soared, reaching 800% of its GDP in 2011. Several banks had big exposures in Greece. When Greek debt was restructured, they were hit hard. For a while Cyprus was tided over by a loan from Russia. Last June it asked for help from European rescue funds. Since then officials have dithered, both within Cyprus (in the run-up to a recent presidential election) and beyond.

Cyprus plainly needs help. The debate among the rescuers is how and on what terms (see [article](#)). One camp, which includes the European Central Bank, wants the model to be Ireland. The government in Cyprus would bail out its banks in full, borrowing money from the European Stability Mechanism to do so. The trouble is that this would bankrupt it, leaving it with an unpayable debt stock of as much as 140% of GDP. A government debt-restructuring would be all but inevitable, along the lines of Greece, not Ireland (and Greece was supposed to be a one-off). The politics of this are also terrible: squeezed European taxpayers would be bailing out rich Russian depositors.

In the other camp, the IMF and the German government want to reduce the size of any loan to Cyprus by forcing it to "bail in" the creditors of Cypriot banks, both bondholders (a tiny share of the liabilities) and uninsured depositors (who account for a lot). But this could cause panic among depositors in Italy, Spain and other euro countries with troubled banks.

Rather than haggle between these two unappealing alternatives, Europe's policymakers should think more boldly. Cyprus's bank bail-out should not go through its government at all. Instead, rescue funds should flow directly into restructured Cypriot banks. This would kick-start a new, safer European banking model, one which breaks the pernicious link between bust banks and bankrupt governments. Each bank should be dealt with on its

merits, but as a condition for any capital injection shareholders and junior bondholders should be wiped out (and negligent bosses removed). The thorniest issue in Cyprus is the uninsured depositors. At some stage Europe should have laws that force them to lose money in a bust. But, given the risk of precipitating panic elsewhere, this newspaper does not advocate writing them down now.

Last June Europe's politicians agreed that rescue funds could be used to recapitalise banks. Ever since then several countries, including Germany, have tried to wriggle out of that commitment. Europe's leaders claim they want to move towards a banking union. Cyprus should be the first step.

[From the print edition: Leaders](#)

## Germany's labour market

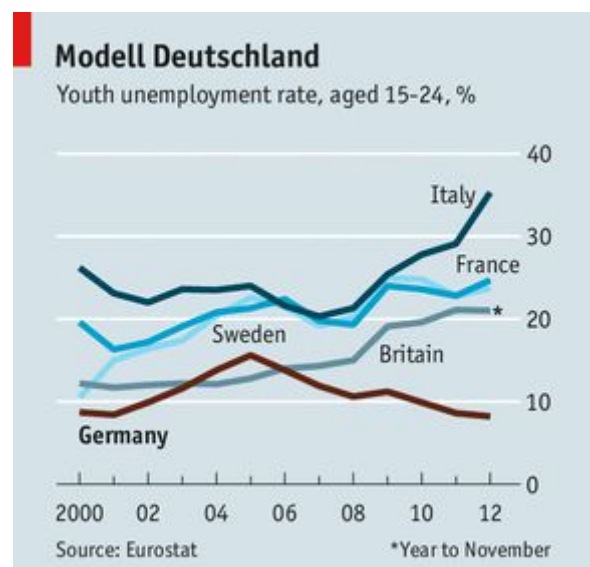
### Wunderreform

# Ten years on, how does Germany's Agenda 2010 package rate?

Mar 16th 2013 | BERLIN | [From the print edition](#)

73,47

WHEN Gerhard Schröder took to the podium in the Bundestag on March 14th, 2003, Germany was called the “sick man of Europe”. More than 4m Germans (11.6% of the workforce) were on the dole. A widespread assumption was that unemployment could never be defeated, merely “administered,” says Wolfgang Clement, who was the former chancellor’s labour and economics minister. Countering that spirit, Mr Schröder unveiled a package of reforms that he called Agenda 2010. The leader of the opposition, a little-known physicist from east Germany called Angela Merkel, derided it as unambitious. But it soon became clear that the agenda would transform Germany’s labour market.



Ten years later, what is the verdict? Financial crises be damned, Germany stands as an economic beacon, with record employment and the lowest youth unemployment in Europe (see chart). Some countries are studying Agenda 2010 as if it were a manual. Mr Schröder is being feted at conferences all over the world.

Only the Germans themselves, and notably Mr Schröder’s own Social Democrats (SPD) and the Greens, who were his coalition partners, seem unsure whether Agenda 2010 was a blessing or a curse. Now in opposition, but hoping this year to defeat Mrs Merkel, who replaced Mr Schröder as chancellor, the SPD cannot exactly disavow its own reform. But it is signalling to its blue-collar base and its own left wing that it might undo parts of it.

The aim was to make Germany’s labour market flexible again. It allowed small businesses to fire more easily, thus lowering their risk of hiring. It liberalised other rules, such as those for part-time and temporary work. Above all, it merged two types of benefits—federal assistance for the unemployed and municipal welfare payments—into one guarantee of a basic living standard (called Hartz IV, after the former Volkswagen manager who proposed it).

The reform package also included rules that prod the unemployed into seeking, and accepting, work. Their time on benefits is limited to one year, or 18 months for those older than 55. And they cannot be picky about the jobs they take. This is what Mr Schröder calls “*Fördern und Fordern*”, a play on an umlaut that translates roughly as “assist and challenge”.

Politicians like Dietmar Bartsch of the Left, a party of former Communists from East Germany and radicals from the west, many of whom defected from the SPD after Agenda 2010, find the “challenging” undignified. By his telling, Germany’s employment boom is in fact a state-sponsored poverty programme, where armies of the underemployed eke out miserable wages in dead-end jobs.

Not so, says Michael Hüther, director of the Cologne Institute for Economic Research, an employer-financed think-tank. Low-wage jobs rose mainly in the years before Agenda 2010 and have stayed constant since. Although the number of part-time jobs has grown, many of the people who have them in fact want them, so that they can, for example, care for children as well.

Agenda 2010 does not deserve all the credit for Germany’s success. Restrained growth in wages and healthy demand for exports were at least as important. But Germany would be foolish to ignore a real achievement—and an important lesson.



## 17 Signs Of A Full-Blown Economic Depression Raging In Southern Europe

Submitted by [Tyler Durden](#) on 03/15/2013 19:14 -0400

73,49

Submitted by Michael Snyder of [The Economic Collapse blog](#),

**When you get into too much debt, eventually really bad things start to happen.** This is a very painful lesson that southern Europe is learning right now, and it is a lesson that the United States will soon learn as well. **It simply is not possible to live way beyond your means forever.** You can do it for a while though, and politicians in the U.S. and in Europe keep trying to kick the can down the road and extend the party, but the truth is that debt is a very cruel master and at some point it inevitably catches up with you. And when it catches up with you, the results can be absolutely devastating.

**Greece, Italy, Spain and Portugal all tried to just slow down the rate at which their government debts were increasing, and look at what happened to their economies.** In each case, GDP is shrinking, unemployment is skyrocketing, credit is freezing up and manufacturing is declining. And you know what? None of those countries has even gotten close to a balanced budget yet. They are all still going into even more debt. Just imagine what would happen if they actually tried to only spend the money that they brought in?

I have always said that the next wave of the economic collapse would start in Europe and that is exactly what is happening. So keep watching [Europe](#). **What is happening to them will eventually happen to us.**

The following are 17 signs that a full-blown economic depression is raging in southern Europe...

**#1** The Italian economy is in the midst of a horrifying "[credit crunch](#)" that is causing thousands of companies to go bankrupt...

Confindustria, the business federation, said 29pc of Italian firms cannot meet "operational expenses" and are starved of liquidity. A "third phase of the credit crunch" is underway that matches the shocks in 2008-2009 and again in 2011.

In a research report the group said **the economy was caught in a "vicious circle" where banks are too frightened to lend, driving more companies over the edge. A thousand are going bankrupt every day.**

**#2** During the 4th quarter of 2012, the unemployment rate in Greece was [26.4 percent](#). That was 2.6 percent higher than the third quarter of 2012, and it was 5.7 percent higher than the fourth quarter of 2011.

**#3** During the 4th quarter of 2012, the youth unemployment rate in Greece was [57.8 percent](#).

**#4** The unemployment rate in Spain has reached [26 percent](#).

**#5** In Spain there are [107 unemployed workers](#) for every available job.

**#6** The unemployment rate in Italy is now [11.7 percent](#). That is the highest that it has been since Italy joined the euro.

**#7** The youth unemployment rate in Italy has risen to a new all-time record high of [38.7 percent](#).

**#8** Unemployment in the eurozone as a whole has reached a new all-time high of [11.9 percent](#).

**#9** Italy's economy is starting to shrink [at a frightening pace](#)...

Data from Italy's national statistics institute ISTAT showed that the country's economy shrank by 0.9pc in the fourth quarter of last year and gross domestic product was down a revised 2.8pc year-on-year.

**#10** The Greek economy is contracting [even faster](#) than the Italian economy is...

Greece also sank further into recession during the fourth quarter of 2012, with figures on Monday showing the economy contracted by 5.7pc year-on-year.

**#11** Overall, the Greek economy has contracted [by more than 20 percent](#) since 2008.

**#12** [Manufacturing activity is declining just about everywhere in Europe except for Germany...](#)

Research group Markit said its index of activity in UK manufacturing – where 50 is the cut off between growth and decline – sank from 50.5 in January to 47.9 in February. It left Britain on the brink of a third recession in five years after the economy shrank by 0.3 per cent in the final quarter of 2012.

Chris Williamson, chief economist at Markit, said: ‘This represents a major setback to hopes that the UK economy can return to growth in the first quarter and avoid a triple-dip recession.’

The eurozone manufacturing index also read 47.9. Germany scored 50.3 but Spain hit 46.8, Italy 45.8 and France 43.9.

**#13** The percentage of bad loans in Italian banks has risen to [12.2 percent](#). Back in 2007, that number was sitting at just 4.5 percent.

**#14** Bank deposits experienced significant declines [all over Europe](#) during the month of January.

**#15** Private bond default rates [are soaring](#) all over southern Europe...

S&P said the default rate for Italian non-investment grade bonds jumped to 9.5pc last year from 5.7pc in 2012 as local banks shut off funding. It was even worse in Spain, doubling to 14.3pc.

[The default rate in France rocketed from 0.8pc to 8.7pc, the latest in a blizzard of bad news from the country as the delayed effects of tax rises, fiscal tightening, and the strong euro do their worst.](#)

**#16** [Lars Feld, a key economic adviser to German Chancellor Angela Merkel, recently said the following...](#)

["The sustainability of Italian public finances is in jeopardy. The euro crisis will therefore return shortly with a vengeance."](#)

**#17** Things have gotten so bad in Greece that the Greek government plans to sell off [28 state-owned buildings](#) - including the main police headquarters in Athens.

One of the few politicians in Europe that actually understands what is happening in Europe is Nigel Farage. A [video](#) of one of his recent rants is posted below. Farage believes that "the Eurozone has been a complete economic disaster" and that the worst is yet to come...

Most people believe that the eurozone has been "saved", but that is not even close to the truth.

In fact, it becomes more likely that we will see the eurozone break up with each passing day.

So who would leave first?

Well, recently there have been rumblings among some German politicians that Greece should be the first to leave. The following is from a recent [Reuters article](#)...

Greece remains the biggest risk for the euro zone despite a calming of its economic and political crisis and may still have to leave the common currency, a senior conservative ally of German Chancellor Angela Merkel said.

But there is also a chance that Germany could eventually be the first nation that decides to leave the euro. In fact, a new political party is forming in Germany that is committed to getting Germany out of the euro. The following is a brief excerpt from a recent article [by Ambrose Evans-Pritchard...](#)

A new party led by economists, jurists, and Christian Democrat rebels will kick off this week, calling for the break-up of monetary union before it can do any more damage.

"An end to this euro," is the first line on the webpage of Alternative für Deutschland (AfD). "The introduction of the euro has proved to be a fatal mistake, that threatens the welfare of us all. The old parties are used up. They stubbornly refuse to admit their mistakes."

They propose German withdrawal from EMU and return to the D-Mark, or a breakaway currency with the Dutch, Austrians, Finns, and like-minded nations. The French are not among them. The borders run along the ancient line of cleavage dividing Latins from Germanic tribes.

However this all plays out, the reality is that things are about to get much more interesting in Europe.

No [debt bubble](#) lasts forever. The Europeans are finding that out right now, and the U.S. won't be too far behind.

But for the moment, most Americans assume that everything is going to be okay because the Dow keeps setting new all-time record highs.

Well, enjoy this little bubble of debt-fueled false prosperity while you can, because it won't last for long.

A massive wake up call is coming, and it will be exceedingly painful for those that are not ready for it.



Be Sociable, Share!

[http://www.youtube.com/watch?v=V72mZCDwmY0&feature=player\\_embedded](http://www.youtube.com/watch?v=V72mZCDwmY0&feature=player_embedded)

**VIDEO 5'**

**Nigel Farage: Eurozone completely incompatible  
with nation-state democracy**

73,52

Germany's anti-euro party is a nasty shock for Angela Merkel

## Political revolt against the euro construct has spread to Germany.



Alternative for Germany has greater potential to unsettle Mrs Merkel than previous Eurosceptic groups Photo: Getty Images

By [Ambrose Evans-Pritchard](#) 5:00PM GMT 10 Mar 2013

73,53

A new party led by economists, jurists, and Christian Democrat rebels will kick off this week, calling for the break-up of monetary union before it can do any more damage.

"An end to this euro," is the first line on the webpage of Alternative für Deutschland (AfD). "The introduction of the euro has proved to be a fatal mistake, that threatens the welfare of us all. The old parties are used up. They stubbornly refuse to admit their mistakes."

They propose German withdrawal from EMU and return to the D-Mark, or a breakaway currency with the Dutch, Austrians, Finns, and like-minded nations. The French are not among them. The borders run along the ancient line of cleavage dividing Latins from Germanic tribes.

The plans draw on work by Hans-Olaf Henkel, former head of [Germany's](#) industry federation (BDI) and a chastened europhile -- the "worst error of my professional life", he told me.

The appeal of German exit is obvious. It is the least traumatic way to end the 20pc to 30pc misalignment between North and South, the cancer eating Europe. Club Med keeps the euro. It enjoys instant devaluation, while still able to uphold euro debt contracts. The spectre of sovereign defaults recedes.

The party hopes to contest the federal elections in September, winning enough votes to scramble a tight race. Chancellor Angela Merkel suddenly has a "UKIP problem" on the her right flank.

Should she sign off on a bail-out out for Cyprus -- safeguarding the "dirty funds of Russian oligarchs", as the AfD puts it -- she will be raked by heavy fire.

That will test her solidarity mantra, and she can turn on a Pfennig. She ditched her nuclear energy policy days after surveying the post-Fukushima polls.

Nobody knows how much support AfD could command. Protest parties usually flop in Germany, but the Free Voters won 10pc in Bavaria in 2008 on a Right-leaning, eurosceptic ticket, and there have never been circumstances quite like this before.

The slide towards fiscal union is a constitutional revolution. It erodes the budgetary supremacy of the Bundestag and threatens to eviscerate Germany's vibrant post-war democracy. Large matters.

The AfD leader Bernd Lucke says Beppe Grillo's threat to default on Italy's external debt has demolished claims that Germany's rescue pledges will never be called.

"The Italian election shows how dangerous the whole euro crisis really is. Whether countries can and will pay back their debts is dependent on the unpredictable voting choices of their peoples," he said.

Professor Lucke, an expert on Real Business Cycle Theory, says German voters may not have mastered EMU mechanics but they can see it is going off the rails. "Everybody understands that 50pc youth unemployment in Greece and Spain is a catastrophe," he said.

The latest ZDF poll shows that 65pc of Germans think the euro is damaging, and 49pc think Germany would be better outside the EU. This is no doubt "soft", yet what is clear is that the all-party consensus on EMU gives voters nowhere to turn.

The rebels may struggle to cross the 5pc threshold for seats in the Bundestag, but they do not have to take seats to plague Angela Merkel over the next six months. She is already in trouble. Her Free Democrat (FDP) allies have crashed to 4pc in the polls.

Alternative für Deutschland threatens to take votes from the Right. On the other side, the Green resurgence to 16pc makes up for the sluggish Social Democrats. As things stand, the Left is slightly ahead. Angela Merkel is on course to lose office.

"Merkel will have to be even tougher on Europe, she cannot allow herself to be outflanked," said David Marsh, author of books on the euro and the Bundesbank. "She will try to keep up a steely facade and hope everything stays calm until September, but the next crisis may come to a head before that."

Indeed it may. Italy does not have a government, and putative premier Pier Luigi Bersani has vowed break out of the "austerity cage", explicitly rejecting policies that anchor the EU backstop for Italian bonds.

Fitch expects Italy's public debt to hit 130pc of GDP this year, up from 125pc forecast a few months ago. The country has one foot in a debt compound trap already. One more shock will do it.

This latest deterioration is self-inflicted, the result of contractionary EU policies that have pushed Euroland into a double-dip slump, and ravaged Italy in particular with fiscal tightening of 3pc of GDP in 2012.

This policy was deranged. Italy's primary budget was already near balance. Fiscal overkill caused the economy to contract by 2.6pc in 2012, and the debt ratio to rise even faster. In flogging Italy's economy to death, EU elites have destroyed political consent for the reforms that are most needed.

For Germany's Alternative, September may come too soon. Michael Wohlgemuth from Open Europe says they lack the organization for a quick break-through, but their moment may come in next year's vote for Euro-MPs.

"By then the real costs of the bail-outs for German taxpayers will be clearer. People sense that a crisis is looming, but they have not yet felt it," he said.

The tragedy for Germany is that the bill for EMU will come due just as the country's aging crunch hits. Germany will have impoverished itself for no useful purpose, and without winning much love in the process.

Some say Germany is "winning" because its firms are conquering Club Med markets with a rigged exchange rate, but that is a Pyrrhic triumph. Latins will not tolerate this, once they grasp that the "gains" of their internal devaluations -- ie 1930s wage cuts -- are dwarfed by the greater losses of a wasted youth.

There are no winners. Each country is blighted in turn, and in different ways. Like Goethe's Sorcerer's Apprentice, they have launched an experiment they cannot control. The broom has a fiendish will of its own.

## Austerity obstructs real economic reform



By Wolfgang Münchau

### An article of faith that means different things to different believers

In Europe, the word “reform” is as misleading as it is ubiquitous. You heard it during the [Italian election campaign](#), when politicians – such as Mario Monti, the country’s outgoing prime minister – were classified as pro-reform. Others, the rest of Italy’s political class, have been deemed anti-reform. It is as though reform has become an issue of religious dogma. You are either in or you are out.

In or out of exactly what, one may ask? What, exactly, is reform? Growing up in Germany in the 1960s and 1970s, I recall Willy Brandt, West Germany’s chancellor during some of those years, talking endlessly about reforms. For him, the word meant more workers’ rights and an increase in welfare payments. This has always been the meaning I first think of when I hear it.

A decade later, in the UK under Margaret (now Lady) Thatcher, reform became synonymous with privatisation and deregulation, and a reduction in the rights of trade unions. This is closer to the meaning that it holds for most people today.

There is certainly a clear, positive – though often overstated – case for structural changes such as the liberalisation of services, changes to labour markets to help younger workers and pension reforms to ensure long-term fiscal solvency. These reforms would probably increase the gross domestic product of several countries by a non-trivial but unknown amount.

A former editor of *The Economist* used to advise young reporters to “simplify, then exaggerate”. This is exactly what happened to the debate on reform in Europe. You might want to add “distort” as a third element. The simplification consisted of the notion that there is a link between some vague idea of reform and economic success, as measured in GDP per capita. No such link exists.

The richest countries in the world include those with both liberal and regulated labour markets. Per capita GDP in the highly regulated French economy has been higher than in the deregulated UK. The relatively solid performance of a largely unreformed France does not obviate the need for reforms. But it shows that the relationship is much more subtle than the dogmatists acknowledge.

The exaggeration consists of overstating the actual impact of reforms when they take place. Has financial liberalisation really increased long-run economic growth, or may it merely have given us a housing bubble? Has German labour market reform really increased long-term productivity or were other factors at work?

This distortion has become even worse recently, as [reform has been conflated with austerity](#). Whenever you hear a European official applauding Mr Monti’s “reforms”, what they are really praising is his fiscal consolidation. In other words, they applaud the many of his policies that reduced economic growth, and not the few that might have a chance to increase it one day.

[Austerity](#) and reform are the opposite of each other. If you are serious about structural reform, it will cost you upfront money. If you want to open your labour market to a hire-and-fire rule, you will need policies to deal with those who are laid off. These costs may outweigh the financial benefits of reforms in the short term but the reforms may still pay off in the long run. Structural reforms, properly done, are not suited to the task of delivering austerity.

By contrast, austerity – higher taxes and cuts in public sector investments – weaken the economy’s capacity in the short run, and possibly also in the long run. If you have youth unemployment of more than 50 per cent for a sustained period, as is now the case in Greece, Italy and Spain, many of those people will never find good jobs in their lives. Economists speak of a so-called “hysteresis” effect – permanent economic damage that will not be repaired even if there is a full recovery. Austerity could well leave an economic and social scar across the eurozone.

Italy and Spain would have been a lot better off to come up with a list of front-loaded targeted structural reforms and backloaded fiscal consolidation. When you do it the other way round, cutting investment and raising taxes in a recession, you never get out of the hole, and you waste your political capital on austerity, leaving none for reforms.

By putting fiscal consolidation first, the political establishment also took a big gamble against what we know from history. A senior Italian official told me a while back that they had the situation under control. There would be a slight bump but the economy would take off afterwards. He was wrong. As last week’s European Commission forecasts confirm, the southern European economies are behaving as was predicted by those who thought austerity would sap growth and using monetary policy to offset it would be ineffective.

I am not surprised that European electorates are rejecting these policies, and the politicians who delivered them. On Monday we will know how Italy has voted. My hunch is that it is not going to be a good evening for the “Austerians”.

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## Sozialer Wohnungsbau Mitten im Brennpunkt

15.03.2013 · Der soziale Wohnungsbau erlebt eine politische Renaissance. In der Theorie gibt es dafür gute Gründe. Vor Ort, im Schatten trister Wohntürme, kommen große Zweifel.

Von [Christoph Schäfer](#), Offenbach

73,57



© F.A.Z./Christoph Schäfer Lauterborn ist überall: Sozialer Wohnungsbau in Offenbach

Im Offenbacher Stadtteil Lauterborn lässt sich der soziale Wohnungsbau in seiner ganzen Hässlichkeit erleben. 7900 Menschen wohnen hier auf engstem Raum. Die Bevölkerungsdichte in Lauterborn ist fast vier Mal höher als im Rest der Großstadt. Mehr als 60 Prozent der Einwohner des Viertels haben Migrationshintergrund, knapp 30 Prozent leben von Hartz IV. Vor allem aber leben sie in mehr als einem Dutzend Wohnblocks und Hochhäusern, die in den sechziger Jahren mit Hilfe staatlicher Zuschüsse hochgezogen wurden. Sozialer Wohnungsbau in Reinkultur.

Peter Janat kennt das Viertel. Der 56 Jahre alte Sozialdemokrat sitzt seit 16 Jahren im Aufsichtsrat der kommunalen Baugesellschaft. Bis vor Kurzem war er Stadtverordneter und Mitglied in der Regionalversammlung. „Das Viertel ist gekennzeichnet durch eine hohe soziale Problematik“, sagt er während eines Rundgangs. „In Lauterborn wohnen Sozialhilfeempfänger und Migranten in einer Dichte, wo man sagt: ‚Das geht nicht gut‘.“ Etwa die Hälfte der Hochhäuser ist frisch gestrichen und energetisch saniert, die andere Hälfte in jeder Hinsicht alt und hässlich. Das Erscheinungsbild hängt aber nicht nur vom Renovierungszustand ab. Auch kleinere Stellschrauben sind entscheidend: Wo ein Mülleimer neben den Briefkästen fehlt, verdreckt der Eingangsbereich. In den Häusern ohne Kabelanschluss bestücken die Mieter ihre Balkone reihenweise mit Satellitenschüsseln. Privatinvestoren, die sich einen Hausmeister sparen und dadurch ihren Profit maximieren, ernten auf dem Außengelände Dreck und Sperrmüll. Janat bezeichnet sie voller Verachtung als „Hai-Gesellschaften“.



© F.A.Z./Christoph Schäfer

„Das geht nicht gut“

Allerdings gibt es auch positive Beispiele. In den Häusern, in denen ein Hausmeister vor Ort ist, sind die großzügigen Grünflächen zwischen den Mehrfamilienhäusern sauber und die Spielplätze benutzbar. Meist sind das jene Immobilien, die noch im Besitz der kommunalen Wohnungsgesellschaft sind. Besonders angenehm fällt ein rosa gestrichenes Gebäude keine Hundert Meter weiter auf. Es zeigt, was die Stadtplaner in den vergangenen Jahrzehnten dazugelernt haben. Das Mehrfamilienhaus hat vier Geschosse und Schallschutzfenster. Eine Perle des sozialen Wohnungsbaus - die zugleich die ganze Dramatik des Problems widerspiegelt. Ursprünglich sollten Polizisten in das Haus einziehen, doch die Ordnungshüter blieben fern. „Auch Sie persönlich wollen da nicht einziehen“, sagt Janat. „Oder haben Sie vergessen, wer hier im Viertel wohnt? Wer geht mit Ihren Kindern in die Schule? Wer in den Kindergarten?“ Genau das ist einer der zentralen Unterschiede zwischen Theorie und Praxis des sozialen Wohnungsbaus. In der Theorie ist es aller Ehren wert, dass der Staat für Menschen mit geringem Einkommen bezahlbaren Wohnraum schaffen will. In Offenbach zeigt sich jedoch, dass auch der schönste Sozialbau keine grundlegenden sozialen Probleme lösen wird.

## Das „Hamburger Modell“

Im Wahlkampf hingegen kann der soziale Wohnungsbau Wunder wirken. Als Erster entdeckte Olaf Scholz das Thema. Im Bürgerschaftswahlkampf 2011 versprach er, dass in Hamburg künftig jedes Jahr 6000 Wohnungen gebaut werden, davon 2000 Sozialwohnungen. In der Hansestadt, in der die Mieten seit Jahren rasant steigen, holte Scholz auch dank dieses Themas die absolute Mehrheit. Seitdem bietet die Stadt Bauherren an, bis zu 90 Prozent der Investitionskosten zu finanzieren. Der Darlehenszins beträgt mickrige 1,2 Prozent. Außerdem zahlt die Hansestadt einen „Aufwendungszuschuss“ von 1,30 Euro je Quadratmeter und Monat. Vom Mieter darf der Eigentümer dafür höchstens eine Anfangsmiete von 5,90 Euro je Quadratmeter verlangen. Diese sogenannte Mietpreisbindung gilt für mindestens 15, in der Regel für 20 Jahre. Allein die 2012 fertiggestellten Sozialwohnungen kosteten die Stadt etwa 120 Millionen Euro. Trotz der hohen Kosten wird Scholz für seinen Vorstoß in der örtlichen Presse und Bevölkerung gelobt. Auch im Rest der Republik weckt Scholz mit seinem „Hamburger Modell“ viel Interesse.



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Satellitenschüsseln an fast jedem Balkon

Kurz nach seinem Aufstieg zum Kanzlerkandidaten nahm sich Peer Steinbrück daran ein Beispiel. Der Sozialdemokrat kündigte schärfere Mietpreisdeckel sowie eine „Wiederbelebung des sozialen Wohnungsbaus“ an. „Die SPD will im Bund eine aktive Wohnungs- und Städtebaupolitik“, heißt es im aktuellen Strategiepapier

„Bezahlbares Wohnen in der Sozialen Stadt“. Darin fordern die Sozialdemokraten, dass die Bundesregierung den sozialen Wohnungsbau der Bundesländer bis 2019 jedes Jahr mit 518 Millionen Euro bezuschusst.

Als Wahlkampfmunition taugt der teure Vorschlag allerdings kaum noch: In einem überraschenden Kursschwenk übernahm Bundesverkehrsminister Peter Ramsauer (CSU) die Forderung der Genossen. „Die Länder sollen verstärkt in den sozialen Wohnungsbau investieren“, erklärte er Ende Februar im Bundestag. Auf der nächsten Bauministerkonferenz im März will er ihnen ebenfalls 518 Millionen Euro bieten. Ursprünglich sollte das seit Jahren anders kommen. Hintergrund ist, dass die soziale Wohnraumförderung bis Ende 2006 eine gemeinsame Aufgabe von Bund und Ländern war. Im Zuge der Föderalismusreform ging die Zuständigkeit Anfang 2007 vollständig an die Länder, die Bundesfinanzhilfen entfielen. Allerdings sagte die Bundesregierung im Entflechtungsgesetz zu, die Länder dafür bis 2013 mit jährlich 518 Millionen Euro zu entschädigen. Von 2015 an sollte der Zuschuss langsam zurück gefahren werden. Doch darüber müssen sich die Ministerpräsidenten seit Ramsauers Rückwärtssalto keine Sorgen mehr machen.

Wie der Wohnungsbau staatlich gefördert wird

Die Blütezeit des sozialen Wohnungsbaus begann nach dem Zweiten Weltkrieg und reichte bis Ende der sechziger Jahre. Weil unzählige Häuser von Bomben zerstört waren und Millionen Heimatvertriebene und Flüchtlinge nach Deutschland strömten, herrschte in der jungen Bundesrepublik akute Wohnungsnot. Die Regierung wollte diese durch eine aktive Baupolitik lindern und erließ das erste und zweite Wohnungsbaugesetz (1950 und 1956). Sie wurden 2001 durch das Wohnraumförderungsgesetz abgelöst.

Die unterschiedlichen Rechtsgrundlagen machen es schwierig, endgültige Aussagen über den sozialen Wohnungsbau zu treffen. Im Kern aber gibt es drei Förderwege: Zunächst gab der Staat insbesondere zinsverbilligte Kredite (erster Förderweg). Das Darlehen fiel umso höher aus, je niedriger die angestrebte Miete sein sollte. Der zweite Förderweg kam Ende der sechziger Jahre auf. Er basierte auf der Annahme, dass die Gehälter - wie zu dieser Zeit üblich - weiterhin stark steigen und Mieter daher im Lauf der Jahre immer mehr Miete zahlen können. Der Staat vereinbarte mit dem Vermieter daher einen degressiven Zuschuss von beispielsweise 4 DM je Quadratmeter. Zwei Jahre später waren es nur noch 3,5 DM, dafür stieg die Belastung des Mieters entsprechend. Die Rechnung ging nicht auf: Weil die Löhne deutlich weniger stiegen als vermutet, erreichten viele Sozialwohnungen ein höheres Mietniveau als jene Wohnungen, die auf dem freien Markt angeboten wurden. Der dritte Förderweg spielte quantitativ keine große Rolle. Staat und Investor einigten sich im Vorfeld auf konkrete Bauprojekte und Zuschüsse, die so geplant wurden, dass die anvisierte Miete auch erreicht wurde.

Aufgrund der langen Förderzeiten wirkte sich der soziale Wohnungsbau im Staatshaushalt am stärksten in den siebziger Jahren aus, seitdem wurde die Förderung drastisch zurückgefahren. Im Jahr 1990 gab es nach Angaben des Instituts der deutschen Wirtschaft noch 3,6 Millionen Sozialwohnungen mit Mietpreisbindung. Inzwischen ist die Zahl auf etwa 1,6 Millionen gesunken.

Quelle: F.A.Z.

## Cinq pays de la zone euro bénéficient d'un plan d'aide

Par [lefigaro.fr](http://lefigaro.fr) Mis à jour le 16/03/2013 à 11:23 | publié le 16/03/2013 à 11:16 [Réactions](#) (23)

73,60

**Avant Chypre, la Grèce, l'Irlande, le Portugal et l'Espagne ont obtenu une aide internationale.**

Chypre est devenu samedi [le cinquième pays de la zone euro à bénéficier d'un plan d'aide international](#), après la Grèce, l'Irlande, le Portugal, et l'Espagne qui a reçu une aide ciblée de la [zone euro](#) pour son secteur bancaire.

### • Grèce

L'aide fournie pour éviter à la [Grèce](#) de sombrer dans la faillite atteint au total 380 milliards d'euros, sous forme de prêts, de sommes injectées directement et d'un effacement de dette. Deux plans ont été accompagnés d'un programme draconien d'ajustement budgétaire, sous le contrôle de la [troïka](#) des bailleurs de fonds (UE, Banque centrale européenne et Fonds monétaire international).

Le premier, en mai 2010, a consisté en des prêts de 110 milliards d'euros, et le second, finalisé en février 2012, en des prêts de 165 milliards d'euros. S'y est ajouté un effacement de dette par les créanciers privés pour environ 107 milliards d'euros.

Une tranche de 2,8 milliards, dans le cadre du second plan d'aide, devait être versée à la Grèce d'ici fin mars. Mais la troïka et le gouvernement d'Athènes [ont interrompu leurs négociations](#) sur les mesures devant accompagner ce versement, notamment concernant le niveau de TVA et la suppression de postes de fonctionnaires. Les discussions devraient reprendre début avril.

### • Irlande

L'[Irlande](#) est le deuxième pays, après la Grèce, à avoir conclu un plan d'aide avec l'UE et le FMI, en novembre 2010. Le déficit public avait atteint 32% du PIB, un naufrage consécutif à la bulle immobilière de 2008 qui a dévasté le secteur bancaire du pays.

L'aide internationale de 85 milliards d'euros a été assortie de conditions draconiennes, auxquelles l'Irlande s'est pliée. Le pays [a réussi mercredi sa première émission obligataire à long terme \(10 ans\)](#) depuis son sauvetage, en levant 5 milliards d'euros, à un taux d'environ 4,15%.

### • Portugal

Le [Portugal](#) a conclu avec l'UE et le FMI un plan de rigueur et de réformes en mai 2011 afin d'assainir ses finances publiques et de relancer l'économie, en contrepartie d'un prêt de 78 milliards d'euros. Le pays espère revenir rapidement sur les marchés de capitaux.

Mais l'économie a plongé: le PIB a chuté l'an dernier de 3,2%, soit la récession la plus grave depuis 1975. Le Portugal a obtenu vendredi de ses créanciers [une année supplémentaire pour réduire son déficit public](#), qu'il ne devra ramener sous le seuil de 3% du PIB qu'en 2015.

### • Espagne

L'[Espagne](#) a obtenu en juin 2012 une ligne de crédit de 100 milliards d'euros de la zone euro [pour son secteur bancaire](#). Cette aide s'est finalement élevée à 41,4 milliards d'euros pour la recapitalisation des banques en difficulté et la création d'une structure de défaisance ou «bad bank», la Sareb.

Madrid a réussi à échapper à un plan d'aide globale pour son économie, mais doit faire face à un important dérapage de ses finances publiques: selon [les dernières prévisions de la Commission européenne](#), le pays

devrait enregistrer un déficit public de 6,7% en 2013 et de 7,2% en 2014. Bruxelles n'a pas exclu de réviser les objectifs de réduction budgétaire du pays.

- **Chypre**

La zone euro et le FMI ont trouvé dans la nuit du 15 au 16 mars 2013 un accord sur un plan d'aide de 10 milliards d'euros pour [Chypre](#), en deça des besoins du pays estimés à 17 milliards d'euros. Dans le cadre du plan, un prélèvement exceptionnel sur les dépôts bancaires rapportera 5,8 milliards d'euros. Parmi les autres mesures, figurent un relèvement de l'impôt sur les sociétés qui passera de 10 à 12,5% et des privatisations.

*(AFP)*

„Alternative für Deutschland“

## Die gefährlichen Bürger

16.03.2013 · Die „Alternative für Deutschland“ will alle eurokritischen Bürger gewinnen. Doch das wird schwer werden. Solange die Konjunktur brummt, wählen die Leute ungern Protestparteien.

Von [Winand von Petersdorff](#)

73,62



© Sick, Cornelia Vor allem wohl situierte, zornige Männer spenden der „Alternative für Deutschland“ Beifall.

Die Taktikregel für Politiker beim Aufkommen neuer Konkurrenten lautet: Am besten noch nicht einmal ignorieren. Der Fraktionschef der Union, Volker Kauder, hat die Regel gebrochen. Er nahm die eurokritische „Alternative für Deutschland“ auf die Hörner, wenige Tage nachdem diese ihre erste Veranstaltung in der Stadthalle Oberursel hatte.

Irgendwer muss dem Fraktionschef der Union gesagt haben, dass sich hier etwas Gefährliches tut. Einmal hat die Alternative der CDU schon weh getan: Bei der Landtagswahl in Niedersachsen war sie zusammen mit den Freien Wählern angetreten und holte aus dem Stand 1,1 Prozent. Wären diese Stimmen zur CDU gewandert, hätte David McAllister Ministerpräsident bleiben dürfen.

Die neue Partei, die am 14. April ihren ersten großen Parteitag hat, bietet ein Angebot für eine Kundschaft, deren Nachfrage von den Bundestagsparteien nicht bedient wird. Deutschlands Euroskeptiker finden keine legitime Vertretung für ihre Haltung im klassischen Parteienspektrum, sagt Matthias Jung von der Forschungsgruppe Wahlen. In der Union sind die Kritiker wie Klaus-Peter Willsch marginalisiert, im Parlament reden darf er nicht. Den FDP-Kollegen Frank Schäffler lässt seine Partei bewusst gegen die Parteilinie agitieren, um Eurokritiker zu halten.

## Schon immer gegen Euro

Das klingt nach guten Voraussetzungen für eine Anti-Euro-Partei. Nur, wie schwer wiegt die Eurokritik in der Bevölkerung, und wie materialisiert sie sich am Wahltag im September? Denn gegen den Euro waren die Deutschen mehrheitlich schon immer. Parteien versuchten daraus erfolglos Profit zu schlagen. Die Pro-DM-Partei des verstorbenen Millionärs Bolko Hoffmann eroberte 1998 gerade 0,9 Prozent der Stimmen. Der Partei traute niemand.

Heute haben die etablierten Parteien in der Regierung zudem einen wichtigen Genossen im Wahlkampf, der die junge Partei in Schach halten wird: die Konjunktur. Die brummt zumindest in Deutschland. Das drückt die deutsche Euroskepsis. Die Bürger sind immer dann besonders europakritisch gewesen, wenn die heimische Wirtschaft kränkelte. Jetzt sind sie es nicht, zumindest nicht mehr als früher, sagt Renate Köcher, Chefin des

Institut für Demoskopie Allensbach: „Die Deutschen sind zufriedener als vor vier Jahren, der Anteil der Wohlstandsgewinner steigt.“

Zwar nehmen die Bürger die Krise ernst, doch bleibt sie vor allem ein medienvermitteltes Phänomen, sie berührt das persönliche Schicksal (noch) nicht. In dieser Hinsicht haben die Bürger einen anderen Blick als all die Ökonomie-Professoren, die die neue Partei prägen. Die normalen Leute treibt gewiss die Sorge um, dass Deutschland zu viel Risiken auf sich lädt und zu viel zahlen muss. Deshalb wünschen sie sich eine Regierung, die diese Risiken eindämmt. Doch ist das nicht zwangsläufig die „Alternative für Deutschland“, sondern doch eher eine etablierte Kraft.

## **Wachsende Politikverdrossenheit**

Das zweite große Thema, mit dem die frische Gruppe zu punkten trachtet, ist das von ihr ausgemachte Demokratiedefizit. Das hat sich nach Deutung der „Alternative“ in der Euro-Rettungspolitik besonders deutlich offenbart. Allerdings ist den Leuten die ganze Angelegenheit zu kompliziert, weshalb sie hier gerade nicht leidenschaftlich demokratische Mitwirkung einfordern, analysiert die Meinungsforscherin Köcher.

Die Forsa-Demoskopen stellen allerdings eine wachsende Verdrossenheit der Bürger mit der Politik fest. Ein Drittel würde heute sagen, dass die Politiker ihnen nicht mehr richtig zuhören. Zu dieser Einschätzung kommen deutlich mehr als früher, sagt Forsa-Chef Manfred Güllner. Doch daraus werden nicht zwangsläufig Stimmen für neue Parteien.

„Für zwei bis drei Prozent sind Protestparteien immer gut“, sagt Matthias Jung von der Forschungsgruppe Wahlen. Für mehr denn eher doch nicht, zumal die Bürger anders als Landtagswahlen Bundestagswahlen nicht für Experimente nutzen. Wichtig sind noch andere Fragen. Die Sozialdemokraten versuchen für den Wahlkampf das Thema Gerechtigkeit in den Vordergrund zu stellen.

Gelingt das, könnte die Stimme der Alternativen ungehört verhallen. Denn zur Umverteilung steht noch nichts im Programm der jungen Partei. Und selbst wenn der Euro zum großen Wahlkampfthema wird, wie es die Union beabsichtigt, muss das nicht der Alternative für Deutschland helfen, besonders dann nicht, wenn die wirtschaftliche Lage ruhig bleibt.

Wichtig ist schließlich, welche Personen die Partei in den Wahlkampf führen. Der Ökonomieprofessor Bernd Lucke läuft sich warm für die hohe Aufgabe. Professoren allerdings sind leicht zu diskreditieren, wie der SPD-Spitzenkandidat Gerhard Schröder gezeigt hat, als er den anerkannten Verfassungsrechtler Paul Kirchhof, Schattenfinanzminister der Union, zu einem menschenfernen und alltagsenthobenen „Professor aus Heidelberg“ schrumpfen ließ.

FDP-Spitzenkandidat Rainer Brüderle hat die Masche schon getestet, als er Parteigründer Luckes Beiträge in einer Talkshow als „professorales Geschwätz“ abtat. Die größte Gefahr droht der neuen Partei trotzdem nicht von außen, sondern von innen. „Denn solche Parteien locken die Sektierer und Querulanten an“, sagt Meinungsforscher Jung: „Die Selbstdestruktion ist immer drin.“

## Kommentar zur Zypern-Rettung **Regelbruch in Permanenz**

16.03.2013 · **Die Geschichte der Euro-Rettung ist eine Geschichte permanenter Regelbrüche** - und der eine Regelbruch bedingt den nächsten. Jetzt werden zyprische Sparer werden genauso enteignet wie ausländische Geldwäscher.

Von [Werner Mussler](#)

73,64

Die Geschichte der Euro-Rettung ist eine Geschichte permanenter Regelbrüche - und der eine Regelbruch bedingt den nächsten. Hätte es noch eines Beweises für diese Aussage bedurft, so liefert sie [das jetzt beschlossene Hilfsprogramm für Zypern](#). Denn es lässt sich kaum eine schlimmere Vertrauensschädigung vorstellen als die staatliche Konfiskation von Sparguthaben über Nacht. Zyprische Kleinsparer müssen die in Brüssel beschlossene Strafabgabe auf Guthaben genauso zahlen wie vermeintliche oder tatsächliche ausländische Geldwäscher - und Letztere hatten sicher eher Gelegenheit, ihre Ersparnisse abzuziehen.

Der Regelbruch besteht zunächst einmal ganz formal: In der ganzen EU besteht eine - erst in der Finanzkrise etablierte - Einlagengarantie für Guthaben bis zu 100.000 Euro. Die Eurogruppe hat sich darüber jetzt hinweggesetzt. Der Regelbruch besteht ferner in einem nicht mehr vorhandenen Vertrauensschutz und einer staatlichen Bestrafung von Sparern. Welch fatales Signal davon ausgeht, muss nicht näher erläutert werden. Es besteht unabhängig davon, dass die Euro-Staaten nicht dafür da sind, russische Geldwäscher zu finanzieren - und unabhängig davon, dass der deutsche Steuerzahler nicht dafür bestimmt ist, marode zyprische Banken zu retten.

### **Deutsche Forderungen sind der Grund**

Wieder einmal betont die Eurogruppe, die jetzt gefundene Lösung sei einmalig - so wie sie seinerzeit betonte, die Beteiligung privater Gläubiger des griechischen Staates am dortigen Schuldenschnitt sei einmalig und werde nie wieder vorkommen. Hier wie dort plagt die Verantwortlichen ein schlechtes Gewissen, weil sie um die schädlichen Nebenwirkungen der Beschlüsse wissen. Und hier wie dort gehen die Einmaligkeiten auf deutsche Forderungen zurück.

Die abermalige Haftung (vor allem) des deutschen Steuerzahlers wäre sonst offenkundig innenpolitisch nicht durchsetzbar. 2011 konnte der Bundesfinanzminister darauf verweisen, dass auch die Banken für die Griechenland-Rettung bluten müssen, auch wenn die zusätzliche öffentliche Absicherung dieser Privatgläubiger-Beteiligung am Ende erhebliche Zusatzkosten verursachte. Diese bestanden übrigens nicht nur, aber auch darin, dass die in Griechenland besonders stark engagierten zyprischen Banken auf erhebliche Forderungen verzichten mussten und erst so an den Abgrund gerieten.

### **Schäuble stand unter innenpolitischem Druck**

Jetzt kann Wolfgang Schäuble sagen, er habe die Geldwäscher-Beteiligung in Zypern durchgesetzt, ohne genau zu wissen, ob und in welchem Umfang das zutrifft. Der Minister stand unter starkem innenpolitischem Druck. Dieser kam diesmal nicht nur von der Minderheit von Bundestagsabgeordneten, [die den generellen Rettungskurs nicht mittragen wollen](#), sondern auch von der Opposition. Diese konnte sich die Chance nicht entgehen lassen, potentielle Hilfe an ein Geldwäsche- und Steuerparadies skandalös zu nennen.

Die Eurogruppe hat versucht, den Berliner Einreden so weit wie möglich Rechnung zu tragen. Und weil sich gute und böse Sparer nicht so einfach unterscheiden lassen, werden nun alle Kontoinhaber belastet. Wer nun angesichts der bisherigen deutschen Diskussion Kritik an der Belastung von zyprischen Kleinsparern laut werden lässt, ist, mit Verlaub, Herr Steinbrück, ein Heuchler.

Heuchlerisch ist es auch, wenn der FDP-Vorsitzende Rainer Brüderle verlangt, es müsse zuerst einmal die Systemrelevanz Zyperns dargelegt werden, bevor der Bundestag dem Hilfsbeschluss zustimmen könne. Auch Schäuble hat in Brüssel eine Weile mit dem Argument der Systemrelevanz hantiert und ist gescheitert. Als Kriterium für eine (deutsche) Hilfsentscheidung taugt die Systemrelevanz eines Landes nicht. „Systemrelevanz“ ist als Hilfskriterium genauso wenig operationalisierbar wie die „Ultima Ratio“. Wenn die Europäische Zentralbank die Systemrelevanz Zyperns behauptet, wird es selbst Brüderle nicht gelingen, sie zu falsifizieren.



## A Chypre, la population sous le choc, le président justifie les sacrifices

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73,65

Beaucoup de Chypriotes étaient sous le choc, samedi, [après l'annonce d'un accord avec l'Union européenne sur un plan de sauvetage de 10 milliards d'euros](#) comprenant une taxe exceptionnelle sur les dépôts bancaires.

**L'accord a été conclu dans la nuit de vendredi à samedi, et les résidents de l'île méditerranéenne l'ont découvert à leur réveil. Des queues étaient visibles devant les banques, les particuliers tentant de [retirer](#) le plus d'argent possible.**

Les bailleurs de fonds de [Chypre](#) - UE et FMI - ont en effet demandé l'instauration d'une taxe exceptionnelle de 6,75 % sur tous les dépôts bancaires de moins de 100 000 euros et de 9,9 % au-delà de ce seuil, ainsi qu'une retenue à la source sur les intérêts de ces dépôts.

Lire aussi [Un plan de sauvetage de 10 milliards d'euros pour Chypre](#)

### "LES BANQUES N'ÉTAIENT AU COURANT DE RIEN"

"C'est une catastrophe", a dit un Chypriote de 45 ans venu [retirer](#) de l'argent. "Cela va nous [donner](#) envie de [sortir](#) de l'euro, dit un autre, un retraité. "Je croyais qu'en dessous de 100 000 euros, on n'y toucherait pas", regrette Andri Menelaou, 25 ans. Je n'ai pas grand chose mais je ne vois pas pourquoi je devrais [payer](#) pour les erreurs des banques."

"J'aimerais [savoir](#) où elle est, cette solidarité européenne. Qu'avons-nous obtenu? Rien", juge Yiannis Pavlou, un mécanicien de 28 ans. Une allusion à la [Grèce](#), l'[Irlande](#), le [Portugal](#) ou l'[Espagne](#), qui n'ont pas eu à [accepter](#) cette taxe exceptionnelle.

"On essaie tous de [retirer](#) un maximum d'argent -- mais cela ne marche pas très bien, on ne sait pas si les comptes sont bloqués ou les distributeurs vides, a dit à l'AFP Joseph, employé de banque chypriote. Personne ne s'attendait à cela -- et les banques n'étaient au courant de rien". Les agences bancaires étaient fermées pour le [week-end](#), et jusqu'à mardi matin, lundi étant férié sur l'île.

Ces retraits ne vont toutefois pas empêcher la ponction sur les comptes de toute personne résidant sur l'île. Les montants correspondant à la taxe "sont déjà bloqués et ne peuvent plus être transférés", assure [Marios Skandalis](#), vice-président de l'Institut des comptes publics de Chypre. Cette mesure est censée [rapporter](#) 5,8 milliards d'euros au gouvernement.

Lire notre éclairage [Qu'est-ce qui fait trembler l'économie chypriote ?](#)

### LE GOUVERNEMENT JUSTIFIE UN PLAN "DOULOUREUX"

Le président [Nicos Anastasiades](#) a justifié ce plan, qualifié de "douloureux", par le risque "d'effondrement" du système bancaire qui précipiterait une faillite et une éventuelle "sortie de l'euro". "Nous avons le choix entre le scénario catastrophe d'une défaillance non contrôlée, et une gestion douloureuse mais contrôlée de la crise", a-t-il résumé dans un communiqué. M. Anastasiades s'adressera à la nation, dimanche, alors que le Parlement chypriote se prononcera sur le plan.

"La situation est grave mais pas tragique, il n'y a pas de raison de paniquer", a également tenté de [rassurer](#) le porte-parole du gouvernement Christos Stylianides, alors que le ministre des [finances Michalis Sarris](#) assurait que "Chypre a choisi la moins douloureuse des solutions".

[Mais Nicolas Papadopoulos](#), député du parti Diko (centre-droit) dont la direction a soutenu l'élection récente du président Anastasiades, [Nicolas Papadopoulos](#), s'est élevé contre l'accord en le qualifiant de "désastre" pour le système bancaire. "Je veux qu'un représentant du gouvernement m'explique pourquoi cet accord était la meilleure solution". "Cette décision est bien pire que ce à quoi nous nous attendions et contraire à ce que nous affirmait le gouvernement encore pas plus tard que la nuit dernière", a ajouté le président de la commission des finances au Parlement, [Nicholas Papadopoulos](#).

## Facing Bailout Tax, Cypriots Try to Get Cash Out of Banks

By [LIZ ALDERMAN](#)

ATHENS — In a move that could set off new fears of contagion across the euro zone, anxious depositors drained cash from automated teller machines in Cyprus on Saturday, hours after European officials in Brussels required that part of a new [10 billion euro bailout](#) be paid for directly from the bank accounts of ordinary savers.

The move — a first in the three-year-old [European financial crisis](#) — raised questions about whether bank runs could be set off elsewhere in the euro zone. Jeroen Dijsselbloem, the president of the group of euro area ministers, declined early Saturday to rule out taxes on depositors in countries beyond Cyprus, although he said such a measure was not currently being considered.

Although banks placed withdrawal limits of 400 euros, or about \$520, on A.T.M.'s, most had run out of cash by early evening. People around the country reacted with disbelief and anger.

“This is a clear-cut robbery,” said Andreas Moyseos, a former electrician who is now a pensioner in Nicosia, the capital. Iliana Andreadakis, a book critic, added: “This issue doesn’t only affect the people’s deposits, but also the prospect of the Cyprus economy. The E.U. has diminished its credibility.”

In Nicosia, a crowd of around 150 demonstrators gathered in front of the presidential palace late in the afternoon after calls went out on social media to protest the abrupt decision, which came with almost no warning at the beginning of a three-day religious holiday on the island.

Under an emergency deal reached early Saturday in Brussels, a one-time tax of 9.9 percent is to be levied on Cypriot bank deposits of more than 100,000 euros effective Tuesday, hitting wealthy depositors — mostly Russians who have put vast sums into Cyprus’s banks in recent years. But even deposits under that amount are to be taxed at 6.75 percent, meaning that Cyprus’s creditors will be confiscating money directly from pensioners, workers and regular depositors to pay off the bailout tab.

Cyprus’s newly elected president, Nicos Anastasiades, said taxing depositors would allow Cyprus to avoid implementing harsher austerity measures, including pension cuts and tax increases, of the type that have wreaked havoc in neighboring Greece. That thinking appealed to some Cypriots, including Stala Georgoudi, 56. “A one-time thing would be better than worse measures,” she said. “Procrastinating and beating around the bush would be worse.”

But Sharon Bowles, a British member of the European Parliament who is the head of the body’s influential Economic and Monetary Affairs Committee, said the accord amounted to a “grabbing of ordinary depositors’ money,” billed as a tax.

“What the deal reflects is that being an unsecured or even secured depositor in euro-area banks is not as safe as it used to be,” said Jacob Kirkegaard, an economist and European specialist at the Peterson Institute for International Economics in Washington. “We are in a new world.”

Cyprus had been a blip on the radar screen of Europe’s long-running [debt crisis](#) — until now.

Hobbled by a devastating banking crisis linked to a slump in Greece’s economy, where Cypriot banks made piles of loans that are now virtually worthless, Cyprus on Saturday became the fifth country in the euro union to receive a financial lifeline since Europe’s debt crisis broke out. As the euro zone’s smallest economy, Cyprus had hardly been considered the risk for the euro union that Greece, Ireland, Portugal or Spain were.

But the surprise policy by the International Monetary Fund, the European Central Bank and the European Commission is the first to take money directly from ordinary savers. In the bailout of Greece, holders of Greek bonds were forced to take losses, but depositors' funds were not touched.

Mr. Anastasiades, who was elected just a few weeks ago, called the decision "painful" but said it would lead to "the historic and definitive rescue of our economy." He said the consequences of rejecting the deal would be the collapse of at least one of Cyprus's major banks, amid widespread weakness in the country's banking system.

Cypriot banks are loaded up on bad loans made to Greek companies and individuals, which have turned sour at an alarming rate as Greece deals with the fourth year of a devastating economic and financial crisis.

"I'm not surprised that people are trying to get their money out in Cyprus; that is entirely to be expected," Mr. Kirkegaard said. "They wake up Saturday morning and are told on the radio their bank deposits are at risk."

The deposit tax, which is expected to raise 5.8 billion euros, or \$7.6 billion, appeared aimed at gleaning large amounts of cash from the accounts of wealthy Russians, who have poured deposits into Cypriot banks in the last several years. Chancellor Angela Merkel of Germany, who faces a pivotal election in September, has been particularly concerned that most of the bailout money could wind up in the hands of Russian gangsters and oligarchs, a fear backed by a recent report by Germany's intelligence agency. Officials in Cyprus have said there is no proof the Russian cash is of questionable origin. They insist they cracked down on money laundering before joining the [European Union](#).

Because Russian depositors would have to share the burden, it would ultimately relieve Cyprus from its debt load by allowing a one-time payment upfront rather than deeper cuts to salaries and pensions or additional privatizations in the future.

Mr. Kirkegaard said he was surprised that Cyprus's creditors had decided to go after smaller depositors, but that part of the rationale might have been avoiding putting too much pressure on businesses, which hold a large share of the high-value accounts.

The Cyprus Parliament must vote on the measure, and it was planning an emergency session on Sunday. Given the stunned reaction, it was not certain to pass. Nicholas Papadopoulos, the head of Parliament's financial affairs committee, said the decision was "much worse than what we expected and contrary to what the government was assuring us, right up until last night," Reuters reported.

Reporting was contributed by Nicholas Kulish from Berlin, Landon Thomas Jr. from London, James Kanter from Brussels, and Andreas Riris from Nicosia, Cyprus.

## **Saxo Bank CEO: "This Is Full-Blown Socialism And I Still Can't Believe It Happened"**

Submitted by [Tyler Durden](#) on 03/16/2013 15:59 -0400

73,68

*Authored by Lars Seier Christensen, CEO Saxo Bank; originally posted at [his blog at TradingFloor.com](#),*

It is difficult to describe the weekend bailout package to Cyprus in any other way. The confiscation of 6.75 percent of small depositors' money and 9.9 percent of big depositors' funds is without precedence that I can think of in a supposedly civilised and democratic society. **But maybe the European Union (EU) is no longer a civilised democracy?**

I **heard rumours** about this when I visited Limassol last week, but **dismissed them as completely outlandish**. And yet, here we are. The consequences are unpredictable, but we are clearly looking at a significant paradigm shift.

**This is a breach of fundamental property rights, dictated to a small country by foreign powers and it must make every bank depositor in Europe shiver.** Although the representatives at the bailout press conference tried to present this as a one-off, they were not willing to rule out similar measures elsewhere - not that it would have mattered much as the trust is gone anyway. It is now difficult to expect any kind of limitation to what measures the Troika and EU might take when the crisis really starts to bite.

**If you can do this once, you can do it again.** if you can confiscate 10 percent of a bank customer's money, you can confiscate 25, 50 or even 100 percent. I now believe we will see worse as the panic increases, with politicians desperately trying to keep the EUR alive.

**Depositors in other prospective bailout countries must be running scared - is it safe to keep money in an Italian, Spanish or Greek bank any more?** I dont know, must be the answer. Is it prudent to take the risk? You decide. I fear this will lead to massive capital outflows from weak Eurozone countries, just about the last thing they need right now. Even from the EU as a whole, I suspect, as the banking union is in place in most countries already.

**Another open question is what will happen to the huge number of brokerages based in Cyprus?** There is about 100 or more FX and other brokers currently operating under the relatively light Cypriot regulation. How will this impact the trustworthiness of these many small institutions? What IS the exact impact on the client deposits they might be holding in Cyprus? Will anyone dare to do business with them going forward?

**This is a major, MAJOR game changer and the fallout will be with us for a long time to come.** I believe it could be the beginning of the end for the Eurozone as this is an unbelievable blow to the already challenged trust that might be left among investors. Talk about a possible own goal.

**Market reaction? it must be very good for gold - and for safe-haven countries like Switzerland, Singapore** and economically more healthy non-Euro countries in, for example, Scandinavia. I would think the EUR and associated markets will be undermined by increasing lack of confidence when the full implications become clear for investors.

**This is full-blown socialism and I still cannot believe this really happened.**

Be careful out there...

# Bulldozer Parks Outside A Cyprus Bank - Full Video



Submitted by [Tyler Durden](#) on 03/16/2013 12:15 -0400

73,69

## FUNNY VIDEO on SAVING

The logical question comes next: *why is there a massive bulldozer parked outside a (just "bailed out") Cypriot bank?* Well, if up to 9.9% of your money was suddenly and without warning stolen by your bank (pardon, forcefully "*reinvested*" in the equity of the same bank) and the rest was completely inaccessible, you too would probably park *your* bulldozer in front of said bank.

In other news, we are 9.9% of the way there:

Average:

## Austerity: Still Not Working

Europe needs fiscal federalism and a banking union to promote growth and recovery.

By [Joseph E. Stiglitz](#) Posted Sunday, March 10, 2013, at 7:30 AM

73,70

**The outcome of the Italian elections should send a clear message to Europe's leaders: the austerity policies that they have pursued are being rejected by voters.**

The European project, as idealistic as it was, was always a top-down endeavor. But it is another matter altogether to encourage **technocrats to run countries, seemingly circumventing democratic processes**, and foist upon them policies that lead to widespread public misery.

While Europe's leaders shy away from the word, the reality is that much of the European Union is in depression. The loss of output in Italy since the beginning of the crisis is as great as it was in the 1930s. Greece's youth unemployment rate now exceeds 60 percent, and Spain's is above 50 percent. **With the destruction of human capital, Europe's social fabric is tearing, and its future is being thrown into jeopardy.**

The economy's doctors say that the patient must stay the course. Political leaders who suggest otherwise are labeled as populists. **The reality, though, is that the cure is not working, and there is no hope that it will—that is, without being worse than the disease.** Indeed, it will take a decade or more to recover the losses incurred in this austerity process.

In short, it is neither populism nor shortsightedness that has led citizens to reject the policies that have been imposed on them. It is an understanding that these policies are deeply misguided.

Europe's talents and resources—its physical, human, and natural capital—are the same today as they were before the crisis began. The problem is that the prescriptions being imposed are leading to massive underutilization of these resources. Whatever Europe's problem, a response that entails waste on this scale cannot be the solution.

**The simplistic diagnosis of Europe's woes—that the crisis countries were living beyond their means—is clearly at least partly wrong.** Spain and Ireland (??) had fiscal surpluses and low debt/GDP ratios before the crisis. If Greece were the only problem, Europe could have handled it easily.

**An alternative** set of well-discussed policies could work. **Europe needs greater fiscal federalism, not just centralized oversight of national budgets.** To be sure, Europe may not need the 2-to-1 ratio of federal to state spending found in the United States; **but it clearly needs far more European-level expenditure, unlike the current miniscule EU budget** (whittled down further by austerity advocates).

**A banking union, too, is needed.** But it needs to be a real union, **with common deposit insurance and common resolution procedures, as well as common supervision. There will also have to be Eurobonds, or an equivalent instrument.**

European leaders recognize that, without growth, debt burdens will continue to grow, and that austerity by itself is an anti-growth strategy. **Yet years have gone by, and no growth strategy is on the table**, though its components are well known: policies that address Europe's internal imbalances and Germany's huge external surplus, which now is on par with China's (and more than twice as high relative to GDP). **Concretely, that means wage increases in Germany and industrial policies that promote exports and productivity in Europe's peripheral economies.**

**What will not work, at least for most eurozone countries, is internal devaluation**—that is, forcing down wages and prices—as this would increase the debt burden for households, firms, and governments (which

overwhelmingly hold euro-denominated debts). And, with adjustments in different sectors occurring at different speeds, deflation would fuel massive distortions in the economy.

If internal devaluation were the solution, the gold standard would not have been a problem in the Great Depression. **Internal devaluation, combined with austerity** and the single-market principle (which facilitates capital flight and the hemorrhaging of banking systems) **is a toxic combination.**

**Europe's leaders repeatedly vow to do everything necessary to save the euro.** European Central Bank President Mario Draghi's promise to do "whatever it takes" has succeeded in providing a temporary calm. **But Germany has consistently rejected every policy that would provide a long-term solution. The Germans, it seems, will do everything *except* what is needed.**

Of course, the Germans have reluctantly come to accept the necessity of a banking union that includes common deposit insurance (?). But the pace with which they accede to such reforms is out of kilter with the markets. **Banking systems in several countries are already on life support.** How many more will be in intensive care before a banking union becomes a reality?

**Yes, Europe needs structural reform, as austerity advocates insist. But it is structural reform of the eurozone's institutional arrangements, not reforms within individual countries, that will have the greatest impact.** Unless Europe is willing to make those reforms, it may have to let the euro die to save itself.

**The EU's Economic and Monetary Union was a means to an end, not an end in itself. The European electorate seems to have recognized that, under current arrangements, the euro is undermining the very purposes for which it was supposedly created. That is the simple truth that Europe's leaders have yet to grasp.**

## Tiny German village a model in country's energy revolution

Feldheim, population 145, generates all its own heat and light

By Karen Pauls, [CBC News](#)

73,72

*Posted: Mar 8, 2013 5:33 AM ET*



*Energiequelle spokesperson Werner Frohwitter stands in front of 43 wind turbines his company put up in Feldheim. It's the only Germany community using only renewable energy, hooked up to its own energy grid. (Karen Pauls/CBC)*

Karen Pauls Berlin bureau

### About The Author

Karen Pauls is on special assignment for CBC News in Berlin. She has covered national affairs in Canada for CBC Radio, and has been previously posted in London and Washington, D.C.

*(Note: CBC does not endorse and is not responsible for the content of external links.)*

The tiny village of Feldheim is at the leading edge of Germany's renewable energy transition, proving to thousands of foreign politicians, scientists and activists every year that it is possible to live and be economically viable without fossil fuels.

Located 60 kilometres south of Berlin, this community of 145 people uses wind, sun and manure to heat and light its 37 homes.

"We are really 100 per cent neutral as far as the emission of carbon dioxide is concerned. We have our heat and electricity 100 per cent from renewable energies, so not a single drop of oil is used," says Barbara Ral, a biologist who runs tours and does education on behalf of the community.

Today, she is showing around a journalist and 40 civil servants from Thailand.

"We're now inside the windmill," Ral explains at one point in the tour. "There are 43 windmills in the wind farm. The village needs only one windmill, so the others sell energy to the public grid."

### CBC in Berlin



Karen Pauls is in Berlin to enhance CBC's European coverage at a time when the continent is struggling through one of the most unpredictable periods in recent history. Germany's prosperity is being closely watched as the ongoing fiscal crisis puts the European Union under great strain.

Pauls has covered national affairs in Canada for CBC Radio, and has been previously posted in London, U.K., and Washington, D.C.

Follow her on Twitter [@karenpaulsbc](https://twitter.com/karenpaulsbc).

Feldheim is the only community in Germany that solely uses renewable energy and has its own power grid, although the federal government has credited several other “bioenergy villages” for heading in that direction.

It's part of a major change in the country's energy strategy, which accelerated after the disaster at the Fukushima nuclear power plant in Japan two years ago.

In response, Germany closed eight nuclear plants and Chancellor Angela Merkel said the rest would be phased out by 2022. Already, nearly 25 per cent of Germany's electricity comes from renewable resources. The share of nuclear currently stands at about 17 per cent.

The government said it would also reduce greenhouse gas emissions by 40 per cent by 2020 (compared with 1990 levels) and by 80 per cent by 2050. Germany is the first industrialized nation in the world to attempt emissions reductions to this degree.



*Petri Hakkarainen, of the Institute for Advanced Sustainability, says there is vigorous debate about Germany's energy revolution, but there is still broad support for it. (Karen Pauls/CBC)*

“The current debate right now is the question of whether it's a cost versus an investment,” says Petri Hakkarainen, a senior fellow at the Institute for Advanced Sustainability Studies in Potsdam, Germany.

“Today's generation is doing this for their children and grandchildren, so it's a classical question of short term versus long term, and to what extent should this generation pay for the next generation. That's what makes the German debate so exceptional, that so far, Germany is willing to do exactly that.”

Feldheim hasn't always been a model community. Back when Germany was still divided into east and west, it was a communist collective farm. Not much changed after Germany was reunited – that is, until 1995, when a company called Energiequelle installed the first five wind turbines on nearby fields.

By 2008, the community had built a biogas factory to be used for heat. It's fueled by a mix of unused corn and pig manure grown by area farmers. A furnace that burns wood chips left over from felled local trees serves as a backup heat source in the winter.

In 2010, Feldheim residents worked with Energiequelle to build their own power grid. The community also established a metal-working factory that builds the bases for photovoltaic cell panels.



*The community's biogas plant uses corn and pig manure to produce methane, which produces power through a generator, and heat which is used for hot water. (Karen Pauls/CBC)*

All of this has created jobs, and residents pay 25 to 30 per cent less for electricity than most Germans – a deal that is locked in for the next decade, says Energiequelle spokesperson Werner Frohwitter.

“There was no plan in it at the beginning, it was all by chance,” he says. “When the system came into being, we didn’t realize Feldheim would become a mecca for renewable energies, but now people come to tiny little Feldheim to see an energy system possible without fossil fuels or big power companies.”

## Individual buy-in

Getting buy-in from average citizens is what will make Germany’s ambitious energy transition a success, says Hakkarainen.

“It’s a defining part of the Energiewende [energy transition or revolution] – having people involved and not just large utilities in charge of electricity – very much your average Joe, everyone has a chance to contribute to this,” he says.

While there is broad public support for this transition, the devil is in the details, says Hubertus Bardt of the Cologne Institute for Economic Research.

“There are lots of challenges to make it right. It may be technically manageable, but we also have to make sure it’s economically manageable,” he explains.

For example, oil and gas companies are worried about their share of the market.



*Hubertus Bardt, of the Cologne Institute for Economic Research, says there are concerns about increased costs and electricity instability while Germany transitions from nuclear and fossil fuel to more renewables. (Karen Pauls/CBC)*

Meanwhile, energy-intensive companies still have to compete on world markets and can’t always pass on the increased price of electricity to their customers. As a result, some may choose to leave Germany, taking jobs with them, Bardt says.

And average citizens are understandably unhappy when they see extra costs on their electricity bills.

“There is some fear the cost and security of the electricity supply might be endangered for a period of time. We have to ... think about who bears the burden between now and one day in the future when it all pays off,” Bardt says.

“In the worst-case scenario,” he says, “we have the Energiewende, but no viable industry.”

Hakkarainen agrees there’s a lot at stake.

“If Germany were to fail in all of this, it would set a bad example for everyone else – if Germany can’t do it, how could anyone else?”

## Replicating success?



*These Thai civil servants are some of the thousands of foreigners who visit Feldheim every year. (Karen Pauls/CBC)*

Back in Feldheim, the Thai civil servants are raving about what they’ve seen and the possibilities for their own country.

“This is a model we should learn about and try to adopt and adjust to our Thai community,” says Karen Permpoonwiwat of the King Prajadhipok’s Institute in Bangkok.

Thongchai Tangpremsri agrees, although he says it may take a while to make it happen back home.

“We’re not a rich country compared to Germany. It’s step by step. We look at windmill[s], but in Thailand it’s really hard to find a place for the windmill. Solar energy is good because in Thailand, we have sunlight, but at the moment, the price of solar cells is high,” he says.

Werner Frohwitter concedes Feldheim is a very small experiment, but he’s convinced this kind of system can work for any community up to 10,000 residents. His company hopes to prove that in the next decade, by hooking up the nearest town to Feldheim’s power grid.

“There’s still a long way to go, but Feldheim shows it is possible that you can have an independent energy supply system without nukes, carbon emissions and without oil,” he says.

# Schuldenkrise Jetzt auch Zypern

17.03.2013 · In der Währungsunion ist der „Bailout“ Gewohnheitsrecht. Jetzt fehlt das Vertrauen. Für den Euro-Anleger gibt es keine Sicherheit mehr für sein Sparguthaben. Eine Analyse.

Von [Holger Steltzner](#)

[Artikel Bilder \(1\)](#) [Lesermeinungen \(0\)](#)



© dpa Den Anlegern in der Eurozone fehlt das Vertrauen

[Jetzt werden auch noch zyprische Banken herausgehauen.](#) Das war zu befürchten, seitdem die Rettungspolitiker betonen, wie klein Zypern sei. Angesichts der Beträge in Rettungsfonds und Zentralbankbilanzen im Billionenbereich falle [ein Kredit von 10 Milliarden Euro](#) doch gar nicht ins Gewicht, hieß es. Das stimmt wohl, aber überzeugt nicht. Denn wenn Zypern so unbedeutend ist, wie kann von der kleinen Insel dann ein Systemrisiko für die gesamte Eurozone ausgehen? Wer trotzdem an das [Systemrisiko Zyperns](#) glaubt - das Land hat eine kleinere Wirtschaftskraft als das Saarland - kommt spätestens dann in Erklärungsnot, wenn er die Geschichte vom unbedingten Erhalt der Eurozone nacherzählt, ohne die Europa in der multipolaren Welt angeblich keine Stimme mehr habe. Was für ein Gewicht soll die Eurozone im Systemwettbewerb mit China, Indien, Amerika oder Brasilien auf die Waagschale bringen, wenn sie schon durch Zypern ins Wanken gerät?

Aus dem Systemrisiko macht jeder, was er will. Die Euro-Europäer haben so große Angst vor dem „Finanzsystem“, dass sie Hedgefonds und andere Großgläubiger mit Geld zuschütten und sogar Banken ohne Geschäftsmodell am Leben halten. Die Angst vor dem System ist größer als die marktwirtschaftliche Vernunft, jeden Investor für sein Risiko selbst haften zu lassen. Da sind die Amerikaner robuster. Sie haben in der Krise Hunderte Banken abgewickelt, hierbei aber ihre Großbanken geschont, um ihre Dominanz im internationalen Finanzgeschäft nicht zu gefährden.

## Zypern als Systemrisiko

In der Eurozone erklärt die Europäische Zentralbank hingegen das kleine Zypern zum Systemrisiko, ohne die ökonomischen und finanziellen Verflechtungen der Insel mit der Eurozone aufzuzeigen. Statt den Ansteckungskanal in den Euroraum darzulegen, schürt die EZB bloß die Furcht vor Dominoeffekten. Dazu gehört Phantasie. Denn 2011 kamen alle zyprischen Banken nur auf eine Bilanzsumme von etwa 110

Milliarden Euro, gerade einmal 1,2 Prozent der Wirtschaftsleistung der Eurozone und nur 5 Prozent der Bilanzsumme der Deutschen Bank. Auch weil die Aktiva zyprischer Banken zu 72 Prozent über Bankeinlagen finanziert waren, ist ihre Vernetzung mit der Eurozone gering. Verpflichtungen gegenüber anderen Banken machten der Deutschen Bank zufolge nur 15 Milliarden Euro aus. Von den Bankeinlagen entfielen nur 32 Milliarden auf zyprische Kunden, 17 Milliarden auf griechische Kunden und 23 Milliarden auf andere Ausländer, die meisten davon aus Russland. Enge Verflechtungen bestehen in der EU nur zu Griechenland. Aber Athen ist durch die Brandmauer zweier Hilfsprogramme geschützt. Da nach den neuen ESM-Regeln nur im Fall eines systemischen Risikos geholfen werden darf („Gewährleistung der Stabilität des Euroraums insgesamt“), muss entgegen der Fakten eine solche Gefahr attestiert werden. Die EZB und die EU-Kommission tun das gern.

Auch die zweite neue Regel für Hilfe wird großzügig ausgelegt. Kredite dürfen nach den Bestimmungen des ESM-Vertrags nur vergeben werden, wenn die Rückzahlung sicher ist. Sonst handelte es sich um verlorene Zuschüsse, die sogar der Europäische Gerichtshof wegen des Grundsatzes der finanziellen Eigenverantwortung (No-bail-out-Prinzip) kritisch sieht. Die Schulden Zyperns lagen nach Angaben der EU-Kommission schon vor dem Kreditpaket bei mehr als 90 Prozent der Wirtschaftsleistung. Durch die Hilfskredite springt die Schuldenquote weit nach oben. Wie soll das Land einen so großen Schuldenberg aus eigener Kraft abtragen? Ab einer Schuldenquote von 140 Prozent sei die Schuldentragfähigkeit nicht mehr gegeben, sagt der Internationale Währungsfonds.

Weitere Artikel

- [Zypern prüft längere Schließung der Banken](#)
- [Kommentar: Zyperns Rettung ist ein Regelbruch in Permanenz](#)
- [Zyperns Rettungspaket im Überblick](#)

Zypern gilt als [Umschlagplatz für russisches Schwarzgeld](#). Deswegen machte vor allem die Opposition in Deutschland ihre Zustimmung zu einem Hilfspaket davon abhängig, die Gläubiger zyprischer Banken an den Kosten zu beteiligen und Steuern in Zypern zu erhöhen. Das soll nun geschehen, aber nur in homöopathischen Dosen für Großgläubiger und Steuerflüchtlinge. Die sollen sich lediglich mit 9,9 Prozent ihrer Einlagen in Aktien ihrer Wackelbank tauschen und künftig ein wenig Steuern bezahlen. So richtig es ist, die Großgläubiger an den Kosten zu beteiligen, so falsch ist es, die Kleinanleger zu enteignen. Um in Zypern die Lasten für reiche Bankkunden gering zu halten, sollen auch Kleinsparer 6,75 Prozent ihrer Guthaben abgeben. So viel zum Versprechen: Die Einlagen in den Banken sind sicher. Die Garantie der EU für Bankeinlagen bis 100000 Euro ist das Papier nicht wert, auf dem sie steht.

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Quelle: F.A.Z.

## Schuldenkrise

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Quelle: F.A.Z.

## Tomorrow, Cyprus could vote to leave the euro. This is political dynamite

By [Mats Persson Economics](#) Last updated: March 17th, 2013

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There are two ways to look at the [hugely controversial bailout](#) agreed for Cyprus in the early hours of Saturday morning, in which the small island nation – accounting for only 0.2 per cent of eurozone GDP but whose troubles will have an impact far beyond its size (including on some 25,000 Brits in Cyprus) – received a €10bn rescue package in return for a series of unusually harsh conditions. In a shock to everyone, including [admittedly Open Europe](#), the deal included a “tax” on depositors: 6.75 per cent for anyone with less than €100,000 in a Cypriot bank account, 9.9 per cent for anyone with more than that.

The first way to look at the deal: lessons have been learned. Unlike in the case of Greece, Cypriot debt will come down to around 100 per cent of its GDP, following this deal. While not great, it’s not the type of [maddening cocktail](#) of continued austerity and increasing debt that Greece has been forced to swallow (the country’s debt is at 160 per cent of GDP this year). At least the combination of the deposit tax and privatisations in Cyprus will give the country some breathing space. And the alternative, letting Cyprus sink and leaving the euro, showing the world that the single currency is no longer “irreversible”, would have been far worse.

The second way: All bailouts are unfair – the people who screwed up almost never pay – but this is in a league of its own. Seventeen Eurozone finance ministers locked themselves in a room and decided that every Cypriot depositor – whether super-wealthy or dirt-poor – will, out of the blue, see part of their hard-earned money seized. Remember, Cypriot President Nicos Anastasiades explicitly promised in his election campaign, only a few weeks ago, that depositors were safe. The Cypriot electorate now faces losses on deposits as well as years of austerity (under the bailout loan). What’s worse, deposits under €100,000 are supposed to be protected by EU law, not raided by EU leaders. And Cypriot banks have frozen close to €5.8bn, i.e. imposed capital controls which is meant to be illegal under EU single market rules. This is political dynamite.

Regardless of one’s interpretation, in the entrenched eurozone [North-South stand-off](#), this clearly represents a victory for the German government and German taxpayers over their southern counterparts, as it was Berlin that drew a line in the sand. In many ways, Cypriot depositors fell victim to the forthcoming German elections in September.

What happens next? Well, the Cypriot parliament [will vote on the deal tomorrow](#) (conveniently, a bank holiday in Cyprus). This will be a nail-biter. The parties which supported Cypriot president Nicos Anastasiades only



hold 28 out of 56 MP, so not a majority. Yesterday, Anastasiades [issued a stark warning](#): accept the bailout deal or face “a complete collapse with a possible exit from the euro”. Given the huge stakes, I reckon that MPs will approve the deal, but it could be close – current voting arithmetic suggests 30 in favour and 26 against, but this is incredibly fluid. Even if the parliament does reject the package, there could still be room for further negotiation.

The bailout format is therefore a gamble on several levels. Most importantly, massive questions still linger over the precedent this sets. If Cypriot depositors are forced to pay today, why not [Spanish ones](#) tomorrow? People queuing up in massive numbers outside ATM machines is always an incredibly scary sight wherever you are and given the anger in Cyprus, we just don't know how people will react when banks open again (unclear when, the Cypriot government may declare both Tuesday and Wednesday bank holidays as well). But fears of deposit-led contagion to other parts of the eurozone should definitely not be overstated. EU leaders have gone out of their way to say that the depositor tax won't be repeated in other countries. And viewed with a depositor's eyes from Barcelona or Bilbao, [Spain may have very little in common](#) with Cyprus.

The eurozone also now has a contagion-fighting instrument in the ECB's bond-buying programme (the OMT), which can be used should panic spread to Spain and Italy. There's a problem here of course. If the Cyprus deal represents a more assertive German approach, it will be [far more difficult](#) to actually trigger the OMT as that, in turn, depends on whether the debtor country will agree to be put on a bailout programme, with tough conditions (a prerequisite for it to tap the OMT). Cyprus is small enough to boss around, but Italy or Spain?

## Savers across Europe will look on in horror at the Troika's raid on Cyprus

It's now become clear: the threat to European savers and banks isn't anti-austerity parties but the Troika

Michael Burke [The Guardian](#) Comment, Sunday 17 March 2013 17.06 GMT

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Account-holders withdraw money from a cash machine in the Cyprus capital, Nicosia. Photograph: Barbara Laborde/AFP/Getty Images

**The imposition of a levy on savers in Cypriot banks marks a new turn in the European crisis.** Savings of over €100,000 will be subject to a 10% tax, and those under €100,000 one of 6.7%. **The raid has been instructed by the "Troika" – the European commission, the IMF and the European Central Bank – as part of a characteristic "take it or leave it" ultimatum to the Cypriot government. The parliament in Nicosia is being pressed to ratify the deal with the threat that without it there will be no bailout funds and the ECB will withdraw all liquidity support to the stricken banks.**

The Troika and its supporters have justified the levy by arguing that the state could not support the debt burden of a bank bailout. **But this simply means the debt burden has been transferred from the banks, where it properly belongs, to households, who had no part in their lending decisions.**

As part of that **propaganda campaign**, the focus has been on Russian oligarchs and tax evaders who have been laundering funds through Cypriot banks. In fact, among those caught in the upper savings bracket are bound to be pensioners for whom this represents their entire life savings, and others who have recently borrowed enough money to buy a modest home. But even if only oligarchs were affected, this is surely an admission of guilt by the European and international authorities, who are responsible for the global regulation of banks and co-ordinating anti-money laundering activities. **Their own failure can hardly be a justification for expropriating the small savers of Cyprus.**

**The irony is that all this is done in the name of promoting stability.** When anti-austerity parties have made strong showings in elections – in Greece, Ireland, France and Portugal – the pro-austerity parties have warned that the cash machines would dry up because no bailout fund would be made available to an anti-austerity government, and banks would be given no liquidity support. It is now clear that it is not anti-austerity parties but the Troika that is the direct threat to the savers of Europe and their domestic banking systems. (???)

The question arises as to why Cyprus has been treated so much worse than other countries – the contrast with the treatment of Spain is marked, despite all the prior bullying. This is partly because the savers of large EU countries will not be directly affected by what happens to Cyprus, although the British press is already focused on the potential losses to British pensioners and service personnel based there. More important, however, the big banks of the same large countries are not facing any losses. **If Spain collapses, it will take a large portion**

**of the major European banks with it; this is why the Troika backed off from forcing Spain into a bailout program.**

But it is foolish of the Troika to assume that its confiscation of Cypriot savings will have no international implications. **Savers all across Europe will look on in horror, and are bound to wonder whether it could happen in their own countries.** It is entirely possible they will respond by shifting their savings into state or postal savings banks at the very least, even if outright bank runs are avoided. If this happens on sufficient scale, it could further undermine the fragile banking system in a number of countries.

It also has implications for the anti-austerity parties of Europe, who have long argued for nationalisation of the banks. As British [government ownership of RBS](#) shows, such nationalisation achieves nothing without directing the banks towards increased investment. In the single currency area, the left is now faced with an additional risk of the Troika withdrawing funds, and organised capital flight.

To prevent Troika raids, deposits need to be put into protective custody to preserve both savings and the domestic banking sector. For anti-austerity governments, these funds could then be used to support state-led investment and reverse the European depression.

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## Turmoil in Cyprus Over a Bailout Rattles Europe

By [LIZ ALDERMAN](#) and [LONDON THOMAS Jr.](#)

NICOSIA, Cyprus — Europe’s surprising decision early Saturday to force bank depositors in Cyprus to share in the cost of the latest euro zone bailout set off increasing outrage and turmoil in Cyprus on Sunday and fueled fears that the trouble will spread to countries like Spain and Italy.

Facing eroding support, the new president, [Nicos Anastasiades](#), asked Parliament to postpone until Monday an emergency vote on a measure to approve the bailout terms, amid doubt that it would pass. The euro fell sharply against major currencies ahead of the action, as investors around the world absorbed the implications of Europe’s move.

In an address to the nation, Mr. Anastasiades painted an apocalyptic picture of what would happen if Cyprus did not approve the strict terms: a “complete collapse of the banking sector”; major losses for depositors and businesses; and a possible exit of Cyprus from the euro zone, the 17 countries that use the euro as their currency.

He said he was working to persuade European Union leaders to modify their demands for a 6.75 percent tax on deposits of up to 100,000 euros, a move that would hit ordinary savers.

“I understand fully the shock of this painful decision,” he said, speaking with a grim look on his face as he stood between the Cypriot and European Union flags in the presidential palace. “That is why I continue to fight so that the decisions of the Eurogroup will be modified in the coming hours.” The [Eurogroup](#) is made up of the 17 euro zone finance ministers.

By size, Cyprus’s economy represents not even half a percent of the combined output of the 17 euro zone countries. Yet the impact of this weekend’s decision by European leaders to impose across-the-board losses on bank depositors — from the richest Russian oligarchs, who have increasingly deposited their money in Cyprus’s banks, to the poorest Cypriot pensioners — in return for 10 billion euros, or \$13 billion, in bailout money could not be more far-reaching.

After five years of bailouts financed largely by European taxpayers, wealthy European nations have decreed that when a bank or country goes broke, bond investors and perhaps even bank depositors will pay a significant portion of the bill.

The change is driven in no small part by the growing reluctance by residents of nations like Germany — whose chancellor, Angela Merkel, faces an election this year — to continue to finance bailouts of troubled neighbors like Greece, Portugal, Italy, Spain, and now Cyprus. The resulting turmoil could create a wave of investor contagion that will challenge Mario Draghi, the president of the European Central Bank, to make good on his promise to do [whatever it takes](#) to protect the euro.

On Sunday, it was clear that a majority of Cyprus’s 56 lawmakers would not approve the terms of the bailout, which would lead to a likely loss of the rescue money that Cyprus so desperately needs.

The government extended a bank holiday it had imposed over the weekend, meaning banks will not open Tuesday as planned. There was talk that they might not open Wednesday, either.

In response, the European Central Bank applied more pressure to have the deal approved, sending two representatives to Cyprus on Saturday night to assure Cypriot banks that the central bank was “here for them —

as long as the bill goes through Sunday or Monday morning before financial markets in Europe open,” said Aiki Stylianou, a press officer for the central bank of Cyprus.

Mr. Anastasiades’s cabinet gathered early Sunday with the heads of the central bank and the finance ministry to discuss how to carry out the levy, should it pass.

But some analysts expressed skepticism about the measure’s long-term effects even if Cyprus approves it.

“Whether the Parliament approves the measure or not, the effect will be the same,” said Stelios Platis, the managing director of MAP S.Platis, a financial services firm, and a former economic adviser to Mr. Anastasiades. “As soon as banks in Cyprus reopen, people will rush to take all their money out” because they do not believe it will not happen again.

To some degree, this policy shift was foreshadowed last month when Jeroen Dijsselbloem, the finance minister for the Netherlands who was recently tapped to lead the Eurogroup, forced investors of a failing Dutch bank to pay their share by writing down 1.8 billion euros’ worth of high-risk bonds to zero.

But it is one thing to wipe out bond investors and quite another to force a loss on bank depositors, including Cypriot savers who had their deposits insured and, like people all over the world, had the impression that a government-backed savings account was inviolable.

This is the first time depositors have taken a loss in a euro-zone rescue, said Adam Lerrick, a sovereign debt expert at the American Enterprise Institute, who has long argued that debt-heavy countries in Europe must make private investors, including bank depositors if need be, share the cost of bank bailouts. “It prevented the insolvency from being transferred from the banking system to the government,” he said.

While such a notion may please the financial hard-liners, it carries significant financial risks.

Indeed, as many stunned Cypriots [rushed to A.T.M.’s](#) to remove their savings, Europe had to confront the prospect that savers in Spain and particularly in Italy — where cash-poor banks have been hit hard by loan losses — would do the same.

Public officials in Spain and Italy did their best over the weekend to say that the situation in Cyprus was unique and that deposits in those countries — especially Spain, which experienced a period of [deposit flight](#) last year — remained safe.

Also Sunday, George Osborne, the British chancellor of the Exchequer, said that Britain would compensate British government and military personnel based in Cyprus whose finances would be affected by the levy. About 3,500 British troops are based on the island.

The tax on deposits is sure to make small banks with bad loan problems in other countries seem all the more risky — to depositors as well as to investors holding the banks’ bonds.

Economists warn that the psychological consequence of such a shock could lead not only to a bank run but a devastating economic collapse and plunge in gross domestic product similar to what happened in Greece.

“There has been a huge shock, and fall in G.D.P. will be very large just as it was in Greece,” said Alexandros Apostolides, an economist based in Nicosia. “Why would someone keep their deposits in a bank here if he cannot be assured that there will not be another bailout?”

Indeed, throughout the weekend many Cypriots were withdrawing as much as they could from their bank accounts.

“Why should I leave my money in Cyprus?” said an investment banker who for the past two days had been withdrawing the maximum 2,000 euros he was allowed from his foreign bank account in Nicosia. “I have

already instructed my bank to send my entire savings to London when the banks open on Tuesday. A precedent has been set — what is to stop them from doing this again?”

The contentious talks over how to rescue Cyprus have continued for more than six months and only accelerated in the wake of an election last month that brought into power a new government that promised to impose the austerity measures required by Europe.

But when it came to losses for depositors, the government had assured the public as late as this past Friday that this was a red line that would not be crossed.

In the capital, Nicosia, the long lines at cash machines Saturday disappeared temporarily — mainly because A.T.M.'s had been drained of cash. But on Sunday, at a main branch of Laiki Bank — one of Cyprus's two major financial institutions — employees were seen inside the darkened building hovering over computers and filling machines with bills.

As word got out, groups of people arrived in a steady stream to withdraw money, but not before expressing anxiety over what they said were decrees from Brussels and Berlin that would have implications far beyond Cyprus's shores.

The general feeling was that European leaders were using Cyprus to test whether confiscating deposits would work, before possibly applying it more widely.

“They are trying to make an experiment with a small country,” said Stefan Kourbelis, a manager at the Centrum Hotel in Nicosia's main square, echoing a widely held view. “If it works, the next one could be Spain, Italy and others. If things go badly, they can just say, who cares about Cyprus?”

Liz Alderman reported from Nicosia, Cyprus, and Landon Thomas Jr. from London.

## Terror Haven in Mali Feared After French Leave

By [ERIC SCHMITT](#)

NEMA, Mauritania — With [France](#) planning to start withdrawing its troops from [Mali](#) next month, Western and African officials are increasingly concerned that the African soldiers who will be relied on to continue the campaign against militants linked to [Al Qaeda](#) there do not have the training or equipment for the job.

The heaviest fighting so far, which has driven the militants out of the towns and cities of northeastern Mali, has been borne by French and Chadian forces, more or less alone. Those forces are now mostly conducting patrols in the north, while troops sent by Mali's other regional allies, including Nigeria and Senegal, have been slow to arrive and have focused on peacekeeping rather than combat, prompting grumbles from Chad's president, Idriss Déby Itno.

The outcome of the fighting in Mali carries major implications not only for France, but also for the Obama administration, which is worried that Al Qaeda in the Islamic Maghreb and other militant groups could retain a smaller but enduring haven in remote mountain redoubts in the Malian desert.

To help the French, the United States began flying unarmed surveillance drones over the region last month from a new base in Niger. And the administration has spent more than \$550 million over the past four years to help train and equip West African armies to fight militants so that the Pentagon would not have to. But critics contend that the United States seems to have little to show for that effort.

Turning Mali's own fractured army into a cohesive and effective force would entail "a huge amount of work," according to Brig. Gen. Francois Lecointre of France, who is leading the effort to retrain Mali's Army. As if to underscore the point, a group of Malian troops briefly abandoned their posts recently and fired shots in the air to demand a deployment bonus.

Here in the southeastern corner of Mauritania, about 100 miles from the border with Mali, an exercise conducted this month by the United States military to train African armies to foil ambushes, raid militant hide-outs and win over local populations offered the administration more reasons for worry, as well as some encouraging signs.

The exercise offered a rare glimpse into the strengths and weaknesses of several of the African armies that are poised to help take over the mission in Mali. In a few weeks, the United Nations Security Council is expected to decide whether to authorize a peacekeeping force for Mali and how to compose it.

"It's possible these troops would go to Mali," said Lt. Col. M. Dieye of Senegal, commander of a platoon of special forces soldiers who took part. His nation, like Chad, Niger, Burkina Faso and Nigeria, joined the exercise and have also sent troops to Mali. "Now we've worked together with other African troops, like we would in Mali," he said.

The French-led operation in Mali has killed scores of militants and destroyed many weapons caches, and France has said it will not withdraw until the threat from the militants is vastly diminished. Even so, some Western officials say the African troops in Mali will be up against guerrilla fighters with far more experience in desert warfare than they have.

"No amount of exercise or training in the next couple weeks or months can, in itself, prepare African forces for their new role in Mali," said Benjamin P. Nickels, a counterterrorism specialist at the National Defense University's Africa Center for Strategic Studies in Washington. "An ongoing commitment will be required."

France has already delayed its withdrawal by at least a month, amid fierce fighting against a major militant stronghold. The French had some 1,200 soldiers in that battle; along with 800 troops from Chad, they have been focusing their efforts on a 15-mile zone in the Adrar des Ifoghas, the rocky, barren mountains near Mali's border with Algeria.

The French are likely to maintain a small counterterrorism force in Mali after withdrawing most of their 4,000 troops from the country, diplomats say. The bulk of the peacekeeping duties will shift to African troops, with the growing likelihood that they will operate under a [United Nations](#) mandate.

But in a sign that Western officials are worried about whether the Africans will be up to the task, some diplomats are suggesting that the United Nations approve a heavily armed rapid-response force of up to 10,000 troops to ward off any resurgent Islamist threat in Mali. Chad, which has 2,200 soldiers in Mali and decades of experience in desert warfare, would probably supply the core of any peacekeeping mission.

The United Nations secretary general, Ban Ki-moon, is expected to submit his peacekeeping recommendations to the Security Council by the end of March, and diplomats anticipate a vote as early as mid-April.

Mali's own army, which toppled the country's civilian government early last year, is "very much underequipped," said General Lecointre, who is leading the European Union mission to retrain the Malian troops beginning April 2. "It is the army of a very poor country."

When the militants took advantage of the chaos caused by the coup to seize the northern half of the country, some Malian soldiers defected to the rebels and others fled rather than confront them. Malian soldiers who joined with French troops in January to reclaim three main northern cities from the militants have been accused in recent weeks of committing atrocities, including summary executions of suspected insurgents.

Against this backdrop, the American-led training exercise that concluded here on March 9 took on greater significance, even though it was not specifically designed to address the conflict in Mali. Annual exercises that the Pentagon calls Flintlock have been staged in northwest Africa since 2006; last year's installment was scheduled to be held in Mali, but it was but was canceled because of the coup.

This year, more than 600 African troops and 400 Western trainers and support personnel, including about 250 Americans, trained at this dusty crossroads town, as well as in two other major towns in southern Mauritania, Kiffa and Ayoun.

For three weeks in temperatures soaring well above 100 degrees, African soldiers in groups of a dozen to two dozen teamed up with advisers from the United States or NATO allies like Spain, Italy, France or the Netherlands to practice marksmanship, patrol harsh desert terrain and resupply those patrols with airdrops.

"You have to be able to shoot, you have to be able to move, you have to be able to communicate, but most importantly, you have to be able to think," said Col. George Bristol of the Marine Corps, the senior American Special Operations officer on the ground during the exercise.

If the daily training honed the Africans' tactical skills, it also revealed weaknesses that insurgents could exploit, Western advisers said. Most African armies are small, with little money to buy modern gear, to train regularly or to set up systems to provide spare parts when equipment breaks down.

The African troops here learned to improvise with materials at hand. During one airdrop, for instance, Mauritanian soldiers used a large plastic tarpaulin as a makeshift parachute to successfully deliver supplies from a small propeller-driven airplane.

"We don't need them to be as good as us, just better than the bad guys," said one American officer who, under the ground rules for the exercise, would not be identified.

The training scenarios emphasized teamwork. In clear, searing weather one late afternoon, about two dozen troops in khaki camouflage uniforms, members of Mauritania's presidential security platoon, gathered near



some trees at one end of a small windswept valley. Suddenly, half the Mauritians raced forward across open ground, firing their AK-47 rifles, while the others stayed back to provide covering fire. Then the roles reversed. Their objective was a mock militant encampment a few hundred yards down the valley, designated by several paper targets.

From a ridge above, Senegalese special forces soldiers also opened fire on the enemy camp, which in an actual raid would be intended to draw the militants' attention away from the Mauritians.

"Good sustained, controlled fire," Colonel Bristol said after watching the maneuvers from a rocky hilltop.

For Mauritania, a vast, parched nation of about three million people at the western end of the Sahara that straddles the divide between largely Arab North Africa and black West Africa, playing host to this year's exercise underscored its commitment to combat Al Qaeda in the Islamic Maghreb, diplomats and commanders said.

Since 2005, Qaeda fighters have kidnapped and murdered Western tourists, aid workers and Mauritanian soldiers in the country, and have attacked foreign diplomatic missions in Nouakchott, Mauritania's oceanside capital.

The Mauritanian military, which has staged two coups since 2005, says it is vying with militants for the trust of the country's civilian population. "Their main strength is their ability to lock in with local populations, spread out, and make it very hard to be pinpointed," said Col. Mohamed Cheikh Ould Boyde, the senior Mauritanian officer during the exercise, who has trained in France, Tunisia and the United States.

"One of our biggest challenges," the colonel added, "is separating the corn from the husk, so you can target the right people."

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## As Government Stands Firm, Analysts See Risk of New Recession in Britain

By [JULIA WERDIGIER](#)

LONDON — As George Osborne, the chancellor of the Exchequer, prepares this week to update Parliament on his plans for the economy, the prospect of stagflation is back to haunt Britain.

Recent disappointing economic data coupled with rising consumer prices have heightened fears among some economists that Britain is once again edging closer to a recession, leaving Mr. Osborne and his austerity plan increasingly isolated.

Calls for Mr. Osborne to take a break from his relentless efforts to balance the budget and instead find ways to get economic growth back on track intensified in advance of the annual budget, which he is to present to Parliament on Wednesday. Even within his own Conservative Party and among members of the government's junior coalition partner, the Liberal Democrats, lawmakers have started to suggest that it time for a new approach.

"The pressure is mounting on Mr. Osborne," said Simon Wells, an economist at HSBC. "He's been in the job almost three years, and over this period the economy has grown by a measly 1 percent." That compares with 4.9 percent growth in the United States during that span, 3.7 percent in Germany and 1.7 percent in France, according to Mr. Wells.

"With an election looming in 2015, he needs growth if he is to stabilize the public finances, and he needs it soon," Mr. Wells said.

Some lawmakers and economists suggested that Mr. Osborne should use the budget update to announce a slight increase in borrowing to invest in infrastructure, education and other projects that would help revive growth. But the government is widely expected to stick with its plan of balancing the books within five years, even as a deteriorating economy makes achieving that goal more difficult.

"This month's budget will be about sticking to the course, because there's no alternative," Prime Minister David Cameron said in a speech last week.

In January, Britain's industrial production surprisingly fell to its lowest level in 20 years, reviving concerns that the country could fall back into a recession for the third time in little more than four years. A dismal economic outlook had pushed the [pound](#) to the lowest level against the dollar in nearly three years; that makes imports more expensive and threatens to increase inflation that is already above the E.U. average. Higher consumer prices in turn would further cut spending power.

Irfan Aslam, the founder of Global Components, a British supplier of bolts, textiles and other components to the local furniture industry, said the weak pound had already hurt his business by making parts he buys in the United States and Europe more expensive.

"It's having a real detrimental effect on the business," said Mr. Aslam, 37. "It forces us right to the edge."

Mr. Aslam had to postpone plans to expand his warehouses and hire staff members and said he might be forced to pass price increases to his customers. "Demand is weak anyway, and we should be thinking about offering promotions to create demand, but we can't. We're actually thinking about increasing prices," he said.

The government and the Bank of England had welcomed a weaker pound, arguing it would help the economy by making British exports cheaper. But the recent slump of the currency against the dollar, as well as the euro,

prompted Mervyn King, governor of the Bank of England, to change his tone. In an interview with the television channel ITV on Thursday he said the pound was now “properly valued,” indicating a further decline was not desirable.

Ha-Joon Chang, an economist at the University of Cambridge, said Britain had failed to generate a trade surplus despite the relatively weak pound because the country was unable to produce enough valuable goods that could be exported. Britain’s economy shrank 0.3 percent in the final quarter of last year and is expected to grow 1 percent this year, according to the International Monetary Fund.

The opposition Labour Party has been pointing to the weak economic growth as evidence that Mr. Osborne’s austerity plan — which has included some tax increases, the elimination of tens of thousands of public sector jobs and cutting social benefits — was not working. Austerity is choking the economic recovery, opposition lawmakers have argued; they say the government needs to increase spending to fuel growth.

Mr. Cameron has repeatedly rebuffed such criticisms and instead blamed the euro zone and higher fuel costs for the troubles. But in an embarrassing gaffe this month, Mr. Cameron quoted the Office for Budget Responsibility, an independent group that provides economic forecasts, as being “absolutely clear” that the deficit reduction plan was not responsible for Britain’s economic difficulties, only to be contradicted a day later by the O.B.R. chairman, Robert Chote.

The group’s forecasts “incorporated the widely held assumption that tax increases and spending cuts reduce economic growth in the short term,” Mr. Chote wrote in an open letter.

The success of Mr. Osborne’s plan to eliminate the budget deficit by 2017 has hinged on the strength of the economic recovery. But sluggish growth last year has already forced Mr. Osborne to acknowledge, which he did in December, that it would take a year longer — well into 2018 — to achieve his target of balancing the budget. Disappointing tax revenue and rising benefit payments have made his job more difficult.

And yet, the Cameron government has been sticking to its plan, arguing that anything else would raise concerns among investors about Britain’s ability to pay its debt, which would drive up borrowing costs. Taking on more debt — even short-term — was not an option. There was no “magic money tree,” Mr. Cameron said in his speech.

Some economists expect Mr. Osborne to turn to the Bank of England to pump more money into the economy. The central bank has already poured in £375 billion, or \$562 billion, over the past four years by buying assets, mostly government bonds, and it is expected to buy more soon.

Mr. Osborne could perhaps ask the Bank of England on Wednesday to adopt a more flexible approach starting in July when Mark Carney, the head of the Canadian central bank, is to take over as governor of the Bank of England. The central bank, on its own, could also focus more on reviving growth than on reducing inflation to its target of 2 percent, some economists said.

Mr. Cameron has already hinted that he would welcome interest rates that remained close to the current record low of 0.5 percent. A sharp rise in interest rates would do “unthinkable damage” to Britain’s economy, he said in the speech last week.

Meantime, opposition is brewing even within the government’s ruling coalition to Mr. Osborne’s reluctance to consider alternatives to debt reduction. Vince Cable, the business secretary and member of the Liberal Democrats, wrote in an article earlier this month that more borrowing to finance projects like new schools or roads could revive growth.

## 2 Tire Factories With Different Trajectories Reveal Social Schisms in France

By [STEVEN ERLANGER](#)

AMIENS, France — This is a tale of two factories, across the road from each other in north Amiens, both owned by the same company, Goodyear Dunlop Tires France. But one, Goodyear, is scheduled to close after the union workers there refused to agree to new working conditions, which they argued were too harsh and benefited only the company. The other, Dunlop, has a promising future, and the company treats it very differently.

Legally separate from the Goodyear factory since 2008, the Dunlop plant continues to make high-quality passenger tires for the upper segment of the market. But at Dunlop, the unions agreed to changes in their work schedules while the unions at Goodyear have refused.

The new system preserves the 35-hour week, but it puts workers on a cycle of six-day and four-day weeks, with shifts that can include weekends and nights. It puts new strains on the workers, but it saves the company money and, of course, preserves jobs.

In return for the new labor agreement, said the general manager of Goodyear Dunlop Tires France, Henry Dumortier, the company invested in newer machinery to make higher-value tires, while the Goodyear plant, whose workers rejected the new work rules, is losing about \$78 million a year.

Dunlop is producing fewer tires than before, trying to match its output to the general European slowdown in car sales, now at a 20-year low. But its 940 jobs seem safe, for now, since it is producing tires that Mr. Dumortier says fit the needs of the market.

The story of these two factories might have emerged from Ohio in the 1980s. But it is emblematic for a France that today is itself at a kind of crossroads, trying to preserve both its industrial base and its traditional economic and social model — generous social welfare and health benefits and strong job protections — while coping with a stagnant economy, rising competition and an aging population.

The fight over Goodyear also highlights the troubles faced by France's Socialist president, François Hollande.

In last year's campaign, he promised to create jobs, restore growth and reduce the budget deficit. But with national unemployment at record levels, the economy near recession and the government faced with finally making spending cuts to try to reduce its budget deficit to 3 percent next year — having failed in its vow to do so this year — Mr. Hollande is facing what *Le Monde* last week called “the hour of doubt.” The magazine *Marianne* asked simply: “Has Hollande already failed?”

“Under a government of the left it's no different,” said Michael Mallet, 35, a 13-year veteran worker at the Goodyear plant and an official of the dominant union CGT, the most militant in France. “They don't help us more than before, and it's more complicated. Under the right we felt freer to demonstrate. The riot police are still protecting our bosses.”

Goodyear, he said, just wants to shut the plant and blame it on the unions, a charge the company denies. His colleague, Franck Jurek, 44, has worked at the plant for 18 years. “We're considered rebellious,” he said. “We're called ‘the Gaulois village,’ ” resisting the Romans to the end, as in the famous *Astérix* story.

In a way, said Claude Dimoff, a former union leader, “their struggle is folkloric.” But it is not expected to end well, he said, throwing another 1,200 people out of work in a depressed area, 75 miles north of Paris, that had a small riot last August and has an unemployment rate of 12 percent.

Goodyear announced in January that it would close the 53-year-old plant, arguing that it could no longer make passenger tires at a competitive price and that the refusal of the unions to alter work schedules was making its production of tires for agricultural machines unprofitable as well.

With no union deal to phase out passenger tire production, negotiations to sell the plant to Titan International had fallen apart, and new efforts by the Socialist government to entice Titan to return [produced an extraordinary polemic](#) that reflected badly on the image of France.

“How stupid do you think we are?” Maurice M. Taylor Jr., the head of Titan, wrote to Arnaud Montebourg, the minister of industrial renewal.

Mr. Taylor said he had visited the north Amiens factory several times. “The French workforce gets paid high wages but works only three hours. They get one hour for breaks and lunch, talk for three and work for three. I told this to the French union workers to their faces. They told me that’s the French way!”

Mr. Montebourg, who as a presidential candidate last year campaigned for the “deglobalization” of France, held his fire, but not for long. He told Mr. Taylor: “Your extremist and insulting remarks are a testament to a perfect ignorance about our country.” Mr. Montebourg insisted that France is open to foreign investment, wins a lot of it and that French workers work hard.

The fireworks were entertaining but damaging to France’s reputation, especially among foreign companies considering investment here and already concerned about increases in corporate and personal taxes. Some highly paid executives are moving abroad or considering doing so.

There was some French hand-wringing, too, about the confrontational attitudes of unions, especially the traditionally Communist CGT, and the effort of governments to try to beat back the waves of competition with subsidies, as France loses competitiveness because of high charges paid by companies for social benefits and pensions as well as rigidity in the labor market.

Ministers privately worry about a new wave of strikes unless the economy improves. Bruno Palier, a scholar who studies employment issues at the Institut d’Études Politiques in Paris, said that “France spends much too much energy, time and money trying to save industrial sectors in decline” and not enough investing in new technologies.

But Mr. Hollande is a politician first, aides say, and is cautious about moving quickly in any direction. He knows the economic problems of France, they insist, but is mindful of the example of Mario Monti, the departing prime minister of Italy, who made many of the right, if painful, policy moves to help fix the Italian economy and was rewarded with 10 percent of the vote in last month’s elections.

“France being France, any sudden change of course can seem politically and socially untenable,” said Sony Kapoor, the managing director of the economic research group Re-Define. “While the broad direction and course need to be shifted, it doesn’t need to be done in a way that is politically and socially unsustainable.”

France still has high domestic demand, compared with many struggling euro zone countries, and is less dependent on exports than Germany. “So change in France is very important, but the urgency is somewhat less,” Mr. Kapoor said.

At the Goodyear plant, Mr. Mallet and Mr. Jurek think that the Dunlop workers made a “grave mistake” by agreeing to the more flexible schedule. For now, they are trying to create a workers’ cooperative to take over from Goodyear and keep the plant alive.

Mr. Dumortier said that Goodyear had not seen such a proposal, “but we are open and will evaluate it with care,” although he warned that the plant would need large new investments to be competitive. The company is talking with the workers, he said, on how to manage the eventual shutdown of the plant.

Mr. Dimoff, 60, spent 40 years as a militant union leader and reluctantly supported the flexible schedule at Dunlop, for which he was exiled from the CGT. He has no doubt that the Dunlop workers made the right choice, and thinks that the idea of a workers' cooperative at Goodyear is doomed, because the workers will not find the money needed to make the plant competitive.

Mr. Dimoff admires the fighting spirit of the Goodyear workers but says he feels sadness. "It's sad," he said, "because the factory could have been saved."

And he feels a larger sadness, too. "I'm part of a generation that experienced 'the common program of the left,' " he said. "We had visions for the future, and different values, but all this is forgotten. The left has completely deviated from its promises."

Maïa de la Baume contributed reporting.

## Cyprus Rescue Risks Backlash

**Unprecedented Move to Levy Fee on Island's Bank Accounts Stokes Worry in Euro Zone; Asian Markets Open Lower**

By [GABRIELE STEINHAUSER](#) in Brussels, [MATINA STEVIS](#) in Nicosia, Cyprus, and [MARCUS WALKER](#) in Berlin

The euro zone took the unprecedented step of taking a bite out of depositors' accounts in Cypriot banks to help pay for its bailout of the island's financial system, a high-risk decision that could erode savers' confidence across the currency bloc and add to popular anger over its handling of the crisis.

The decision to raise €5.8 billion (\$7.6 billion) from taxes on depositors—including individuals with small amounts in their accounts—risks a political backlash for the newly elected center-right government on the Mediterranean island and a wider political fallout for the euro-zone leaders who are guiding the bloc's crisis strategy.

Asian shares and the euro fell sharply in early trading Monday as markets reacted to the bailout. Japan shares dropped 2.1%, Hong Kong fell 2.0% and Australia fell 1.4%. "The feeling is that the euro crisis could be back and that you could see full-on contagion," said Shane Oliver, head of investment strategy and chief economist at Amp Capital in Sydney. "But I suspect that we are going to hear reassurances from other countries."

A tax on depositors—6.75% on deposits up to €100,000, and 9.9% above that level—was the only way out for the bloc's finance ministers after Germany, the euro zone's biggest economy, and the International Monetary Fund insisted that financial aid to Cyprus should be limited to €10 billion.

With the money due to have been withdrawn electronically from bank accounts over the weekend, politicians in Nicosia were discussing how they might adjust the levy to make it appear fairer. Monday is a public holiday on the island, when banks are closed, but European officials said contingency plans were being put in place to calm any turmoil in the country's financial system when the banks eventually reopened.

Since the global financial crisis began in 2008, few European bank depositors have taken losses. Denmark forced some large depositors to do so in 2011, when two midsize lenders collapsed. Iceland also decided not to repay foreign depositors when it suffered a bank crisis in 2008—although the British and Dutch governments stepped in to make sure savers didn't incur losses. In 1992, Italy imposed a small tax on its depositors.

As the currency union's finance ministers, the IMF and the European Central Bank worked to contain the cost of the bailout, officials early Saturday morning crossed a red line they had avoided during the five-year financial crisis: making depositors pay for saving their banks.

To get there, the ECB threatened to send Cyprus's two biggest banks into liquidation, a move that would have sunk the island's financial system and, its president warned, could have led to its euro-zone exit.

European officials on Sunday emphasized that the levy was a one-time tax for Cyprus—based on the huge size of its banking system compared to the relatively puny size of the country's economy—and wouldn't be replicated elsewhere in the currency union. But the deal sends a signal to the rest of the euro zone that the bloc's richer nations are increasingly reluctant to transfer the costs of insolvent banks and governments onto the shoulders of their own taxpayers.

Over 10 hours of tense negotiations, euro-zone finance ministers hammered out the rescue for Cyprus, a nation of 800,000 people, an economy of less than €18 billion, and an opaque banking system with some €70 billion in deposits, many of them held by Russians and other foreigners.

But the final deal has triggered protests and cash withdrawals in Cyprus, where it imposes losses not only on rich Russians who took advantage of the island's lax bank rules, but also on ordinary Cypriot savers and companies.

"It was the worst time in my life. It reminds me of the invasion of the Turks in 1974," said a Cypriot official involved in the negotiations.

On Sunday, the government in Nicosia delayed the planned vote in Parliament to adopt the tax just three weeks after national elections because of questions over whether it could get a majority for the measures. That has raised doubts on whether banks can reopen as planned Tuesday.

This account of the negotiations in Brussels, the discussions that led to them and the expected fallout, is based on interviews with eight officials who participated in or were briefed on the talks.

Going into the meeting Friday afternoon, the challenge was big: An initial assessment of Cyprus's finances in January revealed a financial shortfall of around €17.5 billion—€10 billion of that just for its two biggest banks: Laiki Bank and [Bank of Cyprus BOCY.CP +3.48% PCL](#).

A bailout of the banks would have driven the country's debt load above 140% of gross domestic product, prompting demands from Germany and the IMF that depositors in Cypriot banks take on part of the burden. Those calls had encouraged many depositors to pull their money from Cypriot banks, or split them into several bank accounts to avoid breaching the €100,000 deposit-insurance limit under European Union law.

Amid fears of a bank run, Dutch Finance Minister Jeroen Dijsselbloem called an emergency meeting of his counterparts for Friday afternoon.

The timing would allow EU leaders, who held a planned summit in Brussels Thursday and Friday, to avoid the Cyprus conundrum. Crucially, however, Monday is a public holiday in Cyprus, which would give officials an extra day to implement decisions involving deposits.

Just after 5 p.m., finance ministers, IMF Managing Director Christine Lagarde, ECB executive board member Jörg Asmussen and the EU's economic-affairs commissioner, Olli Rehn, filed into a meeting room on the fifth floor of Brussels's Justus Lipsius, which houses the EU's ministerial meetings and summits. Cyprus's newly elected President Nicos Anastasiades stayed behind in the country's delegation room on the seventh floor, ready to approve or reject any potential deals.

Mr. Rehn was the first to make a specific proposal. To raise funds, Cyprus should impose a special levy on deposits, taxing accounts of less than €100,000 at 3%, those up to €500,000 at 5% and those above at 7%. Such a "solidarity levy"—the brainchild of Thomas Wieser, an Austrian who chairs technical discussion among euro-zone finance officials, and Mr. Asmussen—could avoid a straight "haircut" on deposits, which they feared could be too destabilizing for Cyprus and the rest of Europe. The tax would be applied to all Cypriot banks, not just the two in deep trouble.

But Ms. Lagarde had something else in mind. The IMF chief presented a much more radical plan, in which deposits above €100,000 in Laiki and Bank of Cyprus would have been cut by between 30% and 40%. The owners of senior bonds in the two banks would also have faced losses—a step that was ultimately rejected. That plan would have limited the international bailout to €10 billion and raise some €7.5 billion from depositors.

It quickly garnered the support of German Finance Minister Wolfgang Schäuble, as well as the delegates of Finland, the Netherlands and Slovakia—all countries with strong, bailout-wary parliaments.



## Uncharted Waters

Cypriot leaders will tax bank deposits and enact other measures in exchange for an international bailout.

### Size of Cyprus's bailout, by source



### Amount Cyprus has to raise, by source



\*According to WSJ sources; Note €1 = \$1.3 Source: WSJ reporting

Cyprus Finance Minister Michalis Sarris said losses on savings—whether through a straight-out haircut or a tax—weren't acceptable to his government. But Mr. Schäuble, who wanted Nicosia to raise at least €7.5 billion from depositors rejected his alternative proposals.

"We found the plan tough, but clean and quick," said one of the officials involved in the talks.

At around 10 p.m. Mr. Sarris went to brief Mr. Anastasiades, who approved a more limited levy: 3.5% on deposits below €100,000 and 7% on bigger accounts. At that moment, Cypriot officials took an unprecedented step: They decided to freeze all electronic transactions from the island's banks to prevent a last-minute pullout in case the deal was leaked. But when Mr. Sarris returned to the fifth floor to present that proposal, he found few takers. After another round of discussions, in which Mr. Schäuble demanded a tax of as much as 18%, Mr. Sarris was ready to accept a levy of 12.5% on deposits above €100,000 and 7.5% for smaller deposits.

He went back up to brief the president and Mr. Anastasiades rejected the deal, threatening to leave. At that point, around 1 a.m. a small group—including Ms. Lagarde, Mr. Rehn, Mr. Sarris, Mr. Schäuble, France's Pierre Moscovici, Mr. Asmussen and Mr. Dijsselbloem broke off into a separate room. It was then—as other ministers snoozed or played on their iPads—that Mr. Asmussen told Mr. Anastasiades that without a deal, Cyprus's two big banks faced insolvency, since they would have no prospect of European funds to repair their battered capital buffers, said people who were present. In that case, the ECB would no longer be willing to fund the banks with central-bank emergency liquidity, Mr. Asmussen said, these people said. The implication: The island's biggest banks might be unable to reopen after Monday's bank holiday.

Mr. Asmussen backed up the warning by calling ECB President Mario Draghi and letting him know the central bank might have to deal with the collapse of Cyprus's banks.

The ultimatum carried echoes of the ECB's threat to cut off emergency liquidity for Irish banks in late 2010, which forced a reluctant Irish government to accept a euro-zone bailout.

Mr. Anastasiades gave in, but insisted that no deposit be taxed at more than 10%. In a final round of talks, Mr. Sarris hashed out a compromise with the ECB's Mr. Asmussen, the IMF's Ms. Lagarde, Eurogroup head Mr. Dijsselbloem and the Commission's Mr. Rehn. The levies were settled upon, but levels were under discussion Sunday night in Nicosia, with the likelihood the rate for smaller depositors would be cut and those for larger ones raised.

"It's not a pleasant outcome, especially of course for the people involved," Mr. Sarris said Saturday morning. "But we believe that it is something that compared with other possible outcomes is the least onerous."

## The euro crisis

### A new threat

Mar 17th 2013, 22:25 by R.A. | WASHINGTON

73,98

BAIL-OUT weekends are back, but the latest rescue, of the tiny island of Cyprus, has crossed a rubicon in hitting bank deposits. At Schumpeter, a colleague [runs down the details](#):

The euro zone's bail-out of Cyprus, which was sealed in the early hours of Saturday, did get the bill for creditor countries down from €17 billion to €10 billion, as had been rumoured. But the way it did so was somewhat unexpected.

Almost €6 billion of the savings for taxpayers in euro-zone countries came from losses imposed on depositors in Cyprus's outsize banks. A one-off 9.9% levy will be imposed on all deposits over the insurance threshold of €100,000 before banks reopen after a bank holiday on Monday. That idea had been in the air for a while, not least because a lot of those uninsured deposits came from outside Cyprus, and from Russia in particular. The politics of saving wealthy Russians with money loaned by thrifty Germans were always going to be tricky.

What had not been anticipated was a 6.75% loss for savers with deposits in Cypriot banks below the insurance ceiling. Cypriots woke up this morning to find bank branches closed to them. By the time they will be able to get at their money, it will be too late. The offer of equity in banks to replace the value of their savings is meant to be a balm but it's not a choice they would have made. Why this decision was taken is not yet clear. The most plausible explanation is that the Cypriot government itself preferred to spread the pain rather than wipe out non-resident depositors and jeopardise its long-term prospects as an offshore financial centre for Russian and other money.

As the post goes on to note, in addition to the unfairness of the deal it seems an unnecessarily risky move. At present, most economic writers appear to be focused on the contagion risk: the possibility that depositors in larger economies might worry for the value of their savings, leading to panic and self-fulfilling crises elsewhere. On the face of things, that seems an unlikely scenario. Cyprus looks a unique case, both in terms of its circumstances and size. Bank runs in Spain or Italy would be fatal for the euro zone, and depositors there can reasonably expect leaders to go to great lengths to ensure that they don't occur. It is worth noting, of course, that when it comes to panic, expectations of what a government will do are less important than expectations of what fellow depositors will do. It would nonetheless be surprising to see a follow-on outbreak of deposit flight around the periphery.

The more damaging effect may be the continued erosion of faith in the legitimacy of democracy in the euro zone. As an intriguing *Wall Street Journal* [story](#) makes clear, European officials obtained an agreement on the deposit levy only after European Central Bank officials threatened to plunge Cyprus into financial disaster if they held out:

He went back up to brief the president and Mr. Anastasiades rejected the deal, threatening to leave. At that point, around 1 a.m. a small group—including Ms. Lagarde, Mr. Rehn, Mr. Sarris, Mr. Schäuble, France's Pierre Moscovici, Mr. Asmussen and Mr. Dijsselbloem broke off into a separate room.

It was then that Mr. Asmussen told Mr. Anastasiades that without a deal, Cyprus's two big banks faced insolvency, since they would have no prospect of European funds to repair their battered capital buffers, said people who were present.

In that case, the ECB would no longer be willing to fund the banks with central-bank emergency liquidity, Mr. Asmussen said, according to these people. The implication: The island's biggest banks might be unable to reopen after Monday's bank holiday.

Mr. Asmussen backed up the warning by calling ECB President Mario Draghi and letting him know that the central bank might have to deal with the collapse of Cyprus's banks.

The ultimatum carried echoes of the ECB's threat to cut off emergency liquidity for Irish banks in late 2010, which forced a reluctant Irish government to accept a euro-zone bailout.

As the piece notes, this is hardly the first time bail-out concessions and other policy changes have been extracted with threats of ECB retribution. This sort of hardball is the more worrying given the euro zone's failure to follow through on the institutional deepening everyone agreed was absolutely necessary to solve the crisis; that commitment has faded as bond yields have fallen.

Democracy will have its say yet. The deal is facing intense scrutiny in Cyprus and may be amended before final adoption; it seems probable that the contribution from small, insured depositors is reduced or eliminated. To accommodate further negotiations, banks in Cyprus may be shut beyond the Monday bank holiday—though open markets elsewhere might put intense pressure on all involved if an agreement isn't finalised quickly.

The Cyprus story may—will hopefully—be an unfortunate sideplot to the crisis rather than a Creditanstalt moment. But it hardly improves confidence in the euro zone's leadership and institutions.

## Euro zone crisis

### What will savers do?

Mar 17th 2013, 10:52 by Buttonwood

73,100

EARLY in the crisis, a wise ex-colleague wrote to say that "Savers will pay for the mess. They are the only ones that have any money left." No doubt, he will be nodding his head at the terms of the Cypriot bail-out deal. Schumpeter carried a very effective [dissection](#) of the plan yesterday and it is always possible that the deal might collapse; the parliamentary debate has been [postponed](#).

One has some sympathy for those trying to organise a rescue for a country where the banks are [many times the size](#) of its GDP, and where a lot of the depositors are foreign nationals. Cyprus's problems are not new, and the upper limit on insured deposits is common knowledge, so it is possible to justify a levy on deposits above the insured level. Taxing deposits below that level, however, is much harder to justify especially as it seems that senior bank bondholders will not lose out.

What incentives does this create for savers elsewhere? Cyprus will be described by the authorities as a one-off, to try and reassure the depositors of Portugal or Spain. But will Europeans believe that the authorities do not have sufficient money to make whole the depositors of tiny Cyprus but do have enough to bail out banks elsewhere?

People who don't trust banks, and keep their money under the proverbial mattress, will not be touched by this levy; in the past, such people have been regarded in the past as eccentrics. Not any more. The same applies to people who keep their money in the form of gold, and store it in a vault. Gold's price is, of course, variable; the price fall since October in dollar terms is more than 8%, the average of the two Cypriot levies. Still, there was a pick-up in retail demand for gold in the wake of 2008's banking crisis and there may be so again.

Finally, it is worth remembering the blog's underlying thesis that the developed world's debt will not be repaid in real terms, and will thus be defaulted on or inflated away. Our bank deposits are, of course, debt as far as the banking system is concerned. If the authorities hold real interest rates negative, as they are in Britain, for example, then the effect on the after-tax purchasing power of savers after two to three years, may be as big as the Cypriot levy.

## The Cyprus bail-out

### Unfair, short-sighted and self-defeating

Mar 16th 2013, 14:54 by A.P.

73,101

IT IS not a fudge, but it is still a failure. The euro zone's bail-out of Cyprus, which was sealed in the early hours of Saturday, did get the bill for creditor countries down from €17 billion to €10 billion, as had been rumoured. But the way it did so was somewhat unexpected.

Almost €6 billion of the savings for taxpayers in euro-zone countries came from losses imposed on depositors in Cyprus's outsize banks. A one-off 9.9% levy will be imposed on all deposits over the insurance threshold of €100,000 before banks reopen after a bank holiday on Monday. That idea had been in the air for a while, not least because a lot of those uninsured deposits came from outside Cyprus, and from Russia in particular. The politics of saving wealthy Russians with money loaned by thrifty Germans were always going to be tricky.

What had not been anticipated was a 6.75% loss for savers with deposits in Cypriot banks below the insurance ceiling. Cypriots woke up this morning to find bank branches closed to them. By the time they will be able to get at their money, it will be too late. The offer of equity in banks to replace the value of their savings is meant to be a balm but it's not a choice they would have made. Why this decision was taken is not yet clear. The most plausible explanation is that the Cypriot government itself preferred to spread the pain rather than wipe out non-resident depositors and jeopardise its long-term prospects as an offshore financial centre for Russian and other money.

Whatever the rationale, it is a mistake for three reasons. The first error is to reawaken contagion risk elsewhere in the euro zone. Depositors have come through the financial crisis largely unscathed. Now they have been bailed in, some of them in breach of an explicit promise that they can be sure of getting their money back even if a bank goes belly-up.

Euro-zone leaders will spin the deal as reflecting the unique circumstances surrounding Cyprus, just as they did the Greek debt restructuring last year. But if you were a depositor in a peripheral country that looked like it needed more money from the euro zone, what would your calculation be? That you would never be treated like the people in Cyprus, or that a precedent had been set which reflected the consistent demands of creditor countries for burden-sharing? The chances of big, destabilising movements of money (into cash, if not into other banks) have just shot up.

The second error is one of equity. There is an argument to be made over the principles of bailing in uninsured depositors. And there is a case for hitting everyone in Cypriot banks before any taxpayer in another country. But there is no moral imperative for whacking Cypriot widows and leaving senior bank bondholders untouched, as appears to be the case here; or not imposing any losses on sovereign-debt investors in Cyprus; or protecting depositors in the Greek operations of Cypriot banks, as has also happened. The euro zone may cloak this bail-out in the language of fairness but it is a highly selective treatment. Indeed, the euro zone's insistence that this is a one-off makes that perfectly plain: with enough foreigners at risk and a small enough country to push around, you get an outcome like Cyprus. (That is one reason why people are now wondering about the implications of this deal for little Latvia, also home to lots of Russian money and itself due to join the euro zone in 2014.)

The final error is strategic. The Cypriot deal has no coherence in the larger context. The euro crisis has been in abeyance for a few months, thanks largely to the readiness of the European Central Bank to intervene to help struggling countries. The ECB's price for helping countries is to insist they go into a bail-out programme. The political price of going into a programme has just gone up, so the ECB's safety net looks a little thinner.

The bail-out appears to move Europe further away from the institutional reforms that are needed to resolve the crisis once and for all. Rather than using the European Stability Mechanism to recapitalise banks, and

thereby weaken the link between banks and their governments, the euro zone continues to equate bank bail-outs with sovereign bail-outs. As for debt mutualisation, after imposing losses on local depositors, the price of support from the rest of Europe is arguably costlier now than it ever has been.

It is also hard to square this outcome with the ongoing overhaul of finance. The direction of efforts to improve banks' liquidity position is to encourage them to hold more deposits; the aim of bail-in legislation planned to come into force by 2018 is to make senior debt absorb losses in the event of a bank failure. The logic behind both of these reform initiatives is that bank deposits have two, contradictory properties. They are both sticky, because they are insured; and they are flighty, because they can be pulled instantly. So deposits are a good source of funding provided they never run. The Cyprus bail-out makes this confidence trick harder to pull off.

## Zyperns Banken bleiben bis Donnerstag geschlossen

18.03.2013 · Wegen der ausstehenden Entscheidung über eine Zwangsabgabe für Kontoinhaber bleiben die Banken in Zypern bis Donnerstag geschlossen. Nun wird offenbar auch über einen Freibetrag für Kleinsparer debattiert.

**Das Chaos ist zurück in der Eurozone: Die sprichwörtliche Tinte unter dem Hilfspaket für Zypern ist kaum getrocknet, schon sollen die Beschlüsse wieder geändert werden.** Denn der Ärger in Zypern über eine Zwangsabgabe besonders für Kleinsparer ist groß. Die Zustimmung des Parlaments in Nikosia ist so unsicher, dass eine Eilabstimmung inzwischen bereits um zwei Tage auf Dienstag verschoben wurde. Und die Verantwortlichen für den bisher einmaligen Schritt schieben sich gegenseitig die Schuld zu. Die zyprischen Banken werden vorerst bis Donnerstag geschlossen bleiben, um einen Ansturm auf die Banken zu verhindern. Dies teilte am Montag die zyprische Zentralbank mit. Damit soll verhindert werden, dass in großem Stil Geld abgezogen wird. Alle Bankautomaten funktionierten auf Zypern normal.

Nicht nur unter den Zypern, sondern auch unter ausländischen Anlegern dürfte die Verunsicherung groß sein. Zyperns Zentralbankchef Panikos Demetriades sagt den Banken des Landes einen „großen Abfluss“ von Geldern voraus.

Die Euro-Finanzminister hatten [in der Nacht auf Samstag ein Rettungspaket für Zypern geschnürt](#), das eine Zwangsabgabe aller Konto-Inhaber in dem Inselstaat beinhaltet, die damit an der Banken-Rettung beteiligt werden sollen. Sparer mit bis zu 100.000 Euro Einlagen müssen nach dem bisherigen Plan eine Abgabe von einmalig 6,75 Prozent zahlen, Kunden mit mehr als 100.000 Euro 9,9 Prozent.

### Abstimmung in Zypern am Dienstag

Für die Bürger Zyperns bleibt die Unsicherheit noch eine Weile erhalten. Das Parlament in Zypern wird erst am Dienstag über die umstrittene Beteiligung von Bank-Einlagen an dem EU-Rettungsprogramm entscheiden. Ursprünglich hatte das Parlament am Sonntag abstimmen wollen. Dies wurde aber erst auf Montag und nun abermals verschoben.

Nach Protesten wegen der Beteiligung der Sparer hat die Regierung in Zypern Nachverhandlungen dazu angemeldet. Eine Sprecherin des Bundesfinanzministeriums in Berlin sagte, die Euro-Finanzminister berieten noch am Montag in einer Telefon-Konferenz. [Befürchtet wird, dass Bankkunden nicht nur in Zypern massiv Vertrauen verlieren, sondern auch in anderen Euroländern mit Finanzproblemen - und dann Kapital dort abziehen.](#)

Zyperns Präsident Nicos Anastasiades hatte am Sonntag für das Rettungspaket geworben. Er habe die Zwangsabgabe im Gegenzug für die internationale Hilfe akzeptieren müssen, da ansonsten dem Staat die Insolvenz gedroht hätte. Zugleich bemühte sich die Regierung angesichts der massiven Proteste um eine Änderung der Rettungsvereinbarung in letzter Minute.

### Debatte über Freibetrag

Wie eine den Beratungen nahestehende Person berichtete, führte die Regierung in Nikosia Gespräche mit den Geldgebern, um die Höhe der Sondersteuer zu verändern. Bei den Verhandlungen gehe es um die Möglichkeit, Konten mit weniger als 100.000 Euro nur mit 3,0 statt wie geplant mit 6,7 Prozent zu belasten. Zum Ausgleich solle die Belastung für größere Guthaben auf 12,5 Prozent von den bislang vereinbarten 9,9 Prozent steigen, hieß es weiter. Anderen Medienberichten zufolge sollen Vermögen oberhalb von 500.000 Euro mit 15 Prozent belegt werden.

Wenig später kursierten außerdem Berichte, nach denen die zyprische Regierung dem Parlament vorgeschlagen habe, einen Freibetrag von 20.000 Euro anzuwenden.

Dem Vernehmen nach ist es der deutschen Regierung gleich, wie sich der zyprische Eigenbeitrag zur Bankenrettung zusammensetzt. „Es liegt in den Händen der Zypriern, über die Struktur zu entscheiden“, sagte auch der deutsche EZB-Direktor Jörg Asmussen. Es müsse allerdings dabei ein Beitrag von 5,8 Milliarden Euro zusammenkommen.

Zyperns Präsident Anastasiades schlug neben eine Veränderung der Abgabenstruktur vor, die von der Zwangsabgabe betroffenen Bankkunden mit Aktien der Banken zu entschädigen. Diese Anteilsscheine seien durch zukünftige Einnahmen aus dem Verkauf von Erdgas garantiert, erklärte er während einer Fernsehansprache.

## **Merkel beruhigt die deutschen Sparer**

Nach der Zwangsabgabe auf zyprischer Bankeinlagen hat Bundeskanzlerin Angela Merkel die Einlagen-Garantie für deutsche Sparer erneuert. „Es ist das Merkmal einer Garantie, dass sie gilt. Und den Worten der Bundeskanzlerin und des damaligen Finanzministers ist nichts hinzuzufügen“, sagte Regierungssprecher Steffen Seibert am Montag in Berlin. Zypern sei ein Sonderfall. Unruhe unter Einlegern und Sparern in anderen Euro-Ländern sei daher nicht gerechtfertigt.

Damit werden erstmals bei der Rettung eines Euro-Landes auch Kleinsparer herangezogen. Bundeskanzlerin Angela Merkel und der damalige Finanzminister Peer Steinbrück hatten im Oktober 2008 zum Höhepunkt der Finanzkrise gemeinsam eine Garantie für die Spareinlagen in Deutschland abgegeben.

## **Trittin: Erst Steuerschlupflöcher schließen**

Nicht nur in Zypern, auch in Deutschland ist die Zustimmung zum ausgedachten Rettungspaket offenbar nicht gesichert. Kritik kam beispielsweise vom Fraktionschef der Grünen im Bundestag, Jürgen Trittin. Er forderte in der ARD als Bedingung, dass zusätzliche Schritte ergriffen werden, um Steuerschlupflöcher in Zypern zu schließen. „Wenn es an dieser Stelle nicht noch zusätzliche Bewegung gibt, die das Steuerschlupfloch in Zypern zu machen (...) dann können wir nicht zustimmen“, warnte er. „Das muss noch tatsächlich auf den Weg gebracht werden“. Hiervon sei man jedoch noch um einiges entfernt.

Trittin nannte die Beteiligung von Einlegern an der finanziellen Rettung des Euro-Landes „im Grundsatz“ richtig. Allerdings müsse man darüber sprechen, ob diese Abgabe sozial vernünftig gestaffelt ist. „Man muss dann einfach sagen: Wieso nimmt man von denen, die sehr viel Geld haben, nicht 15 Prozent und stellt Sparer zum Beispiel unter 25.000 Euro (Einlagen) komplett von der Abgabe frei“, fragte er. Es sei besser, über eine solche Abgabe die Eigentümer großer Bank-Guthaben an der Sanierung zu beteiligen, als dies über Kürzungen im Haushalt letztlich dem „kleinen Mann“ vor allem aufzubürden, sagte Trittin. Einen Tabubruch durch diese Abgabe, die auch in anderen Krisenfällen in der Euro-Zone greifen könnte, sieht er nicht.

Auch der Vize-Chef der SPD-Bundestagsfraktion, Joachim Poß, hält die Abgabe für grundsätzlich richtig, wie er dem Bayerischen Rundfunk sagte. „Die Frage ist, ob man das nicht konzentrieren muss auf die Beträge jenseits der Höchstgrenze der Einlagensicherungssysteme von 100.000 Euro“, fügte er aber an.

## **Auch CDU- und FDP-Politiker fordern Entlastung von Kleinsparern**

Politiker von CDU und FDP bemängelten ebenfalls Teile des Hilfspakets. „Hier hätte man durchaus auch einen gewissen Freibetrag vornehmen können“, sagte Sachsens Ministerpräsident Stanislaw Tillich mit Blick auf den geplanten Zugriff auf die Einlagen auch von Kleinsparern. „Gerade die Kleinsparer dürfen nicht für die Schuldenkrise verantwortlich gemacht werden“, sagte Bundesgesundheitsminister Daniel Bahr (FDP). Die Ablehnung einer Freigrenze verstehe kaum noch jemand. Wenn jemand 10.000 oder 20.000 Euro in seinem Leben angespart und dafür Verzicht geleistet habe, verdiene er Unterstützung. „Herr Schäuble wird sich da noch bewegen müssen“, forderte Bahr.



**Allerdings hatte Finanzminister Wolfgang Schäuble am Sonntagabend betont, dass die Einbeziehung der Kleinsparer kein deutscher Vorschlag gewesen sei. Die Bundesregierung hätte vielmehr die Einlagensicherung respektiert, die für Konten bis zu 100.000 Euro gilt, sagte er in der ARD. Die Verantwortung dafür schob er der zyprischen Regierung, aber auch die Europäische Kommission und der EZB zu. Diese müssten die Lösung nun dem zyprischen Volk erklären.**

## **Russland überdenkt Kreditstreckung für Zypern**

Nach der Zwangsabgabe in Zypern wird Russland die geplante Kreditstreckung für das Land überdenken. Viele Russen haben ihr Geld in Zypern angelegt. Russland habe mit der Eurogruppe eine Vereinbarung gehabt, die jeweiligen Aktionen zu koordinieren, sagte Finanzminister Anton Siluanov nach einem Bericht der Nachrichtenagentur Interfax. Doch die jetzt beschlossene Sondergabe sei nicht mit Moskau abgestimmt worden. „Aus diesem Grund überdenken wir unsere Teilnahme, die in einer Kreditstreckung bestanden hätte“, sagte der Minister.

Zypern verhandelt mit Russland darüber, einen Kredit über 2,5 Milliarden Euro zu verlängern. Er war 2011 gewährt worden, als das Land effektiv den Zugang zum Kapitalmarkt verloren hatte. Das Darlehen wird 2016 fällig, doch Zypern will eine Streckung um fünf Jahre.

Nach Präsident Wladimir Putin kritisierte auch Siluanov die Zwangsabgabe als „unfair“. Die Abgabe habe nicht nur für die russischen Geldanleger in Zypern negative Folgen, sondern auch für die angeschlagenen Bankensystem in anderen Ländern der Eurozone, sagte der Minister. Für russische Finanzinstitute bedeutet die Abgabe nach Schätzungen der Ratingagentur Moody's eine Belastung von 2 Milliarden Dollar.

Zudem berichten zyprische Medien offenbar, dass der russische Rohstoffkonzern Gazprom bereit sei, mindestens eine der angeschlagenen zyprischen Banken zu kaufen. Ein zyprischer Regierungssprecher kommentierte allerdings, er habe bis „gestern Abend keine solche Information“ gehabt.

## Anti-Euro Party Mobilizes in Germany

**Merkel's Ruling Coalition Faces Test as Economists, Business Leaders Offer Conservative Voters an 'Alternative'**

By [WILLIAM BOSTON](#) in Berlin and [NINA KOEPPEN](#) in Oberursel, Germany

A prominent group of anti-euro German economists and business leaders has formed a political party to challenge Germany's support for euro-zone bailouts, a move that could test the ruling center-right coalition's hold on conservative votes in the fall general election.

With just six months until the election, the new party, which calls itself Alternative for Germany, is unlikely to gain enough traction to win seats in Parliament, analysts say. Yet even if the party comes in below the 5% threshold needed to win representation, it could still attract enough conservative votes to prevent a return of the current coalition government, a combination of Angela Merkel's Christian Democrats, their Bavarian sister party, and the pro-business Free Democrats.



Reuters

A supporter of the new Alternative for Germany party held a book titled 'Crime Scene Euro' at a meeting in Oberursel near Frankfurt last week.

If Ms. Merkel's coalition were to fail to garner enough support in the fall, she would likely be forced to reach out to the center-left Social Democrats, Germany's other mainstream political party, to form what Germans call a "grand coalition." While such a combination would enjoy a large parliamentary majority, it would likely force Ms. Merkel's party to abandon a more-conservative agenda.

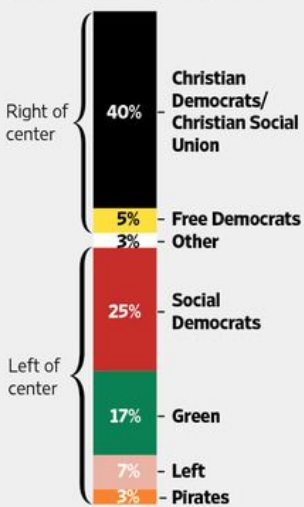
Ms. Merkel's party has gone on the offensive. "If this group criticizes our euro policies, we will stand firm," Volker Kauder, the head of the conservative parliamentary group, said last week. "There is an alternative to everything—even to the euro. But every alternative to the euro is much worse for Germany."

At an event outside Frankfurt to kick off their election campaign last week, the Alternative for Germany's leadership left little doubt about their objective.

"We are convinced that the euro zone should be dissolved," said Bernd Lucke, an Alternative for Germany leader who quit the CDU party to protest euro-zone bailouts.

## Stalemate

The latest poll data show no party would win a clear majority in Germany's next general election on Sept. 22



Note: No data on sampling or margin of error were provided.

Source: Infratest dimap poll on March 14  
The Wall Street Journal

Political analysts say it is too early to gauge how much support the new party would get. The Free Voters party, another anti-euro party, got just 0.5% of the vote in a recent state election. The Pirates, a ragtag party of Internet activists who won a series of state elections over the past two years and seemed headed for the national stage, have fizzled.

Germany's future path may well depend on how the euro crisis evolves in the coming months. Germans have largely supported Ms. Merkel's course despite widespread unease over the mounting cost of the bailouts. If Italy's political instability or other events lead to renewed financial-market upheaval and popular angst over the euro's future, crisis-weary Germans may be more likely to support the movement.

The TNS Emnid polling group last week released the results of a one-question survey that suggests there could be support for an anti-euro party. About 26% of those polled by Emnid for the weekly news magazine Focus said they could imagine voting for an anti-euro party, most of those first-time voters or disgruntled conservatives. The poll didn't mention Alternative for Germany. Analysts cautioned that voter openness to supporting such a party wouldn't necessarily translate into actual votes.

The new party's leadership is made up of a group of well-known euro-skeptics. The most prominent party backer is Hans-Olaf Henkel, a former chief executive of [IBM](#) [IBM -0.53%](#) Europe and former president of Germany's leading industry federation, the BDI. In 2010, Mr. Henkel became a leading euro critic with the publication of his book, "Save Our Money! Germany Is Being Sold Out—How the Euro Fraud Endangers Our Prosperity."

Others backing the party include Wilhelm Hankel, Karl Albrecht Schachtschneider and Joachim Starbatty, economists who have co-written books arguing for dissolving the euro. The three filed a complaint with Germany's Constitutional Court in 2010, saying Germany's support for rescuing euro member Greece violated the constitution and the treaty on monetary union's no-bailout clause. The court ruled against them in 2011. The euro critics continue to challenge the euro-zone bailouts in court. A final decision on a constitutional change to the European Stability Mechanism, or ESM, the euro zone's permanent bailout fund, is still pending and could come by July.

The party held its first public meeting last week in Oberursel, a suburb north of Frankfurt, Germany's financial center and home to the European Central Bank. More than 1,000 people packed into the wood-paneled

auditorium, so many more than expected that organizers couldn't begin the meeting until they had removed several room dividers to create space for the standing-only crowd.

Past anti-euro parties have appeared nationalist, often with links to the far-right, espousing a "Germany first" program and bashing Europe. Anti-European policies that flirt with the far-right don't go over well with German voters. That is why the Alternative for Germany is embracing Europe, but insisting that German support for covering the debt of other euro members should stop. Party leaders argue that in the interest of Europe, Ms. Merkel's drive for more European policy integration to bolster the euro must stop.

"The euro has proved to be a cause of great discord and polarization for Europe," Mr. Lucke said at the party's opening rally to a round of raucous applause.

The crowd at the rally consisted mainly of middle-aged men frustrated with the established parties. German political analysts describe this group as "Wutbürger," or "enraged citizens"—middle-class citizens who feel the established parties are selling them out.

Many of these people no longer vote, which gives Alternative for Germany a large pool of voters to mobilize, analysts said.

"These are not people who are in dire straits," said Gero Neugebauer, a political scientist from Berlin's Free University. "These are people who are afraid of losing their standard of living. That's why in the end, they will damage the Christian Democrats and the [Free Democrats] more than the [Social Democrats]."

March 17, 2013 8:25 pm

## Europe is risking a bank run



By Wolfgang Münchau

73,109

Creditor nations will now insist bank rescues must be co-funded by depositors

Sir Mervyn King once said it was not rational to start a bank run but rational to participate in one once it has started. The governor of the Bank of England was right, of course. On Saturday morning, the finance ministers of the eurozone may well have started a bank run.

With the agreement on a depositor haircut for [Cyprus](#) – in all but name – the eurozone has effectively defaulted on a deposit insurance guarantee for bank deposits. That guarantee was given in 2008 after the collapse of Lehman Brothers. It consisted of a series of nationally co-ordinated guarantees. They wanted to make the political point that all savings are safe.

I am using the expressions “in all but name” and “effectively” because legally, Cyprus is not defaulting or imposing losses on depositors. The country is levying a tax of 6.75 per cent on deposits of up to €100,000, and a tax of 9.9 per cent above that threshold. Legally, this is a wealth tax. Economically, it is a [haircut](#).

I myself had favoured a haircut, or tax, on deposits of more than €100,000 – the portion not covered by the deposit insurance guarantee. There is no moral or economic reason to protect foreigners who have decided to park large sums in a Cypriot bank account for whatever reason. Such a haircut would also have been in line with the philosophy of deposit insurance. Its purpose is not to provide absolute certainty, but to prevent bank runs, which is what happens when you go after small depositors. Well-designed deposit insurance schemes thus impose ceilings.

I just could not believe it when I heard that eurozone finance ministers went after the small [depositors in Cyprus](#). I understand the purely technical reason why they did it. The [eurozone could not agree a full bailout](#), which would have cost €17bn.

The Germans rejected a loan which they were certain Cyprus would invariably default on. So the sum was cut to €10bn. A depositor haircut was the only way to co-finance this. When they did the maths, they found the big deposits would not have sufficed.

So they opted for a wealth tax with hardly any progression. There is not even an exemption for people with only very small savings.

If one wanted to feed the political mood of insurrection in southern Europe, this was the way to do it. The long-term political damage of this agreement is going to be huge. In the short term, the danger consists of a generalised bank run, not just in Cyprus.

As in the case of Greece, the finance ministers said: “Don’t worry, this is a unique situation”. This is true only in a very narrow legal sense. The bond haircut in Greece is indeed different to the depositor haircut in Cyprus. And when they repeat this elsewhere, it will be unique once more.

Unless there is a last-minute reprieve for small savers, most Cypriot savers would act rationally if they withdrew the rest of their money simply to protect them from further haircuts or taxes. It would be equally rational for savers elsewhere in southern Europe to join them. The experience of Cyprus tells them that the solvency of a deposit insurance scheme is only as good as that of the state. In view of Italy’s public sector debt ratio, or the combined public and private sector indebtedness of Spain and Portugal, there is no way that these governments can insure all banks’ deposits on their own.

The Cyprus rescue has shown that the creditor nations will insist from now that any bank rescue must be co-funded by depositors.

The really puzzling thing is why did people not withdraw their money before? Did they not read the newspapers? Maybe they trusted the new president of Cyprus, who had promised them that he would never accept this? And why has there been so little deposit flight elsewhere in southern Europe? Did they, too, trust their governments? More importantly, will they continue to do so now?

There are some institutional impediments against bank runs within the eurozone. Some countries impose daily withdrawal limits, ostensibly as a measure against money laundering. Nor is it easy to open a bank account in a foreign country. In many cases, you need to have residency. You may need to travel there in person, and you need to speak the local language – or at least English.

But I would not take too much comfort from those impediments. Once fear reaches a critical mass, people will act, and then a bank run becomes a self-perpetuating process. There has been a lot of complacency about the eurozone crisis in the past eight months.

Many people even thought the crisis was over because Mario Draghi, president of the European Central Bank, gave a lender-of-last-resort guarantee. Bank depositors now understand that if the crisis was over, then that was only because the eurozone had found a new source of funding: their savings.

I have no idea whether or not there will be a bank run in the next few weeks. But surely it would be rational.

18. März 2013, 15:51 Uhr

## Enteignung in Zypern

### Das Versagen der Euro-Politiker

Ein Kommentar von Wolfgang Münchau

73,111

**Die Euro-Finanzminister werden Bankkunden in Zypern teilweise enteignen - diese Entscheidung ist der größte anzunehmende Unfall in der Währungsunion. Wer sein Ersparnis jetzt noch einer südeuropäischen Bank anvertraut, muss ziemlich naiv sein.**

Es war die mit großem Abstand dümmste und gefährlichste Entscheidung, welche die Politiker der Euro-Zone treffen konnten. Vielleicht lag es daran, dass sie sie völlig übermüdet in den frühen Morgenstunden trafen. Vielleicht lag es daran, dass sich in dem Raum zu viele Juristen tummelten, die sich an technischen Details festgehakt haben und dabei den Überblick fürs Ganze verloren. Europas Finanzminister haben das Zypern-Paket mit heißer Nadel gestrickt - und einen Flächenbrand ausgelöst.

Mit der Entscheidung, insbesondere die kleinen Sparer in Zypern zur Kasse zu bitten, haben die Finanzminister die akute Phase der Euro-Krise zurückgeholt. Denn jetzt haben Sparer nicht nur in Zypern, sondern in ganz Südeuropa einen sehr konkreten Anreiz, ihr Geld vor dem Zugriff des Staates zu retten. Weitere Zwangsentziehungen sind sicher. Sie drohen bald auch in Spanien und Italien. Der Run auf die Banken hat begonnen.

Der fatale Fehler war der Versuch, mit einem juristischen Kniff die Einlagensicherung für die Sparer auszuhebeln. Die Idee einer Einlagensicherung besteht darin, einen Run auf die Banken zu verhindern. Wichtig ist hier nicht die formaljuristische Natur der Garantie, ob direkt durch den Staat oder durch einen Solidarfonds, sondern ihre Glaubwürdigkeit. In Zypern und anderswo im Euro-Raum sind Einlagen bis zu 100.000 Euro versichert. Wenn jetzt der Staat ankommt und sagt: Ätsch Bätsch, wir knüpfen euch das Geld mit einem cleveren Trick ab, und zwar durch eine Vermögenssteuer, dann ist das Vertrauen weg. Formaljuristisch völlig korrekt wird so aus einer Einlagensicherung ein Einlagendiebstahl.

#### Sparer ziehen ihre Guthaben ab

Man hat die wirtschaftlichen Anreize einer solchen Entscheidung außer Acht gelassen. Die Börsen krachen, der Euro fällt, Sparer ziehen ihre Guthaben ab. Es kommt zu einer Kettenreaktion.

Im Falle Zyperns einigte man sich - zumindest vorläufig - auf eine beinahe flache Progression. Einlagen unter 100.000 Euro werden mit 6,75 Prozent besteuert, darüber mit 9,9 Prozent. Es ist ein Skandal, dass der zyprische Präsident Nikos Anastasiades sich hauptsächlich um die höheren Sparguthaben sorgte. Er wollte offensichtlich nicht die russischen Milliardäre verärgern oder diejenigen verjagen, die Zypern als sicheren Hafen für die Geldwäsche ausgewählt haben. Und so müssen die kleinen Anleger die Lücke schließen, die durch Anastasiades offensichtliche Solidarität mit Kriminellen entstanden ist.

Was mich aber noch mehr ärgert als das skandalöse Verhalten eines Präsidenten, ist die Komplizenschaft der europäischen Finanzminister. Sie hätten darauf bestehen müssen, die Steuern erst ab 100.000 Euro wirken zu lassen, um die Ansteckungsgefahr zu vermeiden.

Ich gehe davon aus, dass man bis Dienstag einen Freibetrag aushandelt oder die Zahlen etwas massiert, so dass das Parlament in Nikosia zustimmen kann. Der Schaden ist aber entstanden. Die ganze Welt weiß jetzt, dass Europas Finanzminister kein Problem damit haben, die Einlagensicherung auszuhebeln. Die unerwartet offene

Erklärung des Euro-Gruppenchefs Jeroen Dijsselbloem, wonach man gegenwärtig keine weiteren solcher Maßnahmen plane, spricht für sich.

### **Kettendynamik, von Zypern nach Griechenland, Portugal, Spanien und Italien**

Die Banken sind auch in Italien, Spanien und Portugal marode, in Griechenland sowieso. Diese Staaten sind zu schwach, um die Einlagensicherung glaubhaft zu garantieren. In Spanien gab es jetzt schon die ersten Forderungen nach einer Beteiligung der Kleinanleger. Bei nächster passender Gelegenheit wird man erneut das Zypern-Modell aus der Schublade holen und die Sparer zur Kasse bitten. Wer jetzt sein Geld nicht aus den südeuropäischen Banken abzieht, muss ziemlich naiv sein.

Um nach dieser Panne das Vertrauen wiederherzustellen, müsste man einen Schritt wagen, den man gerade in Berlin vermeiden will. Man müsste jetzt auf Ebene der Euro-Zone eine Einlagengarantie geben, und zwar ohne Kleingedrucktes. Ich kann mir nicht vorstellen, dass die Bundesregierung dazu bereit ist. Ich kann mir nicht einmal vorstellen, dass eine SPD-geführte Bundesregierung dazu bereit wäre.

Und damit sind wir jetzt wieder genau da, wo wir im Sommer vergangenen Jahres waren, bevor Mario Draghi die Märkte ruhigstellen konnte. Wir haben jetzt wieder eine Kettendynamik, von Zypern nach Griechenland nach Portugal nach Spanien nach Italien.

Und wir sind erneut wieder an einer dieser Weggabelungen angelangt, die Angela Merkel verhindern wollte. Entweder wir machen jetzt einen Schritt nach vorn in Richtung einer echten Bankenunion - oder den Schritt zurück vom Euro weg. Man wird natürlich weder das eine noch das andere machen, sondern weiter versuchen abzuwarten. Und mit jedem Verzug wird die Lösung teurer.

Leser dieser Kolumne wissen, dass ich den Euro stets befürwortete, einschließlich der Instrumente, die notwendig sind, ihn zum Erfolg zu führen. Aber irgendwann kommt der Punkt, an dem es nicht mehr moralisch ist, eine Währung aufrecht zu erhalten, wenn den Regierenden und den Parlamenten Wille und Einsicht fehlt, sie vernünftig zu managen.

Der Tag rückt näher, an dem man den Euro nur noch mit Panzern verteidigen kann. Und dann ist der Euro es nicht mehr wert, verteidigt zu werden.



## Cyprus: A rescue plan that will kill us

18 March 2013

[Cyprus Mail](#) Nicosia

73,113



**The EU and IMF have agreed a €10bn bailout of Cypriot banks, but the price to provide rescue funds is a tax on all deposits. This condition has stunned the tiny Mediterranean nation, with the Cyprus Mail accusing the new President and other member states of betraying the island.**

### [Cyprus Mail](#)

Even though the haircut of bank deposits had been on the agenda of the EU for more than a month now, featuring in Commission memos and being openly discussed by European politicians, most of whom refused to rule it out, few people thought the Eurogroup would go ahead with it. The prevailing view was that it was an idle threat to force Cyprus to privatise SGOs [semi-governmental organisations] and increase corporation tax.

And after all, President Anastasiades had emphatically declared in his inauguration speech that “absolutely no reference to a haircut on public debt or deposits will be tolerated,” adding that “such an issue isn’t even up for discussion.” Finance Minister Michalis Sarris made similarly reassuring statements, arguing that it would be lunacy for the EU to impose such a measure because it would threaten the euro system.

Germany and the leaders of the Eurogroup opted for this lunacy, calculating that Cyprus is too small and inconsequential for the haircut on its bank deposits to cause contagion in the eurozone [a 6.75 per cent tax will be imposed on deposits under €100,000, and a 9.9 per cent level on deposits above that limit]. Of course, the markets could view the decision differently, perhaps not when they open on Monday, but a few weeks later as it becomes apparent that not even deposits in European banks are safe from raids by the Eurogroup.

It is obvious from the statements made that Anastasiades was blackmailed into accepting what has euphemistically been called the ‘solidarity levy’. If he did not accept it, the European Central Bank would have refused to provide Emergency Liquidity Assistance to the Cypriot banks after the March 21 deadline (it had been extended by two months in January), the banks would have collapsed on the same day, and people would have lost much more of their deposits than the seven to 10 per cent that is to be taken now.

Was there an alternative for Anastasiades? Given the pressure for a political agreement by last Friday, it is difficult to say. All indications are that our EU partners had taken their decision before then, and this was why they scheduled the Eurogroup meeting to discuss the bailout on a Friday night. The Cypriot banks were to be

closed for three days [there is a public holiday on Monday March 18] during which all the steps for bailing in deposits could be taken, and the banks could re-open normally on Tuesday.

One deputy wondered on Saturday [March 16] whether it would have been better to allow the two banks that required liquidity assistance from the ECB to go under instead of accepting the haircut. But given the level of interdependence among the island's banks, the problem would not have been confined to two institutions, and the ensuing bank run would have spread. This will be Anastasiades' main argument in explaining why he agreed to the bail-in of deposits. The alternative would have been the collapse of the banks, state bankruptcy and exit from the euro.

Under the circumstances the president opted for the lesser of two evils, even though we doubt there would be many people who would give him credit for that. In effect, the EU offered a 'rescue package' that is designed to destroy rather than rescue what is left of the Cypriot economy.

## Cyprus bailout: 'Blackmail has replaced solidarity'

18 March 2013

73,115

Presseurop

Financial Times, Público, Trouw & 4 others



"For the banks." "For the Russians."

Mur/Süddeutsche Zeitung

By imposing a tax on bank deposits in exchange for a €10bn bailout package, the eurozone leaders have, at best, set “a dangerous precedent”, and, at worst dabbled in “blackmail,” writes the European press.

[The agreement](#) reached on March 16 between Cyprus, the Eurogroup and the IMF forecasts a 6.6 per cent tax on deposits of less than €100,000 and 9.9 per cent on those above that threshold. Blasted as “arbitrary,” an “expropriation” and even “hazardous”, the [measure](#) endangers the solidarity among the eurozone countries and even the free movement of capital within the EU, commentators point out.

Under the headline, “Europe botches another rescue,” the *Financial Times* [slams](#) the unexpected bank deposit tax, adding that “just as the eurozone had begun to set the right course in its struggle with an ever-mutating debt crisis, it relapsed into its old vice” —



However legal it may be, this rank violation of the spirit of deposit insurance – small savers in the EU are guaranteed that deposits up to €100,000 are safe regardless how moribund their bank – unforgivably betrays those with the most to lose and the least to answer for [...] Faced with a drowning member state, instead of throwing Cyprus a lifebuoy, leaders put a millstone around its neck. [...] The structure of Cypriot banks’ balance sheet meant some deposits had to be hit. But President Nicos Anastasiades’ claim that there is no

alternative to the current plan is an insult to the small Cypriot saver or business owner. [...] The risks for Europe are as significant. [...] The biggest risk is political. The prescription of universal austerity combined with kid-gloves treatment of big investors in banks is increasingly toxic to European voters. Leaders have just added fuel to the fire.

[For the Lisbon daily \*Público\*](#), the bailout plan is nothing less than “embezzlement” by the Eurogroup, which is accused of introducing confiscation and arbitrary practices into EU politics –



The words are already known. Once again, there was no alternative. Amongst all, this solution was the least "painful". But the unspeakable rescue to Cyprus approved by the Eurogroup ministers early on Saturday shows that the value of words in the European Union is suffering a sharp devaluation. Where once there existed European citizens with rights, there are now citizens whose bank deposits may be taxed without warning, as happened in Cyprus. [...] Arbitrariness and utter contempt by the European Union for the rules and values has become common. Given all that, what happened this weekend is a black day in Europe's history. [...] Democracy has become relative. And blackmail has replaced solidarity. Words have changed. This is the real crisis of Europe.

“A levy on savings is good, but expropriating money from Cypriots may prove devastating,” writes *Trouw*. While understanding the outrage, the Amsterdam daily thinks the Cyprus tax authorities have been very a “friendly” haven for savings and the island appears to be a “popular destination for black money.” The idea of easing the island's financial problems —



has much to recommend it. [...] But the agreement that was reached this weekend in Brussels, comes down to expropriation. Savers have simply lost part of their money. This applies not only to rich Russians, but also to small Cypriot savers.

Milan daily *Il Sole 24 Ore* [believes](#) that tapping into Cyprus accounts to guarantee a bailout is “a dangerous precedent that dents confidence.” “What will happen now to freedom of capital movement in the EU?” asks the paper?



Sure, the main contributor to the levy will be Russian capital, lured by a generous tax system [...] and a vague anti-money laundering law. But this isn't enough to dispel doubts over a risky move that is bound to leave a mark among savers, who have the heart of a rabbit, the legs of a hare and the memory of an elephant.

“A write-off to rescue,” [sums up Kommersant](#) in Moscow. By taxing bank deposits, “the EU has decided to save the Cypriot banking system by hitting on the Russian economy – without consulting Russia,” notes the paper, which estimates Russian assets in Cyprus to be about \$20bn [€15.43bn] out of a total of \$90bn [€69.46bn]. While President Vladimir Putin has called the bailout plan “unfair, unprofessional and dangerous”, Kommersant, however, believes that —



The Russian government has talked so much since 2011 about “de-offshorisation” of the Cypriot economy [that is to say, Moscow would like to repatriate back to Russia capital invested in countries like Cyprus] that it has no moral authority to condemn the most effective support for the government of Cyprus. [...] As the Russian Ministry of Finance has made the renewal of its credit to Cyprus conditional on the disclosure of information on those Russians who are doing well out of holdings in Cypriot companies, the hidden import of this “tax” is to preserve the status quo.

“No one can measure the consequences of this decision,” [writes Le Monde](#), including “the possible contagion effect from the Cypriot plan” —



The Europeans and the IMF have taken the risk of boosting mistrust in the single currency. On Monday morning, the stock markets and the euro were both down. Care should be taken that investors in Spain, Portugal, Ireland, and Italy will not in turn withdraw their savings, which have become decidedly less secure in the banks.

In Germany, the [Süddeutsche Zeitung](#) calls this “attack on savings” the “last taboo to be broken” in the euro crisis —



Of course, the situation was complicated. Negotiations for a rescue package for Cyprus went on for nine months, and nobody wanted to budge. [...] Germany is the largest economy in the euro zone, which implies the biggest financial responsibility, and when in doubt, it will have to pay the most. Conversely, this does not mean that Berlin has more weight in decisions affecting the euro. Germany is just one country among the seventeen

of the euro zone. The sums that France, Italy and Spain must pay are only a little lower than those paid by the Germans. But none of these countries has come up with the demand that little Cyprus be used as a trial run to test what happens when you break another taboo, and small savers are urged to pay up.

## European Press Review of 18/03/2013

### MAIN FOCUS

# Savers to bail out Cyprus

The Cypriot parliament is to decide today, Monday, on a compulsory levy for savers aimed at [fixing the country's public finances](#). The one-off payments were agreed together with the bailout for Cyprus at the EU summit on Friday. Commentators warn that this expropriation of the citizens could set a precedent and ask why the bailout isn't being covered entirely by the ESM instead.

Phileleftheros - Cyprus

## Solidarity no longer exists in Europe

The decision at the summit on Friday evening made it clear that [solidarity within the EU](#) has come to an end, the liberal daily Phileleftheros writes bitterly: "Our partners in the EU have pushed through extremely harsh and painful terms with their threats and blackmailing. Terms which were never discussed in the past and have never been imposed on another country with similar or even bigger problems. Our partners have tried to attack our country by forsaking any sense of solidarity and shamelessly exploiting the situation in which Cyprus finds itself. ... Now we have understood how little is left of the solidarity of the community. We have understood that all the talk of solidarity was just empty phrases and theoretical exercises used to fill in declarations and proclamations. Even if we never succumbed to the illusions, now we are wiser." (17/03/2013)

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

More from the press review on the subject [» EU Policy](#), [» Fiscal Policy](#), [» Banks](#), [» Cyprus](#), [» Europe](#)

Blog Sprengsatz - Germany

## Cyprus bailout destroys trust

Making small savers contribute to the bailout of their banks will destroy trust forever, also among savers in other European countries, Michael Spreng writes in his Blog Sprengsatz: "Now the savings of the ordinary citizens are at the mercy of the bailout policy. This will have an impact in Spain, Italy, Portugal and Ireland. Those who fear for their savings will start hiding them under the proverbial mattress again. But also in countries that are not directly affected by the crisis, people will start worrying about their deposits. In these countries the [effects of the bailout policy](#) have so far been on an abstract level - now they're suddenly very concrete. Cyprus has shown that guarantees can be annulled from one day to the next. ... If any desire to preserve trust remains, savings up to 100,000 euros must remain untouched. ... But even if the heads of government of the Eurozone show some consideration and revise their decision, confidence has already been shattered. And it will be difficult to restore it." (18/03/2013)

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

More from the press review on the subject [» EU Policy](#), [» Fiscal Policy](#), [» Cyprus](#), [» Europe](#)

All available articles from [» Michael H. Spreng](#)

eldiario.es - Spain

## A high-risk compulsory levy

The compulsory levy on savings for Cyprus's bailout is not just unfair, it won't even bring in much money and entails a high risk, Ignacio Escolar fumes in his blog with the leftist daily eldiario.es: "In its current form the measure is extremely unfair: it hurts only those who have money on their accounts and not those who invested in the stock market or in real estate. ... Cyprus is a small country with just over one million inhabitants, and the measure will only secure 5.8 billion euros. For this paltry sum they risk reviving the spectre of the euro collapsing which had already been put to rest. The queues in front of Cyprus's cashpoints are the best advertising for provoking a [bank panic](#) with potentially disastrous consequences. The message to all millionaires in threatened euro countries is clear: 'What are you waiting for? Get your money out of the country now if you haven't already done so.'" (18/03/2013)

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

More from the press review on the subject [» EU Policy](#), [» Fiscal Policy](#), [» Banks](#), [» Cyprus](#), [» Europe](#)

All available articles from [» Ignacio Escolar](#)

Il Sole 24 Ore - Italy

## Brussels has forgotten the ESM

Why does the EU have a bailout fund at all if it's not going to make use of it, the liberal-conservative business paper Il Sole 24 Ore complains: "Although the levy will mainly affect the [Russian investors](#) Cyprus wooed with tax incentives and lax anti-money laundering laws, this highly dangerous measure will engrave itself in the memories of ordinary savers. ... Would it not have made more sense to use the [bailout fund](#), the European Stability Mechanism [beyond the promised ten billion euros] for recapitalising the Cypriot banks, thus severing the bond between banks and government? Quite apart from the fact that the measure is incompatible with the free flow of capital within the EU. ... Cyprus's banks are lacking ten billion euros, four of which are a direct result of the Greek crisis and the debt haircut. But Brussels still hasn't learnt its lesson." (17/03/2013)

[» to the homepage \(Il Sole 24 Ore\)](#)

More from the press review on the subject [» Fiscal Policy](#), [» Banks](#), [» Cyprus](#), [» Europe](#)

All available articles from [» Vittorio Da Rold](#)

## Cypriot ministers delay vote, try to revise bank tax plan

18/03 15:05 CET

73,120

Ministers in Cyprus are rushing to revise a plan to seize money from private bank deposits as part of a 10 billion euro EU bailout.

The shock announcement, this weekend, of a blanket tax of 6.7 percent on all of the island's bank accounts broke with the standard practice that depositors savings were untouchable. It sent a shiver through the eurozone bloc, causing the euro to tumble and the markets to nosedive.

Ana Yanjosi, a Cypriot resident who was demonstrating against the levy, said:

**“We don't need anyone to do anything for us, we don't need to owe to other countries, and we don't want to be involved with this financial third world war that is happening right now. Because this is what is happening! And it is a war and we don't want Germany here and we don't want them to help us at all.”**

It's understood that, in an attempt to assuage public anger, the government plans to soften the blow on smaller savers by tilting a higher rate of tax towards those with greater savings. One idea being discussed would involve increasing the proposed tax for depositors with more than 100,000 euros in their account, while bringing in a tax-free threshold of up to 20,000 euros.

### Fears of a run on banks

Over the weekend, many Cypriots rushed to banks to withdraw as much of their money as possible. That has led to fears that bank customers in other countries hit by the euro crisis may do the same. US economist Paul Krugman wrote in the New York Times: “It's as if the Europeans are holding up a neon sign, written in Greek and Italian, saying ‘Time to stage a run on your banks!’”

Cypriot banks have many Russian depositors, and Russia has contributed 2.5 billion euros to Cyprus' bail-out loan. The surprise announcement of the bank account tax plan was met with raised eyebrows in Moscow, where a Kremlin spokesman said that President Vladimir Putin thought the measures “unfair, unprofessional and dangerous.”

The eurozone has indicated that changes are acceptable as long as the previously agreed return of almost six billion euros is maintained.



## Streit um Beteiligung der Kleinsparer: Verursacher des Zypern-Chaos schieben sich die Schuld gegenseitig zu

18.03.2013 · Nach der Entscheidung, zyprische Kleinsparer am Hilfsprogramm zu beteiligen, bestreiten fast alle wichtigen Teilnehmer des Treffens, für diesen Beschluss verantwortlich zu sein. Laut Schäuble, wollte der zyprische Staat und die EZB die Kleinsparer beteiligen. EZB-Direktor Asmussen sagt: Das stimmt nicht!

Von [Werner Mussler](#) und [Stefan Ruhkamp](#)

73,121



© AP/dpa Will es nicht gewesen sein: Finanzminister Schäuble

Die Entscheidung war schon am Wochenende in Deutschland in die Kritik geraten und wird wegen des Widerstands des zyprischen Parlaments voraussichtlich noch einmal geändert.

Bundesfinanzminister Wolfgang Schäuble (CDU) sagte, er habe nicht darauf gedrungen, auch Spareinlagen von weniger als 100.000 Euro mit einer Sonderabgabe zu belasten. Verantwortlich dafür seien die zyprische Regierung, die EU-Kommission und die Europäische Zentralbank (EZB). Diese hätten „sich für diese Lösung entschieden, und das müssen sie nun dem zyprischen Volk auch erklären“, sagte Schäuble in der ARD. Die Bundesregierung und der Internationale Währungsfonds (IWF) hätten dagegen „die Einlagensicherung respektiert“.

Die EZB und die EU-Kommission wiesen die Vorwürfe zurück. EZB-Direktor Jörg Asmussen sagte in Berlin: „Ich möchte betonen, dass es in den letzten Tagen nicht die EZB war, die darauf gedrungen hat, auf diese spezielle Struktur der Abgabe, die jetzt gewählt wurde. Sondern es war Ergebnis der Verhandlungen in Brüssel.“ Stimmen im Umfeld der EZB gingen noch weiter und sagten, Asmussen habe dazu geraten, Konten mit weniger als 100.000 Euro gar nicht anzutasten. In Finanzkreisen hieß es, das habe Zypern kategorisch abgelehnt, weil dann die Belastung für die vermögendere Bankkunden größer gewesen wäre. Präsident Nicos Anastasiades habe stattdessen die Abgabe für alle Konten ins Gespräch gebracht.

## Asmussen: Zypriener können genaue Struktur des Programms selbst entscheiden

Asmussen sagte, die EZB bestehe nicht im Detail auf diesem Modell, das Ergebnis von Verhandlungen gewesen sei. Die Zypriener könnten selbst über die Struktur des Programms entscheiden, solange die 5,8 Milliarden Euro zusammenkämen, mit denen Privatanleger an dem Paket beteiligt werden sollen. Ähnlich äußerte sich EU-Währungskommissar Olli Rehn. „Wenn die Verantwortlichen in Zypern die Abgabe aus sozialpolitischen Gründen anders staffeln wollen, werden wir das unterstützen, solange der Gesamtbeitrag derselbe bleibt“, sagte Rehn der „Financial Times“.



© AFP Wut über die Zwangsabgabe: Die Deutschen sind auch auf Zypern nicht

besonders beliebt

In Brüssel kursierten am Montag unterschiedliche Teilerklärungen für die [in der Nacht zum Samstag getroffene Entscheidung](#), auch Kleinanleger zu belasten. Sie sieht vor, Einleger mit Guthaben von mehr als 100.000 Euro mit einer Abgabe von 9,9 Prozent zu belasten, für geringere Guthaben sollen 6,75 Prozent fällig werden. Richtig an Schäubles Darstellung ist, dass die Bundesregierung und der IWF nur darauf bestanden, dass die zyprischen Einleger grundsätzlich mit einem erheblichen Betrag am Hilfspaket beteiligt werden. Zur Frage, von wem dieser Betrag erhoben werden sollte, habe Schäuble keine klare Meinung geäußert, hieß es in der Eurogruppe.

Anastasiades hatte nach seiner Rückkehr aus Brüssel gesagt, die Euro-Partner hätten ihn dazu gezwungen, einer Beteiligung der Kleinsparer zuzustimmen. Nach Angaben mehrerer Teilnehmer stimmt auch das nur halb. Am Ende habe die zyprische Regierung selbst für das zunächst beschlossene Modell votiert. Sie sei aber von weiteren Staaten darin „bestärkt“ worden. Die Verhandlungen seien deshalb so schwierig gewesen, weil die zyprische Seite lange geglaubt habe, sie könne die Beteiligung der Einleger ganz abwenden. Eingelenkt habe Nikosia erst, als Asmussen klargemacht habe, dass in diesem Fall die zyprischen Banken in dieser Woche pleitegehen würden.

## **Troika beharrt darauf: Beteiligung der zyprischen Sparer muss 5,8 Milliarden Euro erbringen**

Den Ausschlag zu Gunsten der Kleinsparerbelastung gab für Anastasiades offenbar die Angst vor einem starken Kapitalabfluss aus dem Land für den Fall, dass die großen Guthaben mit mehr als 10 Prozent belastet würden. Nicht zuletzt Asmussen habe auf diese Gefahr aufmerksam gemacht, hieß es in Brüssel. Eine Rolle habe ferner die EZB-Beobachtung gespielt, dass in den vergangenen Wochen große Guthaben auf viele Konten mit geringeren Beträgen umgeschichtet worden seien. Auch wegen dieser Ausweichreaktionen seien nicht nur die großen Guthaben einbezogen worden. Der Betrag der Abgabe war schon in der Nacht zum Samstag auf allen Konten eingefroren worden. Er soll abgebucht werden, sobald das zyprische Parlament die Abgabe beschlossen hat.

Alle Mitglieder der Troika (IWF, EU-Kommission, EZB) beharren darauf, dass die Beteiligung der zyprischen Sparer 5,8 Milliarden Euro erbringen muss. Der Grund ist, dass die zyprische Staatsschuld, die Ende 2012 rund 86 Prozent des Bruttoinlandsprodukts (BIP) betrug, nach Programmabschluss wieder tragfähig werden muss. Die Troika hat deshalb festgelegt, dass die Hilfskredite nicht mehr als 10 Milliarden Euro betragen dürfen. Das entspricht etwa 55 Prozent des jährlichen Bruttoinlandsprodukts. Durch das Hilfspaket stiege die Schuldenquote also zunächst auf etwa 140 Prozent des BIP; bis 2020 soll sie wieder auf 100 Prozent sinken. Der Finanzierungsbedarf des zyprischen Staates war ursprünglich mit 17,5 Milliarden Euro angegeben worden. Die Troika hatte schon vor dem Brüsseler Treffen mit der zyprischen Regierung zusätzliche Auflagen ausgehandelt, etwa die Privatisierung der Staatsbetriebe, eine Körperschaftsteuererhöhung und die Beteiligung von Anteilseignern an der Restrukturierung der maroden Banken. Nach Berücksichtigung dieser Auflagen blieb noch eine Finanzierungslücke von 5,8 Milliarden Euro.

Offen blieb am Montag, ob Russland auf die Brüsseler Entscheidung Einfluss nahm. Präsident Wladimir Putin kritisierte die Abgabe am Montag generell. „Sollte eine solche Entscheidung umgesetzt werden, so wäre dies ungerecht, unprofessionell und gefährlich“, sagte er. Zypern hofft weiterhin, dass Russland die Laufzeit eines bilateralen Kredits von 2,5 Milliarden Euro an Nikosia verlängert und dem Land so Luft verschafft.

03/18/2013 06:06 PM

73,123

German Economist

## 'Europe's Citizens Now Have to Fear for Their Money'

For the first time, bank customers in a crisis-plagued euro-zone country are being forced to contribute to its bailout. In an interview, German economist Peter Bofinger warns the strategy is "extremely dangerous" and could lead to a run on banks.

**SPIEGEL ONLINE:** Mr. Bofinger, Cyprus will be saved -- and every Cypriot bank customer will have to pay up. Whether that person is Greek or Russian, whether they have €1,000 or €10 million in their account, part of that person's savings will be taken. **Is this a good strategy?**

**Bofinger: It is the worst possible.** Making small-scale savers pay is extremely dangerous. It will shake the trust of depositors across the Continent. **Europe's citizens now have to fear for their money.**

**SPIEGEL ONLINE:** Do you expect that despositors in Spain, Italy, Portugal and other crisis-plagued countries will make a run on their accounts because they, too, might have to pay someday?

**Bofinger:** Yes. These fears will now be stoked. The Spaniards, Italians and Portuguese may not run to the banks today or tomorrow, but as soon as the crisis intensifies in a euro-zone country, the bank customers will remember Cyprus. They will withdraw their money and, by doing so, intensify the crisis.

**SPIEGEL ONLINE:** The Cypriot government wants to minimize this panic effect. The *Wall Street Journal* reported today that the latest proposal in Nicosia would include only a 3-percent one-time levy for small-scale depositors rather than the 6.75 percent tax included in the deal reached in Brussels over the weekend.

**Bofinger:** That wouldn't change anything. If you live in a home, then you expect 100 percent safety. If someone says to you, "Three percent of your roof could cave in," then you still wouldn't want to live there anymore.

**SPIEGEL ONLINE:** The euro-zone partner countries seeking to provide Cyprus with a bailout view the participation of small-scale depositors as a necessary evil. **This is because any aid provided by the long-term euro rescue fund, the European Stability Mechanism (ESM), would be added on top of Cyprus's national debt. Without the contributions of bank customers, the government's debt level would be unsustainable.**

**Bofinger:** Shaking the confidence of depositors across Europe cannot be the solution. **Those seeking to save the euro should be contributing true aid during an emergency.**

**SPIEGEL ONLINE:** You mean they should give free money to Cyprus?

**Bofinger:** At the end of the day, it would be better to take charge and provide a billion euros to rescue the small-scale savers in Cyprus than to risk a collapse of the euro financial system.

**SPIEGEL ONLINE:** **But that would also mean entering into a transfer union and breaking another taboo that is at least as big. Greece, Portugal, Spain and co. would want their money for free in the future, too.**

**Bofinger:** **That can be easily avoided. Cyprus is a special case, and it can be communicated as such. No other euro-zone country in Southern Europe has such a bloated financial sector. And there is no other country that**

could have a comparable domino effect in the euro crisis. Cypriot banks lent some €22 billion to Greek firms and private households, and they have suffered very high losses as a result of the restructuring of Greek bonds.

**SPIEGEL ONLINE:** **Nevertheless, it would be almost impossible to justify giving money away to a crisis country for free.** How is Finance Minister Wolfgang Schäuble supposed to explain to parliament that he is giving away German taxpayers' money to a government that is accused of having insufficient controls against money laundering?

**Bofinger:** Such political failings should be dealt with as quickly as possible. **But the main issue here is not Cyprus. It's how we guarantee the euro's stability. That's also in Germany's interest.**

**SPIEGEL ONLINE:** In what sense?

**Bofinger:** **After the election in Italy, the situation within the currency union is once again very unstable.** An end of the common currency would be the equivalent of a nuclear meltdown for German industry. **The question is this: How can the euro be stabilized as cost-efficiently as possible?** If depositors across Europe make a run on their accounts, the rescue will get a lot more expensive than it would if money were raised to save the small-scale depositors in Cyprus.

**SPIEGEL ONLINE:** The participation of Cypriot bank customers also serves another purpose. The financial institutions are holding a lot of money from wealthy Russians in their accounts. Some believe those accounts contain illicit funds from money laundering. **The partial expropriation of depositors is supposed to counter the accusation that the ESM has become a bailout package for Russians.**

**Bofinger:** There are better solutions for that, too. **Depositors with up to €100,000 should be able to keep all their money. But richer depositors should be made to pay more.** For example, starting at €1 million, 20 percent of an account's savings could be seized. At €10 million, that figure could be 30 percent. One could also review whether it would be legal to tax depositors from non-EU countries in Europe at a greater rate.

**SPIEGEL ONLINE:** **So you're calling for a bigger compulsory levy for Russians than for Europeans?**

**Bofinger:** Why not?

*Interview conducted by Stefan Schultz*

## The Sun Just Set On The German Empire In Cyprus As Locals Tear Down German Flag



Submitted by [Tyler Durden](#) on 03/18/2013 15:12 -0400

73,125

### VIDEO

While images of burning flags in the middle-east are not unusual and we have become numb to visions of angry mobs stomping over Western flags, the sight in the clip below of the typically calm and serene Mediterraneans turned **Cypriot mob climbing atop the German Embassy in Cyprus and tearing down the German flag** may well be a glimpse of what is to come in the next few days as the government nears their voting deadline and banks near their re-opening...

*Via ekathimerini,*

### **Protesters took down the flag at the German embassy**

Many people have gathered outside the presidential palace, in which a protest on the agreement between the government and the haircut Eurogroup for deposits.

**Protesters hold banners and shout slogans against the Troika** and the Memorandum. Earlier, demonstrators portion en route to the Presidential Palace, went to the German Embassy.

Protester climbed on the roof of the building pulled down the German flag from the mast and threw it on the road. The other protesters tried to get the flag, but **police who were lined outside the embassy and collected**. The police presence in the area is important, but discreet.

## Comment Chypre en est arrivée là

Par [Fabrice Nodé-Langlois](#) Mis à jour le 19/03/2013 à 06:39 | publié le 18/03/2013 à 19:42

73,126



Les chypriotes ont manifesté lundi devant le Parlement leur opposition au plan d'aide européen . Crédits photo : PATRICK BAZ/AFP

**INFOGRAPHIE - Les banques chypriotes, dont les actifs pèsent huit fois le PIB du pays, ont été entraînées par la Grèce où elles ont perdu 5 milliards d'euros. Mais cette crise s'est greffée sur un pays déjà fragilisé par les déficits et la récession.**

La petite république de [Chypre](#) a beau ne peser que 0,2 % du PIB de la [zone euro](#), les chiffres évoqués à propos de son sauvetage financier donnent le vertige.

Qu'on en juge: le besoin de financement évoqué ces derniers mois tourne autour de 17 milliards d'euros, soit l'équivalent du PIB du pays. Comment la moitié sud de l'île, membre de la zone euro depuis 2008, souvent surnommée la «Suisse de la Méditerranée», en est-elle arrivée là?

La première réponse tient en un mot: [Grèce](#). La République de Chypre, dont le petit million d'habitants est orthodoxe et parle grec, était particulièrement exposée à la situation financière d'Athènes. Il y a un an, lorsque l'[Union européenne](#) a imposé un effacement de la dette grecque, entre 73 % et 80 % des créances chypriotes en bons du trésor grecs sont parties en fumée. Soit une perte de 4 à 5 milliards d'euros pour les banques de l'île. À cette perte sèche s'est ajouté un taux dangereux de «prêts non performants», le nom donné aux crédits confrontés à des difficultés de remboursement. Les banques chypriotes avaient prêté aux entreprises et aux ménages grecs à hauteur de 23 milliards d'euros. Au printemps 2012, entre 10 et 14 % de ces prêts étaient jugés «non performants» par Bruxelles. Le séisme grec a conduit Nicosie à nationaliser dans la précipitation la Laiki Bank, le deuxième établissement du pays.

Or, à Chypre, la fragilité du système bancaire conditionne bien plus qu'ailleurs toute l'économie. Celle-ci s'est développée depuis un quart de siècle autour des services financiers grâce à une fiscalité très attractive - l'impôt sur les sociétés est le plus bas de l'UE, à 10 %. «Les actifs bancaires représentent huit fois le PIB», rappellent les experts de Natixis. Parmi les capitaux étrangers arrivés en masse, ceux venus de Russie représenteraient autour de 20 milliards de dollars (environ 15 milliards d'euros). Les investisseurs russes y recherchent des rendements juteux et une sécurité juridique plus confortable que chez eux. Une partie de ces avoirs, dénonce Berlin, relève du blanchiment de capitaux.

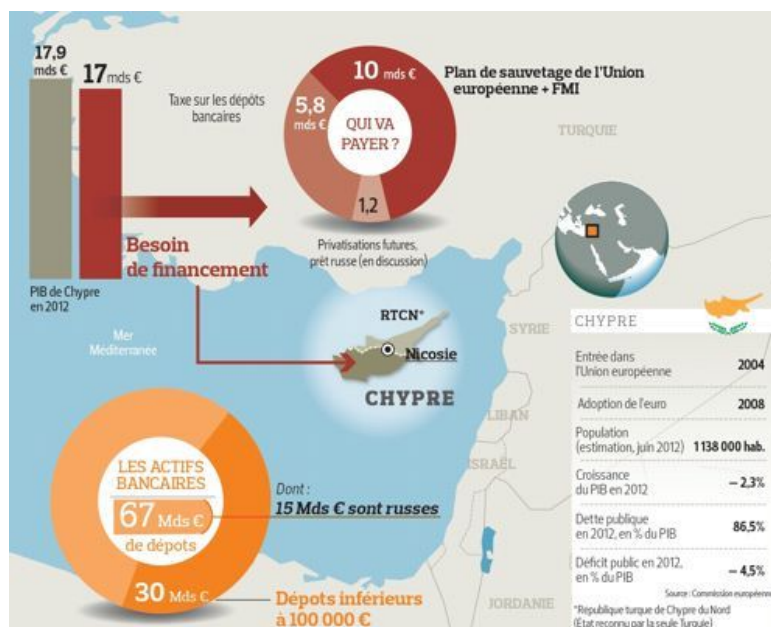
**Si la Grèce a précipité la crise chypriote, elle ne l'explique pas entièrement. «Chypre a accumulé des déséquilibres budgétaires et extérieurs durant les années fastes», rappelle Bank of America Merrill Lynch dans une note récente. «Certaines de ses régions littorales ont aussi connu une bulle immobilière», ajoute la banque. De fait, les années 2000 furent celles du crédit facile pour les patrons comme pour les particuliers.**

Quant au gouvernement, le seul de la zone euro dirigé par un président communiste (jusqu'aux élections des 17 et 24 février remportées par le libéral Nicos Anastasiades), il a laissé filer les dépenses d'un secteur public pléthorique sans engager les réformes structurelles réclamées par Bruxelles.

## Secteur public pléthorique

La fragilité financière de l'île est aggravée par la crise économique qui asphyxie toute la zone euro. L'an dernier, le PIB chypriote a reculé de 2,4 % et devrait encore plonger de 3,5 % cette année. Dans un tel contexte, rétablir les finances publiques, soutenir ses banques et honorer ses dettes relevait de la mission impossible sans plan de sauvetage. Nicosie a adressé son appel à l'aide officiel dès juin dernier mais les négociations avec la troïka et Moscou ont traîné. Les Européens attendaient le changement de gouvernement issu des urnes dans l'espoir d'obtenir de Nicosie davantage de réformes, parmi lesquelles des privatisations.

Au final, les experts européens estiment que 10 milliards d'euros sont nécessaires pour recapitaliser les banques chypriotes. C'est le montant de l'aide accordée vendredi dernier à Bruxelles. Mais Chypre a encore besoin de 5 milliards pour financer la dette publique et de 2 milliards pour faire face aux dépenses budgétaires urgentes. Le projet de taxe sur les dépôts bancaires, qui secoue l'île et inquiète les marchés européens, est censé contribuer à ces besoins, à hauteur de 5,8 milliards.



## Le RER D attaqué par des jeunes dans l'Essonne

Par [Caroline Sallé](#) Publié le 18/03/2013 à 22:

73,128



«Cela ressemble à une attaque de diligence de l'époque moderne» a affirmé un policier. Crédits photo : Jean-Christophe MARMARA/Le Figaro

### Les faits ont eu lieu samedi soir. La SNCF a renforcé la sécurité depuis.

Le Far West... en plein cœur de la banlieue parisienne. Samedi, vers 22 heures, entre 20 et 30 jeunes ont attaqué une rame du RER D stationnée au niveau de la gare de Grigny-Centre, dans l'Essonne. «Cela ressemble à une attaque de diligence de l'époque moderne. Mais de cette ampleur, ce n'est pas habituel», a estimé un policier.

Après avoir tiré le signal d'alarme, les jeunes, dont le visage était dissimulé, sont passés de wagon en wagon et ont attaqué «le plus de monde possible», aux dires d'un témoin. Ils ont forcé les voyageurs présents à leur remettre portables et argent, a encore expliqué le policier.

«J'étais dans le RER, en direction de Corbeil-Essonnes, et, à Grigny, nous avons entendu beaucoup de bruits et de cris, et nous avons vu des gens courir sur les quais», a déclaré un étudiant de l'université d'Évry présent lors des faits.

Au total, une dizaine de personnes ont été agressées. «Moi, j'ai pris un coup de poing et du gaz lacrymogène dans les yeux. Ils ont arraché le sac à main de mon amie et m'ont pris mon argent. C'était rapide, violent, et cela avait l'air très organisé», a-t-il encore indiqué.

### Les trains de fin de soirée ciblés

À la SNCF, on déclare ne pas connaître encore précisément les circonstances de cette attaque. «Mais les vidéos enregistrées par les caméras de surveillance ont été réquisitionnées par la police ce matin, explique un porte-parole du transporteur. Nous avons immédiatement renforcé les équipes de surveillance générale (Suge) sur la ligne. Seize personnes patrouillent actuellement, et d'autres renforts sont prévus à partir de mardi.» Les agents de la SNCF, qui travaillent en étroite collaboration avec les policiers, ciblent particulièrement les trains de fin de soirée.

Selon la [SNCF](#), le RER D n'est pas une ligne plus risquée que les autres. Les vols à la tire sont fréquents dans les transports en commun. «Mais, habituellement, les voleurs sont moins nombreux.» En octobre dernier, une bande avait ainsi été interpellée à Évry-Courcouronnes pour des faits similaires: ils étaient cette fois-là trois ou quatre seulement.



## Second Thoughts in Europe as Anxiety Rises in Cyprus

By [LIZ ALDERMAN](#) and [LONDON THOMAS Jr.](#)

NICOSIA, Cyprus — The lights were dimmed and the doors were locked. But inside a branch of Laiki Bank, one of Cyprus's two dominant banks, a few silhouettes glided about Monday, filling cash machines to calm a wave of anxiety that has washed over this tiny island since European leaders took the unprecedented step Saturday of trying to force depositors to pay for part of an international bailout.

Outside, the A.T.M. coughed up 50-euro bills, as few as two or four at a time — a relief, since banks will remain closed through Wednesday. Yet it was still not enough to assuage fears.

“How can I trust any bank in the euro zone after this decision?” asked Andreas Andreou, 26, an employee at a trading company.

“I'm lifting all my deposits as soon as the banks open. I'd rather put the money in my mattress.”

In this windswept capital, and in the halls of power elsewhere in Europe, much of the day was given over to cross-border arguing and a public reluctance for anyone to take responsibility — some might say blame — for a decision that suddenly seemed like it might not be such a great idea, after all.

As a plan to tax deposits in exchange for a 10 billion euro financial lifeline for this troubled nation frayed nerves, it quickly set off tremors far beyond Cyprus's shores. Stock markets around the world fell Monday — though American markets remained calm — amid the stark realization that Europe's policy makers had made a significant departure from past efforts to keep the euro zone together.

Economists said the Cyprus plan set a worrisome precedent that could backfire. The plan “risks setting off a bank run and contagion,” said Michael T. Darda, chief economist at MKM Partners.

For the first time since the onset of the [sovereign debt crisis in Europe](#) and the bailouts of Greece, Portugal and Ireland, ordinary bank depositors — including those with insured accounts — were being called on to bear part of the cost, to the tune of 5.8 billion euros, about \$7.5 billion, of the 10 billion euro package.

The plan also would wipe out so-called junior bondholders in Cypriot banks, who would give up 1.4 billion euros in holdings. Only senior bondholders, who have paid a premium to be first in line for repayment of their investments, would be fully protected.

Under the terms of Cyprus's bailout, the government must raise 5.8 billion euros by levying a one-time tax of 9.9 percent on depositors with balances of more than 100,000 euros, or \$129,500. Those with balances below that threshold would pay 6.75 percent, an asset tax that would still hit pensioners and the lowest-income earners hard.

Cyprus's president, Nicos Anastasiades, accused [European Union](#) leaders of using “blackmail” to get him to agree, and sought Monday to compel policy makers in Brussels to soften the terms.

As lawyers in Cyprus questioned the legality of both taxing deposits that are supposed to be insured up to 100,000 euros, and confiscating sums above that, Mr. Anastasiades postponed a parliamentary vote on the package until Tuesday, as signs emerged that lawmakers might not approve.

In Brussels, the club of 17 euro zone finance ministers that had signed the bailout plan for Cyprus held an emergency conference call Monday evening and tiptoed back from terms of the arrangement, by agreeing to consider a new deal that could lighten the burden for less well-to-do Cypriots.

In a statement, they said small depositors “should be treated differently from large depositors,” and said they were open to modifying the tax on those with less than 100,000 euros. It also appeared from comments made by officials that the I.M.F. was leaning that way as well.

But Jeroen Dijsselbloem, the Dutch finance minister who serves as the president of the Eurogroup, suggested that any new arrangement still would need to deliver 5.8 billion euros.

**The brinkmanship followed a protest of about 800 people gathered in front of the presidential palace, shouting angrily at Mr. Anastasiades and inveighing against Germany and European leaders as he entered the building to meet with his cabinet.**

**“Merkel, U stole our life savings,” read one banner tied to a bus stop. “EU, who is next, Spain or Italy?” read another.**

Cyprus’s banking association issued a statement calling on people to remain “calm,” saying it was ready to implement whatever measures were needed to protect the stability of the banking sector.

The association said it would instruct banks to load automated teller machines with cash while banks remain closed.

The Cyprus Stock Exchange, which was also closed Monday as part of the declared bank holiday, will not reopen Tuesday or Wednesday. Even though Russia is not a member of the euro currency union, its support of the plan was also considered essential because of the large amount of Russian funds held by Cypriot banks. But President Vladimir Putin on Monday described the bailout plan as “unfair, unprofessional and dangerous.”

Foreign deposits made up 26.8 billion euros in deposits of a total of 64.8 billion euros as of December, according to the Cyprus central bank.

Russians held 15.4 billion euros of that total, according to the Regional Banking Association of Russia.

Cypriot banks have been seen as a Russian haven, because of low taxes and the ease of converting rubles to euros. In addition, according to critics, few hard questions are asked about the source of the funds.

Mr. Anastasiades denied he refused a proposal to exempt deposits under 100,000 euros from the tax, said the government spokesman, Christos Stylianides.

“The president struggled to prevent this outrageous development, which was imposed on Cyprus via blackmail from those who are today trying to justify their decisions,” Mr. Stylianides said.

“They said that if the first 100,000 euros weren’t included in the levy, the target wouldn’t be reached,” he said. “Our creditors were asking that Cyprus close down the two big banks, transfer deposits to a healthy bank and liquidate the rest of the deposits.”

Mr. Stylianides added that the International Monetary Fund, during the negotiations, had even gone so far as to suggest a 40 percent cut on certain deposits or to freeze deposits for up to five to 10 years.

Analysts said the move to confiscate money from depositors had opened a Pandora’s box.

Indeed, nervousness had already started to flow to the large economy of Italy, where jittery investors unloaded the bonds of the four largest banks, with some fearing that they might become the latest investor class to suffer losses as a result of Brussels’ new get-tough attitude on bailing out troubled banks.

While it is too early to tell if Italian, Spanish and Greek savers will pull out their deposits in response to the Cyprus tax, investors holding the bonds of banks in Spain and especially Italy are already taking action.

In Italy, ravaged by a stagnating economy, banks are experiencing a steep increase in nonperforming loans — one of the highest rates in the euro zone — that worries regulators and has made an investment fad of betting against Italian bank bonds.

For now, no one is predicting a European bailout of Italian banks. But just as problems with Spain's smaller savings banks last year quickly escalated into a crisis requiring a European bank rescue, a growing number of analysts are warning that Italy's most troubled banks could lead to a broader systemic threat to Italian banking.

If bond investors, spooked by deposit losses in Cyprus and the recent wiping out of bondholders in a Dutch bank takeover, decide to stop extending loans to Italian banks then a bailout might be the necessary next step.

Other analysts and economists insisted that Cyprus's problems were unique and said they expected the impact to be limited. They said that the Russian deposits in Cyprus's banks, whose assets dwarf the island's gross domestic product, raised fears in other euro zone nations that non-Cypriot taxpayers would be bailing out wealthy Russians.

Liz Alderman reported from Nicosia, Cyprus, and Landon Thomas Jr. from London. James Kanter contributed reporting from Brussels, Andrew Siddons from Washington, and Andreas Riris from Nicosia.

## Cyprus President To Rehn: "I Told You Tax Wouldn't Pass. Regards To Mrs Merkel"

Submitted by [Tyler Durden](#) on 03/18/2013 18:17 -0400

73,132

*Update: German chancellor, Cypriot president discussed Cyprus rescue, official says. **Merkel told Anastasiades that Cyprus can negotiate on rescue package only with troika: official.***

To say that the tensions within the European "Union" are getting unbearable would be an understatement.

First, [courtesy of Reuters](#), we get a detailed narrative of what happened before this Saturday's announcement of a deposit levy, where we learn that the deposit confiscation was initially Joerg Asmussen's idea, and we also learn that Atanasiades stormed out in anger when he learned what was about to happen.

Under a promise which still appears on the website of the Central Bank of Cyprus, deposits in its banks are insured up to 100,000 euros. Cyprus has about 30 billion euros in insured deposits, a large amount for a country of just 1 million people.

But because of its status as an offshore financial hub for foreigners - including large numbers of rich Russians - it also has 38 billion euros in uninsured deposits in bigger accounts.

Cyprus could have offered full protection to those with insured deposits up to 100,000 euros and still reached the 5.8 billion euro target by taxing uninsured deposits at a rate above 15 percent

**According to three sources, European Central Bank board member Joerg Asmussen and euro zone finance ministers' representative Thomas Wieser had worked on a plan that would require just that - a high levy on only uninsured deposits.**

But when the plans were presented to Anastasiades, several participants said, he balked at any suggestion that uninsured depositors should pay more than 10 percent.

Since his limit meant uninsured depositors would pay no more than 3.8 billion euros, those with small savings would have to pony up the other 2 billion euros.

The meeting was contentious, participants say. Schaeuble, Dutch Finance Minister Jeroen Dijsselbloem and negotiators for the ECB, EU and International Monetary Fund broke off several times to talk separately with the Cypriots. **Other ministers hung around in the corridors, playing games on their mobile phones.**

In the early hours of Saturday morning, Dijsselbloem, who serves as head of the euro zone minister's group, proposed that uninsured depositors pay 12.5 percent, a level which would require insured depositors to pay only 3.5 percent or so.

**Anastasiades stormed out of the meeting in anger. He returned only when senior negotiators told him that if he left, Cyprus would have to default and shut its banks altogether.**

Finally he agreed to the levy, **but insisted on capping the fee for uninsured depositors at no more than 9.9 percent.**

Exhausted officials did the sums. To raise the other 2 billion, insured Cypriot depositors with small accounts would have to pay a 6.75 percent levy on their savings. **The deal was done.**

Turns out it wasn't. Moments ago [Kathimerini](#) reported what happened later today, after as [we first reported](#) it became clear that the Cypriot parliamentary majority had swung *against* the deal, and shows that the bad blood between the Cypriot leader and Germany's Merkel is now boiling:

Cypriot President Nicos Anastasiades held a telephone conversation with European Economic and Monetary Affairs Commissioner Olli Rehn on Monday night to inform him that there might not be enough parliamentary support for a deposit tax on the island.

Cypriot MPs were due to debate on Tuesday a tax on deposits **but it looks like Anastasiades will not be able to get enough votes to approve the one-off levy, which was decided at Eurogroup meeting in the early hours of Saturday.**

Anastasiades is also reported to have spoken to German MEP Elmar Brok, a member of Chancellor Angela Merkel's CDU party who is close to the German leader.

According to Mega TV, Anastasiades is reported to have said to Rehn and Brok: **“When I warned you that there would not be a parliamentary majority to pass the agreement, you didn't want to listen. Give my regards to Mrs Merkel.”**

We eagerly wait to hear back what message Frau Merkel has for the Cypriot leader now that the entire plan to punish Russian billionaires and generate political brownie points for Angie come September, while in the process using innocent Cypriot savers as collateral damage, is about to fall apart.

Incidentally, why is any of this happening? Because a few rich eurocrats have decided that this is what is "*fair.*"



They know best...

<http://www.npr.org/2013/03/18/174665711/confidence-in-cyprus-banks-falters-as-government-proposes-deposit-tax>

## Confidence In Cyprus Banks Falters As Government Proposes Deposit Tax

by [Jim Zarroli](#)

73,134

### AUDIO

March 18, 2013 3:00 PM

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Cyprus is facing a run on its banks after the government proposed taxing bank deposits. The government has put off a vote on the plan in a bid to calm things down. Banks are set to re-open on Thursday after a bank holiday was declared on Monday.

## Cyprus Bailout Incites Turmoil as Blame Flies

By [JAMES KANTER](#), [NICHOLAS KULISH](#) and [ANDREW HIGGINS](#)

BRUSSELS — A plan to rescue the tiny European country of Cyprus, assembled overnight in Brussels, has left financial regulators, German politicians, panicked Cypriot leaders and a disgruntled Kremlin with a bailout package that has outraged virtually all the parties.

In the end, a bailout deal that was supposed to calm a financial crisis in an economically insignificant Mediterranean nation spread it wider. Word of the plan unnerved markets across Europe, raised fears of bank instability in Spain and Italy and sent pensioners into the streets of the island's capital, Nicosia, in protest.

As markets tumbled and the Cypriot Parliament fell into turmoil, salvos of blame were hurled back and forth across the Continent.

Officials scrambled to explain what went wrong and how best to control the damage of what Philip Whyte, a senior research fellow at the Center for European Reform, called a “completely irrational decision” to make bank depositors liable for part of the bailout. The deal flopped so badly that finance ministers who came up with it shortly before dawn on Saturday were on the phone to each other Monday night talking about ways to revise it. Whatever the outcome, the dispute is a vivid demonstration of why Europe, which until recently was congratulating itself on having weathered the worst of the financial storm, has trouble making decisions with so many different interests represented at the table.

Politics, both domestic and international, get in the way of economics and make it difficult for wealthy countries to line up behind a plan to help the smallest ones. The northern European nations have grown so weary of bailouts for their southern neighbors that they were intent on exacting a hefty contribution from their latest supplicant. Germany in particular, with parliamentary elections looming in September, was set on driving a hard bargain.

A wild card in this instance were the Russians, who have deposited billions in Cypriot banks, extended a \$3.25 billion line of credit to Nicosia in 2011 and were in negotiations to help out Cyprus once again. Cypriot leaders apparently were so concerned with keeping their wealthy offshore Russian customers happy that they pushed their own citizens to pay even more than some of the lenders were demanding.

The Russians reacted angrily to a so-called stability tax on deposits in Cyprus, and at being left out of the negotiations. On Monday, Russia's minister of finance, Anton Siluanov, warned that Russia might not extend the existing credit line because the Europeans had not consulted authorities in Moscow about the deposit levy plan. On Sunday, one Russian official was reported by the Interfax news agency as advising Russians to withdraw funds from Cyprus, saying the banking system was untrustworthy.

The all-night discussions began Friday and ran for 10 hours, ending shortly before dawn on Saturday. Cyprus needed to come up with billions of dollars to help cover the costs of the bailout of the country's financial sector, or its European allies said they would leave it to face the prospect of collapse alone.

Each of the major stakeholders, which included the International Monetary Fund, the European Central Bank and euro zone finance ministers, entered the room with a conflicting goal. Protecting the small-time saver was at the top of no one's list. The result was a compromise solution everyone is now unhappy with, officials say, one that stands to cost ordinary Cypriot depositors 6.75 percent of their savings.

The Germans and their northern European allies wanted to exact a maximum contribution from Cyprus to ensure the deal could pass their recalcitrant, bailout-weary parliaments at home. A confidential report by the

German foreign intelligence agency, known by its German initials as the B.N.D., was making the rounds, one that painted the island as a haven for money-laundering. The stigma attached to helping the Cypriots — and the political cost in an election year — was rising rapidly.

The I.M.F. was dead set on keeping the debt at what its number-crunchers considered a sustainable level. The Cypriots, meanwhile, wanted to spread the pain around.

After midnight, negotiators thought they had a proposal that could work: a one-time “tax” of 12.5 percent on depositors with \$130,000 in the bank and milder but still painful cuts of around half that or less for everyday account holders — the pensioners and laborers who thought their money was protected.

The proposition, worked out by small group of finance ministers, including those from Germany and the Netherlands, and the European Central Bank, was taken to a different room in a sprawling, Brutalist Brussels office mocked by some as the Kremlin and shown to Nicos Anastasiades, the newly elected president of Cyprus.

The president, who had left initial talks in the hands of his own finance minister, flatly rejected the offer. He insisted, according to European officials, that large depositors must not face a levy higher than 10 percent.

This meant that small savers would have to take a bigger hit, but it did soften the blow on Russians and others who, looking for a safe place to park their money, have turned the tiny Mediterranean island into a financial center known for not asking too many questions.

What happened next sealed the deal, which now appears to be coming apart amid strong protests from ordinary Cypriots. Jörg Asmussen, a German member of the executive board of the European Central Bank, told Michalis Sarris, the Cypriot finance minister, that stopgap financing for Cyprus would be cut off this week if no agreement was reached.

Mr. Asmussen’s message “really did sharpen the thinking of Mr. Anastasiades,” said a European official with knowledge of what happened during the talks but who spoke on condition of anonymity because they were conducted in private.

“The Cypriot president understood clearly he faced the collapse of his banking system and disorderly exit from the euro area,” said the official.

What emerged was a deal that took a bite out of average savers, one that made sense in the wee hours between the dealmakers. In the light of day, as Cypriots tried desperately to pull their savings out of A.T.M.’s, it looked like a threshold that many experts say should never have been crossed.

“The result is a likely bank run in Cyprus alongside financial and sovereign instability in the wider euro area,” said Mujtaba Rahman, a senior analyst with the Eurasia Group who has followed the [European debt crisis](#).

At several points along the path that led to the decision on Saturday morning, the European Commission, the union’s policy-making arm, tried to warn that imposing losses on bank accounts could be a recipe for panic — and not only in Cyprus.

In the weeks leading up to the meeting on Friday, Olli Rehn, Europe’s commissioner for economic and monetary affairs, told a representative of the Eurogroup of finance ministers that the levy should probably be set at 2 percent, and certainly at a level no higher than 5 percent, across all types of deposits.

The European Central Bank also had reservations about levying higher taxes, but the Germans wanted \$9.2 billion from depositors, officials said. That was an enormous contribution for a country the size of Cyprus.

Imposing the tax on all bank deposits in the country was, in part, a move “to stop money being put into smaller packages or to have it sliced up” so that wealthier depositors, including Russians, would be able to avoid the tax, said one diplomat, who spoke on condition of anonymity because the talks were held behind closed doors.



The Cypriots insisted that they couldn't "go beyond a one-digit number for higher deposits," said another official familiar with the discussions. "From there its simple mathematics if you don't want to go above that."

Mr. Rehn then went to Mr. Sarris with slightly revised numbers lowering the rate on larger deposits, right up against the threshold at 9.9 percent. The contribution from depositors had come down to \$7.6 billion, leaving the rate on smaller holdings at 6.75 percent.

With few options, Mr. Anastasiades accepted the new terms.

Nicholas Kulish reported from Berlin and Andrew Higgins from Brussels. Reporting was contributed by Andrew E. Kramer and David Herszenhorn in Moscow, Jack Ewing in Frankfurt and Andrew Siddon in Washington.

## Baby-Loup : le licenciement de l'employée voilée annulé

Par [Angélique Négroni](#) Mis à jour le 19/03/2013 à 16:33 | publié le 19/03/2013 à 08:

73,138



Le 13 décembre 2010, la directrice de la crèche Baby Loup à Chanteloup-les-Vignes Natalia Baleato, s'adresse aux journalistes au conseil des prud'hommes de Mantes-la-Jolie. Crédits photo : JACQUES DEMARTHON/AFP

**La Cour de cassation a estimé que le licenciement de cette salariée, qui avait refusé d'ôter son voile islamique au retour d'un congé parental, constituait «une discrimination en raison des convictions religieuses».**

L'affaire est vieille de cinq ans et la décision rendue mardi relance le débat sur le voile islamique en entreprise. La Cour de cassation a décidé mardi d'annuler l'arrêt de la Cour d'appel de Versailles rendu en octobre 2011, qui avait confirmé le licenciement en 2008 d'une employée de crèche (la crèche Baby-Loup située dans un quartier populaire de Chanteloup-Les-Vignes, dans les Yvelines) parce qu'[elle refusait d'ôter son foulard islamique](#) au retour d'un congé parental.

La plus haute juridiction judiciaire a estimé que «s'agissant d'une crèche privée», le licenciement constituait «une discrimination en raison des convictions religieuses» et devait être «déclaré nul». L'affaire sera par conséquent rejugée devant la cour d'appel de Paris, ont précisé les avocats.

Lors de ce feuilleton judiciaire, l'employée a été déboutée par deux fois. Tout d'abord, [le conseil de prud'hommes](#) de Mantes-la-Jolie (Yvelines) avait considéré en décembre 2010 qu'elle avait fait preuve «d'insubordination caractérisée et répétée», ce qui avait justifié son licenciement pour «faute grave» le 19 décembre 2008. Puis, en octobre 2011, [la cour d'appel de Versailles](#) avait confirmé cette décision, estimant que «les enfants n'ont pas à être confrontés à des manifestations ostentatoires d'appartenance religieuse». Lors de l'audience devant la chambre sociale de la Cour de cassation, le 12 février dernier, l'avocat général avait préconisé le rejet du pourvoi de l'employée.

### Définir les champs d'application de la laïcité

Les enjeux de la décision rendue en début d'après-midi portent sur le champ d'application de la laïcité que doivent aujourd'hui respecter les fonctionnaires. Faut-il l'étendre à la sphère privée? La décision de la cour d'appel, qui allait dans ce sens-là, avait satisfait Me Richard Malka, défenseur de la crèche mais aussi [Jeannette Bougrab](#), ancienne présidente de la Halde, la Haute autorité de lutte contre les discriminations et pour l'égalité. «La laïcité a vocation à s'appliquer y compris dans les quartiers dits sensibles et peut-être davantage dans ces quartiers-là», avait-elle déclaré à l'époque.

Mais la Cour de Cassation remet en cause cet élargissement du principe de laïcité. Elle a jugé que ce principe ne peut être invoqué pour priver les «salariés des employeurs de droit privé qui ne gèrent pas un service public» (...) «des protections que leur assurent les dispositions du code du travail».

Manuel Valls a aussitôt regretté cette décision, y voyant une «mise en cause de la laïcité».

# EU Is Blackmailing Cyprus Government: Orphanides

## Videos

- **Info** **73,139**
- **Comments (0)**

March 19 (Bloomberg) -- Anthanasios Orphanides, former Central Bank of Cyprus Governor, considers the proposed Cyprus bank depositor tax a form of blackmail against the government of Cyprus. He speaks on Bloomberg Television's "Bloomberg Surveillance."

## Rescue package for Cyprus on the rocks

Cyprus's government expects its parliament to reject the controversial compulsory levy for savers aimed at fixing the country's finances today, Tuesday, even though the Euro Group had recommended the previous evening that savings under 100,000 euros remain untouched. Commentators believe the EU leaders gambled dangerously high with their [original plan](#), and that only a deposit protection scheme for the Eurozone can restore trust in the common currency.

Spiegel Online - Germany

### Savings guarantee and banking union needed

Cyprus's small investors now appear to be spared, but the citizens' trust in the euro can only be restored if the EU leaders go a few steps further, writes journalist Wolfgang Münchau in his column on the Spiegel Online website: "A guarantee on savings must be given for the entire Eurozone, and without any small print. I can't imagine the [liberal-conservative-liberal] German government is prepared to do this. I can't even imagine a Social Democratic government would be willing to. And this means we're right back where we were last summer, before Mario Draghi was able to [calm the markets](#). We have triggered a chain reaction reaching from Cyprus to Greece to Portugal to Spain to Italy. And we are once again standing at the very crossroads Angela Merkel wanted to avoid. Either we take a step further towards a [real banking union](#) - or a step backwards away from the euro. Naturally the decision-makers won't do either, but will simply try to wait it out. And with every new delay the solution becomes more expensive." (19/03/2013)

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

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De Standaard - Belgium

### Dangerous game with the euro

Behind the withdrawn decision to make Cyprus's [small savers](#) share the cost of the bank bailout lies a dangerous gambler mentality, the liberal daily De Standaard warns: "The obvious explanation for this decision is that the ECB and Euro Group are run by financial amateurs. People who didn't realise last weekend that the decision would undermine people's trust in the banking systems of other weak Eurozone countries like Greece, Spain, Portugal and Italy. ... But apparently what happened was that the ECB threatened that it would let Cyprus's banks collapse, leaving the country to pay the consequences on its own. ... So it's plausible that Europe's financial bosses took a calculated risk with Cyprus, which has an unrestrained banking sector but represents less than half a percent of Europe's economic output. The message was that the ECB won't give savers an unlimited guarantee. The fact that the levy has now been scrapped for small savers is a relief. But our euro is being guarded over by gamblers, if not by bunglers." (19/03/2013)

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

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All available articles from [» Bart Sturtewagen](#)

Phileleftheros - Cyprus

### Iceland an example for Cyprus to follow

The Cypriots should take a leaf out of the [Icelanders' book](#) when it comes to dealing with their financial crisis, the liberal daily Phileleftheros advises: "The affront we were subjected to on Saturday is a good opportunity for the Republic of Cyprus to free itself from the ballast of the past that has brought it to the brink of disaster. One would have expected our politicians to look at the measures taken by countries that have mastered the crisis without being put under Europe's control or falling to their knees before the International Monetary Fund, and above all without serving the interests of those who have brought this darkness upon them. [Iceland](#) points the way to a comprehensive social movement which is not necessarily Eurosceptic. ... Iceland is an example of a different kind of political culture - of how to tackle the crisis and even bring about a [change to the constitution](#)." (19/03/2013)

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

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All available articles from [» Akis Efelondis](#)

Diário de Notícias - Portugal

### EU leaders sell their citizens

According to media reports, the Russian energy giant Gazprom has offered to finance the restructuring of the [Cypriot banking sector](#) in exchange for [gas drilling](#) rights on Cyprus. The company itself has denied the reports. The liberal-conservative daily Diário de Notícias says it wouldn't be surprised if the EU accepted such a deal: "We have now reached the point where a company offers to buy an EU state. ... This type of state terrorism could be in the running for the most idiotic political measure ever. However these people [the EU leaders] are in a position to rob us. They are selling us as if we were commodities. We can't rely on these people; not even our savings in the bank are safe any more. ... But at least there is one positive aspect to this inhuman measure: it confronts us with the brutal reality of what these people are capable of. ... And with the fact that we are in danger of losing our democratic achievements and being put under the administration of a single gigantic corporation." (19/03/2013)

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

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All available articles from [» Pedro Tadeu](#)

## Cyprus: The crisis? Merkel's fault, of course!

19 March 2013

[El Mundo](#) Madrid

73,141



Effigies of Angela Merkel and Nikos Anastasiadis on display at a carnival in Limassol, Cyprus

**The aid plan launched by the Eurogroup in return for a tax levied on Cyprian bank deposits has provoked violent reactions. Germany is often accused of wanting to punish a struggling country. However, it's not the Chancellor who is to blame for the mistakes of the island, writes an economist.**

[John Müller](#)

In this latest crisis hitting the euro, it's not the Cypriots who are at fault; it's Angela Merkel and her government – don't waste time looking for other explanations. It's not the fault of a bloated banking sector that holds €128bn in assets in a country with a GDP of €17bn – it's Merkel who did it.

Don't blame those banks that, as the German secret service warned in November, opened their vaults to €21bn [from Russian oligarchs](#) without looking too closely and accepted – no questions asked – a few other thick wads from Arab millionaires (from fortunes that are hard to justify). **The banks practice International Personal Banking and "tax optimisation";** Merkel, in contrast, labours under a Protestant sense of morality.

**It's not even the fault of the money managers who put 50 per cent of their money – that's right, 50 per cent – into Greek bonds, purely out of patriotism (Cyprus is half Greek), even though they knew that they risked losing it all. No, that's Merkel's fault.**

## Christofias's crisis

It's certainly not the fault of **Sigmar Gabriel**, the agreeable German Social Democrat leader, who cut off all lines of retreat for the Chancellor: "I cannot imagine the German taxpayer bailing out Cypriot banks whose business model is based on allowing tax evasion." The entire blame, of course, falls on Merkel.

Nor is it the fault of the pathetic **ex-President of Cyprus, the communist Dimitris Christofias**, an autocrat formed in the Soviet Komsomol (perhaps the reason why there are so many Russian bank accounts in Cyprus), who was not in the habit of consulting his ministers, the parliament or the central bank.

*The Guardian*, a newspaper that cannot be suspected of ill will, [accused him in December](#) of leading the country into "a sorry state." Christofias was the one who decided in 2011 to keep in Limassol harbour the ship carrying explosives to Hezbollah, which then blew up and [took out the only power plant in the country](#). He also supported the president of one of the two big banks, the Marfin Laiki, when it decided to shift its headquarters to Greece despite opposition from the central bank of Cyprus. **His last act of foolishness was refusing to allow negotiations on the merger of the Marfin Egnatia Bank of Greece with the Laiki Bank of Cyprus when the famous offshoring to Greece was decided on, a move that cost Cyprus €4bn in assumed liabilities. With that, this economic genius sank his country. But no – it's all Merkel's fault.**

## Weak leader

Nor does it appear that his brand-new successor, **Nicos Anastasiadis**, a weak leader playing the game of 'blame Europe for what I have to do,' should shoulder any responsibility at all. **Anastasiadis props himself up on half-truths to plunder the deposits of the Cypriots instead of starting with sending a bill to the shareholders and creditors of the banks.** But of course, that would end the cushy financial system that they have built up and that they expect to continue to live off. **Schäuble reminded him yesterday that the idea of robbing depositors didn't come from Germany. But no. It's all Merkel's fault.**

And it's Merkel fault, too, for allowing Anastadiadis to toy with the prestige of the Eurozone, as Papandreou did before him. And because four years ago she didn't stand firm and veto Cyprus's entry into the eurozone. Because **she let herself be fooled by the certification of the OECD** that Cyprus had met 40 EU directives against money-laundering. And, in passing, it's also the fault of **Christine Lagarde**, of the IMF, which supported it. Do you recall who it was who handed the Greek minister the list of tax evaders, the one that got lost? **As if Lagarde knew nothing about the state of the Cypriot banking sector!** But no. It's all Merkel's fault. **And it had better be her fault, because any other theory will leave us standing naked before our own cluelessness.**

Translated from the Spanish by **Anton Baer**

## On the web

- [El Mundo website](#) es
- [Süddeutsche Zeitung article](#) de

View from Germany

## Expropriation is only justice

In Tuesday's German press, the *Süddeutsche Zeitung* stood out from the crowd with a piece [backing the expropriation](#): "He who benefits must pay", headlines the centre-left daily.

Yes, a government has the right [to expropriate from its citizens] – and in the case of Cyprus, it's even the fair thing to do, at least in principle. [...] **The economic model that combines tax-dumping with lax financial oversight while wooing foreign millionaires was not thought up in Berlin or Paris but in Nicosia.[...] This is why savings are in danger there, and not here.**

The Munich daily, however, believes that it is crucial to protect "innocent small investors." It accuses the president, Anastasiades, of having inflamed public opinion against Cyprus's European partners by claiming that involving small savers was inevitable. His goal, according to the *SZ*: to hide the fact that he wants to hold onto the island's business model.

## Cyprus: We are not Europe's fools

19 March 2013

[O Phileftheros](#) Nicosia

73,143

**After three days of protest, the government of Cyprus decided to tax only bank accounts above €20,000. But wanting to tax all accounts to pay for the international bailout plan, showed that, for Europe, the people of Cyprus do not count, complains a leader writer.**

[Frixos Dalitis](#)

Since Saturday, I can feel a huge anger growing in me. It is not only because of the [tax on bank accounts](#) (I have no funds at stake). But mostly it is because I have the impression of being taken for a fool. I am, like any citizen of this country, the victim of a scam. On the one hand, I must foot the bill for the mess left by Cypriot leaders and on the other hand, I must submit to the "political games" of our European partners.

As the poet Aeschylus put it, "there is nothing worse than the rage of a grumbling people". In our case, however, the people are already beyond the grumbling stage. The patience of even the most benevolent of peoples has its limits. And when these are crossed, the rage overflows and can sweep away everything in its path.

### ‘That is enough’

This is what will happen in this particular case. United, as a people with dignity and a conscience, we must go into the streets and state, with all the force that our souls can muster, that we are not fools. We must shout with all our might: "That is enough!"

When it comes down to it, you don't need a Masters in Economics to understand the consequences. The great majority of people are affected personally. They range from the old lady who managed to scrape together savings of €5,000 or €10,000, to the employee who put away a little each month so that his child can get an education later.

Even for those with millions in the bank, the problem is that, because they have "a lot", well, we will take a little of it. We very well know what this means. Those with a lot of savings will put their money elsewhere, to the detriment of the local economy. This will lead to more lay-offs, to bankruptcies of small and medium-sized businesses – we know the story.

**But what is highlighted in this affair, is the peoples' lack of confidence in Europe. This is not the Europe we dreamed of, this is not the Europe we want. In our Europe, there is no place for this kind of behaviour.**

## Finanzkrise in Zypern: Flucht in Russlands Arme



### Demo in Nikosia: Demonstrant mit einem Schild und Merkels Konterfei und dem Text "Denk gar nicht dran, ich weiche nicht"

(Foto: AFP)

Was wäre, wenn Zypern EU und Euro aufgibt? Was wäre, wenn nur Russland das Land vor der Pleite retten würde? Moskau würde es zu einem Vasallen machen. Und der Sündenbock ist längst gefunden: Deutschland.

Von Christiane Schlötzer, Nikosia

Was wäre, wenn? Wenn [Zypern](#) den Euro aufgäbe und auch die EU verliese? Wenn das ganze russische Geld in Säcken von der Mittelmeerinsel abtransportiert würde? Solche Fragen werden jetzt überall gestellt, da Zypern in der Krise steckt. In den hektischen Gesprächen der Euro-Finanzminister, den endlosen Telefonaten der Zentralbanker mit ihren nervösen Kollegen in Nikosia, in den stundenlangen Polit-Talkshows im zyprischen Fernsehen - und auch auf den Gängen des Kreml.

Die Zyprioten erinnern sich gern, jetzt umso mehr, an ihr einst starkes Zyprisches Pfund. Zyperns Wirtschaftskraft ist zudem für die Euro-Zone fast unbedeutend, weshalb ein Austritt aus der Gemeinschaftswährung für die Insel und vor allem für ihre Banken zwar äußerst schmerzhaft, aber für die anderen Euro-Länder wohl verkraftbar wäre. Weit dramatischer aber sind die politischen Konsequenzen, die ein solcher Schritt zur Folge hätte. Zypern, erst seit 2004 Mitglied der Europäischen Union, müsste dann wohl auch die [EU](#) verlassen - und würde so schnell nicht wieder Aufnahme finden können.

Warum? Weil es derzeit nur eine Nation gibt, die Zypern vor der Pleite zu retten bereit ist - wenn dies die EU nicht tut -, und das ist [Russland](#). Der Preis dafür: Moskau würde die Insel zu einem Vasallen machen. Russisches Geld läge auf den Banken, Gazprom würde die reichen Gasquellen vor Zyperns Küste kontrollieren, Russlands Militär könnte einen Stützpunkt auf der Insel bekommen - als Ausgleich, sollte der Marinehafen in Syrien verloren gehen.

Ist das nur eine so schreckliche wie unwahrscheinliche Zukunftsvision? Nein. Zyperns konservativer Präsident Nikos Anastasiadis ist erst seit drei Wochen im Amt, seine Regierungsmehrheit ist dünn. Anastasiadis ist ein Pro-Europäer, was man von seinem Vorgänger Dimitris Christofias und seiner kommunistischen Akel-Partei nicht immer sagen konnte. Die Akel hatte 2004 mit dem damaligen Präsidenten Tassos Papadopoulos paktiert - gegen einen UN-Plan zur Wiedervereinigung der seit 1974 in einen griechischen und einen türkischen Teil gespaltenen Insel. Das war ein Schlag gegen [Europa](#). Christofias ist abgewählt, er muss die Folgen der Katastrophe nicht mehr tragen. Die Akel-Partei aber lauert schon auf ihren Triumph: die Flucht in die Arme Russlands, wenn Anastasiadis stürzt oder für das EU-Hilfsprogramm keine Mehrheit bekommt.



## Sündenbock Deutschland

Ist Zypern erst einmal draußen aus der EU, dann wird der Katzenjammer in [Europa](#) groß sein. Eine Wiederaufnahme dürfte dann erst mal am alten Zypern-Problem scheitern: der Teilung. Über Nikosia leuchten die türkischen Nationalfarben Weiß und Rot, auf den Fels gemalt, in der Größe mehrerer Fußballfelder. Viele Menschen auf der Insel haben das Blutvergießen von einst nicht vergessen, und ein neuer Friedensplan ist nicht in Sicht. Für die Wiederaufnahme eines weiterhin geteilten Zypern aber dürfte sich in der EU so schnell keine Mehrheit mehr finden.

Das zyprische Desaster ist längst mehr als eine Finanzkatastrophe. Es hat sich zur politischen Krise hochgeschaukelt. Der Sündenbock für die neue Lage ist schon gefunden. Er heißt Deutschland. Die Bundesregierung hat bei der Rettung auf einer Eigenbeteiligung der Zypriern beharrt, die nun in Nikosia nicht durchsetzbar ist und Anleger weit über die Insel hinaus verunsichert.

Anastasiadis hat den Fehler gemacht, den Bankenplatz Zypern retten zu wollen. Er will zwar die Geldwäsche auf der Insel bekämpfen, aber nicht gleichzeitig alle betuchten Investoren vertreiben. Deshalb wehrte er sich gegen eine höhere Belastung der reichen Kontoinhaber und nahm Kosten für Kleinsparer hin. Es ist ein Jammer, dass niemand in der EU diesen Unsinn zu verhindern wusste.

## Cyprus rejects Eurogroup's savings levy and bailout deal

19/03 20:05 CET

73,146

The Cypriot parliament has rejected the EU/IMF bailout for the country's banks.

Support for the deal, which would have involved a one-off charge on all deposit accounts in the country, ebbed away almost as soon as it was announced on Saturday at the Eurogroup meeting.

Before rejecting the package Cypriot MPs had already decided to exempt any savers with 20,000 euros or less in their accounts, but this was not enough to gain support.

The Eurogroup said the charge was justified because Cyprus has allowed its banking sector to mushroom, Iceland style, into a monster that is more than twice the size of the rest of the economy, and has sucked in so much foreign money, much of it Russian, that foreign deposits account for 37% of all savings in Cyprus.

The Cypriots countered by saying they have a right to build up a services sector which they accuse Germany of wanting to destroy, and that they are being targeted because of ongoing disagreements with Moscow that the EU should work out elsewhere.

The European public has not failed to notice the one big fact to emerge from this latest crisis in the Eurozone. That is, no-one's money appears safe any more, unless its stuffed under the mattress. The implications for the EU's already hard-pressed banking system are obvious. A collapse in confidence at this stage of the game could prove fatal for the entire European project.

Yet although the Cypriot "no" vote appears to have struck a blow for ordinary people it plunges the country into a deeper crisis, one that could have serious repercussions for the rest of Europe.

## UK MEP Daniel Hannan Urges Cyprus To "Default, Devalue, And Decouple" Itself Back To Growth



Submitted by [Tyler Durden](#) on 03/19/2013 13:42 -0400

73,147

### VIDEO

"Either Cyprus is going to have to find the money to fund the bailout, or it's going to have to leave the Euro - to default, devalue, and decouple," is the cold hard truth that UK MEP Daniel Hannan explains in this brief clip. Neither of these paths, he goes on to say, is an easy one, but he believes "there is no doubt the second of them is the less painful - allowing Cyprus to price itself back into the market and start exporting its way back to growth again."

There are no good outcomes for a country as indebted as Cyprus is, "but if **I were a Cypriot member of Parliament, I would vote now to go back to an independent currency as the least painful of the various difficult options.**" Hannan then makes a fantastic point, "*in the rest of Europe, we have measured the cost of monetary union in unemployment, deflation, poverty, and emigration; in Cyprus that wasn't enough, they have had to gouge the savers directly,*" and so the Cypriots who claim to want to stay in the Euro can now quantify the cost of that shackle, as he reminds us that, "you don't have to be a Russian oligarch to have EUR 100,000 in the bank," as he concludes, "the really interesting question is - who's next?"

**Now that the precedent has been set (that governments can come after what is in your savings account) what country is safe?**

Average:

<http://www.bloomberg.com/video/cyprus-by-the-numbers-just-how-big-is-the-problem-~RdlArC0RRv8hOhPjGCFqQ.html>

**Cyprus by the Numbers: Just How Big Is the Problem?**

**73,148**

## **Videos**

March 19 (Bloomberg) -- Bloomberg's Sara Eisen breaks down the numbers behind the Cyprus bailout. She speaks on Bloomberg Television's "In The Loop."

## So, are they stupid?

[David Keohane](#) | Mar 19 17:51 | [11 comments](#) | [Share](#)

73,149

Part of the A Cypriot Precedent series

To be perfectly honest, trying to second-guess Cyprus isn't gonna get us anywhere. The situation at pixel time was moving too fast at too great a distance. While we wait for a tiny bit of clarity — whether this evening's vote on the bailout will go ahead is still unclear, let alone what the outcome will be — a question being asked by Credit Suisse's William Porter and team seems apropos: *What if they're not "stupid"?*

"They" are the authorities, particularly those who threw together what is fast turning into at least a semi-shambles for Cyprus. But, Porter says, an immediate corollary of ruling out the "stupidity" assumption is that if we can see something, the authorities can see it too... at least eventually.

It's way too simplistic to relegate them to the dunce corner.

So, if they're not thick but, instead, at least reasonably rational. What is going on?

Porter wonders (with our emphasis) if they are not being "stupid" in Cyprus, but rather are grasping a nettle before they lose control?

**To put the tax/expropriation in perspective, Cypriot bank deposit rates have averaged 4-5% in recent years due to a country risk premium.** The haircuts are still being negotiated, but are not unaffordable on this scale. There is a clear risk of deposit withdrawal across the periphery, but what the "bank run" thesis neglects is that deposit rates float. In contrast to SNS Reaal subordinated debt holders, Cypriot bank depositors have not (yet) been obviously spectacularly wrong, and a raised rate looks likely to stabilize deposits in, say, Portugal (again, short of a systemic fat-tail collapse of the euro, and see below for our views on the Cypriot vote failing).

**Looked at in this light, authorities are forcing more rational pricing on second-tier banks, highlighting the fact that they are not risk-free, but at least, under current guarantee arrangements, carry some sovereign risk.** To remove that requires a core guarantee of unstable second-tier periphery banks, which is a swerve too far for the core. This increases their challenges.

**So what we think we have here is the beginnings of an inevitable triage of the banking system. Dangerous? Inevitably. Stupid? Not so fast....**

The core of a European banking system is fully in evidence; we have a list of G-SIFIs as a starting point. Pan-European deposit insurance should be much easier to arrange on a core system. Further, we have the EBA exhorting 39 banks to put in place "living wills" in addition to the ten already doing so. The latter is not even the nucleus of a "TBTF" list (two of the banks are Cypriot — see below) but it shows a pattern, we think.

As always, we have a problem of seeing where we are going much more clearly than the path to get there, and everything is path-dependent...

**But we think the investment implications remain clear; institution dominates position in the capital structure and geography. If the authorities drive that message home, can they really be described as "stupid"?**

It is of course possible to have a destination in mind and mess up on the way, particularly if you are exhausted half the time. Cyprus is not Italy and "they" might feel more freedom to push here than elsewhere.

Even if Cyprus was to vote no (and another vote delay this eve makes sense from where we're sitting) leave the euro and default, Porter says we need to ask what "leaving the "euro" would actually mean.

Under that circumstance, there would be a large systemic shock which would come to bear on weaker banks in the periphery, but we would have final clarity on the (non-fatal) effects of a hard payment sovereign default. This would be a dramatic escalation of the crisis... but we would not see it as the definitive point, merely a high (pre-defining moment) level of stress in our "stress cycle". It would clearly show a "stick" to discourage the "playing hard" that was becoming endemic on the periphery.

There's more on this in [the usual place](#) and we'll leave it to you to juxtapose the suggested method above with what often looks like rushed sleep-deprived madness from afar.

## Nigel Farage Message To Europeans: "Get Your Money Out While You Can"

Submitted by [Tyler Durden](#) on 03/19/2013 16:41 -0400

73,151

### VIDEO

In Nigel Farage's first TV appearance since the Cypriot wealth tax was announced, the Englishman pulls no punches. In all his years and all his experience of the desperation of the European Union's leadership "never did [he] think they would resort to stealing money from people's savings accounts." The simple fact is that they know they cannot let any country leave, no matter how small, for "once one country goes, the whole deck of cards will come tumbling down." There is now "**clear irreconcilable differences**" **between the North and the South of Europe** and now that they have done this in one country, "they are quite capable of doing it in Italy, Spain and anywhere." The message that sends to people is "get your money out while you can." As far as his British constituents, he strongly recommends George Osborne (UK Chancellor) urge ex-pats to remove all their money and do monthly transfers from home. "**Do Not Invest In The Euro-Zone,**" he concludes, "**you have to be mad to do so** - as it is now run by people who do not respect democracy, the rule of law, or the basic principles upon which Western civilization is based."

*"They are propping up a Eurozone that, in the end, will collapse in disastrous failure and they are prepared to do anything to do so."*

5 minutes of reality from a European MP - must watch...

## Zypern-Rettung Her mit dem Geld!

19.03.2013 · Stamokap am Bankomat: Zypern droht ein Testfall zu werden. Für eine Politik, die einen politischen Kredit nach dem anderen verbraucht.

Von [Jürgen Kaube](#)

73,152

Soll die Wirtschaftsform, in der wir leben, benannt werden, fallen gern Begriffe wie „Kapitalismus“, „soziale Marktwirtschaft“ oder „Privatwirtschaft“. Das sind ganz heterogene Bezeichnungen. Der Gegensatz von Kapital und Arbeit beispielsweise war wirtschaftshistorisch interessant, ist aber in Zeiten nicht mehr so informativ, in denen Hedgefonds die Altersvorsorge kalifornischer Lehrer verwalten, die Bankiers Angestellte sind und Banker heißen und in denen die Facharbeiter dem mittelständischen Produktionsmitteleigentümer soziologisch wie ökonomisch betrachtet näher sind als den Proletariern aller Länder.

Und wenn kaum ein Wertschöpfungsakt mehr ohne lobbyistische Begleitung, Subvention und Steuerausnahme erfolgt, ist auch der Begriff von der Privatwirtschaft Vergangenheit. Staat und Markt zu unterscheiden wirkt hilfreich, wenn man daran Utopien – der Gerechtigkeit, der Freiheit, Rechtssicherheit oder Effizienz – knüpfen will. Aber im konkreten Fall führt es oft nicht sehr weit. Man hält an solchen Begriffen fest, doch nicht, weil sie viele Tatsachen erschließen, sondern weil man sie liebgewonnen hat und keine anderen weiß.

## Russisches Oligarchengeld

An Zypern bekommt die europäische Öffentlichkeit nun gerade vorgeführt, was „soziale Marktwirtschaft“ derzeit heißt. Das Land hat sich hoch verschuldet (Staat) an den Börsen und bei privaten Vermögensbesitzern (Markt) – anstatt beispielsweise seine Unternehmen angemessen zu besteuern (Markt) –, so hoch, dass es nun gerettet werden soll (Staat), damit es seine Gläubiger nicht mit in den Ruin zieht (Markt). Dazu wird eine Zwangsabgabe (Staat) beschlossen, mittels derer die privaten Anleger bei zyprischen Banken (Markt) sich in einem Umfang an der Rettung beteiligen sollen, der ihrer Leistungsfähigkeit folgt; erst mit Kleinsparern, jetzt ohne (soziale Staatsmarktwirtschaft).

Bemerkenswert daran ist, wie die einen Privaten zu Erwartungsstabilisierung bei anderen Privaten herangezogen werden, auch wenn auf den ersten Blick nicht klar ist, weshalb russisches Oligarchengeld für zyprische Fiskalpolitik haften soll oder zyprische Sparer für Anleger in die Staatsschulden Zyperns. Nichts gegen die Beschlagnahme von Schwarzgeld, aber im Rechtsstaat gilt, dass Ganoven gegebenenfalls aus den richtigen Gründen bestraft werden müssen. Die angebliche Solidargemeinschaft Europas erwies sich, wenn Legalität gleichgültig wird, als ein jedem aktuellen Zugriffsbedürfnis offenes Konzept. Ganz so, als wären Sparer Soldaten, die jeden Marschbefehl zu akzeptieren haben, weil irgendein Eid und am Ende irgendein Gemeinwohl sie dazu verpflichten. In Brüssel kennen sie keine Privaten mehr, sie kennen nur noch Europäer.

## Wie töricht

Das schürt den Verdacht, dass an Zypern nur ausprobiert wird, was auch andernorts probat erschiene. Da man mit dem Projekt „Zwangsabgabe“ nicht gern in Wahlkämpfe geht, verfolgt man es über EU-Sondersitzungen. Dieser Argwohn wird nicht geringer, wenn Finanzminister Wolfgang Schäuble (CDU) im Fernsehen, halb schmunzelnd und als plaudere er einen echt gerissenen Trick aus, davon spricht, da Bankeinlagen eine sensible Sache seien, mache man so etwas am Wochenende.

Wie töricht. Will er denn, dass künftig jede getwitterte Sitzung der Eurogruppe zu hilflosen Ausweichbewegungen vor einem vermuteten Enteignungskonsortium aus Politik und Bankwirtschaft führt? Glaubt er im Ernst, die Sparer in Italien oder Portugal interessierten sich für seine Wochenendlist? Und wie gering schätzen er und seinesgleichen den Schaden ein, den Europa nimmt, wenn seine Bewohner glauben müssen, in Fiskal- und Währungsfragen einer ganz beliebigen Auslegung ihrer Rechte ausgeliefert zu sein?



## Bei optimistischer Deutung

Man darf an dieser Stelle an ein etwas ausführlicheres Wort erinnern, das desselben Geistes war. Es stammt von **Jean-Claude Juncker**, dem langjährigen luxemburgischen Premierminister und bis vor kurzem Chef der Eurogruppe. **„Wir beschließen etwas“, meinte er schon vor mehr als zehn Jahren zur europäischen Politik, „stellen das dann in den Raum und warten einige Zeit ab, ob was passiert. Wenn es dann kein großes Geschrei gibt und keine Aufstände, weil die meisten gar nicht begreifen, was da beschlossen wurde, dann machen wir weiter – Schritt für Schritt, bis es kein Zurück mehr gibt.“**

Arroganz hat unter anderem den Nachteil, die eigenen Dummheiten aus dem Blick zu verlieren. Dass die meisten gar nicht begreifen, was da beschlossen wurde, dürfte schließlich mitunter auch für die gelten, die es beschlossen haben, ja recht eigentlich für alle. **So mag Zypern, bei optimistischer Deutung, vielleicht kein Testfall für europaweite Kontributionen sein. Ein Testfall für eine Politik, die einen politischen Kredit nach dem anderen verbraucht, droht es zu werden.**

Quelle: F.A.Z.

## Chypre, ou le risque d'une panique bancaire

LE MONDE | 18.03.2013 à 12h13 • Mis à jour le 18.03.2013 à 12h19 Par Éditorial du "Monde"

73,154



**Editorial.** En finance, on ne prend pas un risque dont on ne sait [mesurer](#) les conséquences. Pourtant, depuis qu'a éclaté la crise mondiale du surendettement en 2007, ce choix a été fait à deux reprises. En septembre 2008, l'administration Bush a laissé Lehman Brothers, la quatrième banque d'affaires américaine, [tomber](#) en faillite, créant une syncope bancaire généralisée sur toute la [planète](#). A l'automne 2010, à Deauville, [Nicolas Sarkozy](#) et Angela Merkel ont décidé que les pays de la zone euro ne rembourseraient pas nécessairement leurs dettes à [l'avenir](#) : ils ont ainsi accéléré la [crise financière](#) non seulement en [Grèce](#), mais aussi au [Portugal](#), en [Irlande](#), en [Espagne](#) et en [Italie](#).

Comme si ces précédents n'avaient pas suffi, les Européens et le FMI ont tenté ce [week-end](#) une troisième expérimentation : [organiser](#) un prélèvement sur les comptes bancaires des Chypriotes. Il a été décidé de [ponctionner](#) d'autorité 6,75 % des dépôts jusqu'à 100 000 euros, 9,9 % au-delà. L'idée est de [faire](#) participer au plan de sauvetage du pays les Chypriotes et surtout **les Russes, qui en ont fait leur base arrière, pour ne pas dire la "lessiveuse", de leurs financements. Ils y ont déposé plus de 20 milliards d'euros sur un total de 70 milliards de dépôts. La mesure, qui doit rapporter 5,8 milliards d'euros, a permis de baisser l'ardoise du plan de sauvetage de l'île, jugé inacceptable par les Allemands : celle-ci ne devrait être que de 10 milliards d'euros – 9 milliards financés par la zone euro, 1 milliard par le FMI –, contre 17 milliards d'euros prévus initialement.**

Nul ne peut [mesurer](#) les conséquences de cette décision. A [Chypre](#) d'abord, où les épargnants se sont rués sur les distributeurs de billets, à peine connu le plan. Son annonce met en grande difficulté le président de la République, Nicos Anastasiades, en place depuis deux semaines. Devant la colère des électeurs-dépôtsants chypriotes, M. Anastasiades a dû [reporter](#) le vote du Parlement de Nicosie prévu dimanche, afin d'entériner une décision dont la légalité devra être assurée. Pour [calmer](#) le jeu, le taux des prélèvements pourrait être plus progressif, histoire de ménager les épargnants les plus modestes.

Surtout, il est très difficile de prévoir le possible effet de contagion du plan chypriote. La zone euro est en rémission depuis l'été 2012. La Banque centrale européenne avait alors annoncé qu'elle soutiendrait quoi qu'il arrive la monnaie unique, tandis qu'[Angela Merkel](#) avait décrété que la Grèce, finalement, resterait dans la zone euro.

Ce week-end, les Européens et le FMI ont pris le risque de [relancer](#) la défiance contre la monnaie unique. Lundi matin, les Bourses et l'euro étaient en baisse. Il convient de s'[assurer](#) que les épargnants espagnols, portugais, irlandais, italiens ne vont pas [retirer](#) à leur tour leurs économies, décidément bien peu en sécurité dans les banques.

Les dirigeants européens répètent que la spectaculaire taxation des dépôts chypriotes restera exceptionnelle, voire unique. Un principe sacro-saint a toutefois été brisé : jusqu'ici, les comptes étaient garantis partout dans la zone euro, jusqu'à 100 000 euros. Depuis samedi, ce n'est plus tout à fait le cas.

## Cyprus Bailout Promises Crucial Test for Germany

By [NICHOLAS KULISH](#) and [JACK EWING](#) (on the principle of conditionality)

BERLIN — The divisive international bailout deal for Cyprus, with its heavy burden for individual savers, has emerged as a potentially decisive test for the German-led push for discipline and austerity in the currency union.

The backlash in Cyprus and, indeed, around the world **has prompted fresh concerns about solidarity in Europe and the ability of the currency union to hold together in the long run with such divergent economies and public interests.**

If, despite the controversy, the bailout deal for Cyprus remains contained to the small Mediterranean island, with no significant implications for the rest of the euro zone, it could prove a validation of the German approach. However, a further fracturing of euro zone unity could show once and for all that Germany and its disciplinarian allies have overplayed their hand.

Chancellor [Angela Merkel](#) of Germany has thus far set the tone in Europe, wielding the country's overwhelming economic strength and influence to ensure that austerity and budget consolidation dominate as the solution to a [debt crisis](#) now three years old. Recently, Italian voters sent a stiff rejoinder, rejecting the technocratic government of Prime Minister Mario Monti and giving more votes to the protest party of a comedian and even to the party of Ms. Merkel's bête noire, former Prime Minister Silvio Berlusconi.

The struggles of ordinary savers in Cyprus strike a chord that resonates not only in Southern Europe but also here in Germany. The image of Cyprus within Europe and worldwide has quickly flipped from that of a shadowy refuge for Russian money launderers to the home of honest pensioners whose accounts are being raided to pay for banks' missteps.

**"It's difficult to see how Germany comes out of this one strengthened,"** said Jacques Cailloux, chief European economist at Nomura, the global investment bank, in London. **"There is a point at which the conditionality they impose is so stretched that the other countries are not going to sign up for it anymore."**

Even after the Cypriot president, Nicos Anastasiades, revised the terms on Tuesday morning to exempt depositors with less than \$26,000 in their accounts, Parliament rejected the bailout deal on Tuesday night, as Cypriot protesters demonstrated in the streets with anti-German banners. But German officials have not backed down, saying essentially that Cyprus has no choice but to come up with billions to cover its side of the deal.

"As long as there is no program, the liquidity assistance for the Cypriot banks is endangered," said a German government official, speaking on condition of anonymity on Tuesday because the negotiations had not been completed. "That's difficult," the official added, "but that's the situation."

**Many in Germany still advocate the hard line on bailouts that the government has taken, with the support of allies like the Netherlands, Finland and Slovakia.** "We can't go on the way we have been," said Tilman Mayer, a professor of political science at the University of Bonn. "We have to set an example or this could know no bounds."

The cynical reading is that Ms. Merkel has stayed tough out of concern for her re-election chances in September's parliamentary elections. "The rescue package for Cyprus is written in the handwriting of German domestic politics," said Thomas Poguntke, professor of comparative politics at the Heinrich Heine University in Düsseldorf. **"But taking the savings breaks a taboo."**

**Along with the International Monetary Fund and the European Central Bank, the Germans are sticking to the principle that countries that mismanage their banks and government finances must endure pain as the price of financial help — even if ordinary citizens are the ones who suffer.**

**Christine Lagarde**, the managing director of the International Monetary Fund and one of the officials who worked out the Cyprus plan in Brussels last week, said Tuesday in Frankfurt that she was in favor of changing the plan to burden ordinary depositors less. **But she quickly added that Cyprus would still need to contribute \$7.5 billion to the bank rescue, as promised.**

“Now is the time for the authorities to deliver on what they have committed,” Ms. Lagarde said.

Oxford Economics, a consulting firm based in England, calculated that the uncertainty created by Cyprus could create a credit crunch that could cost the euro zone about 3 percent of gross domestic product, or about \$386 billion. It could get worse if the economic dislocation inflamed political unrest in Greece and Italy.

But even if the math seems to speak for granting Cyprus more slack, German leaders will resist abandoning their position in an election year. The European Central Bank is also in a tough spot. **Mario Draghi**, the bank’s president, took the heat out of the euro zone crisis last year with his promise to buy bonds of troubled euro zone countries as needed to control their borrowing costs.

**That guarantee is predicated on the troubled countries’ agreeing to economic restructuring and other conditions.** Cyprus shows how hard it could be to enforce such demands, **and that could undermine the credibility of the European Central Bank’s promise.** Mr. Draghi spoke Tuesday at a conference in Frankfurt, but did not mention Cyprus.

Mr. Draghi has generally been pragmatic rather than doctrinaire in handling the crisis, and has sometimes displeased the Germans. **But in this case his bank played a role in pressuring Cypriot leaders to accept a deal.** **Jörg Asmussen**, a German member of the bank’s executive board who took part in the talks in Brussels, **told the Cypriots that the country’s banks would no longer be eligible for emergency cash if they did not make a deal.**

Under European Central Bank rules, so-called emergency liquidity assistance is available only to solvent banks. In the absence of a rescue plan, the Cyprus banks would be insolvent. However, the central bank indicated Tuesday that it would grant Cyprus a grace period and not immediately cut off the emergency cash.

**The Cyprus debacle could weaken Germany in debates about how to remodel the currency union so it is less prone to crisis.** For example, German leaders like the conservative president of the Bundesbank, **Jens Weidmann**, have argued that Europe should go slowly in ceding responsibility for bank supervision to the European Central Bank.

On Tuesday, proponents of a centralized bank regulator were already citing Cyprus as a reason to move faster. Representatives from European Union governments and from the European Parliament reached a preliminary deal granting the European Central Bank the power to supervise banks. Government ministers and the full Parliament still need to vote on the measure before it becomes law.

**Martin Schulz**, the president of the European Parliament, **said that more joint banking oversight was needed, including measures that some Germans have resisted, like creating a common pot of money as a way to help shut down failing banks. Countries like Germany and Finland are wary of pooling resources with countries like Spain and Cyprus, with weaker economies and more vulnerable banking systems.**

Despite growing signs that the Cyprus deal has reawakened the euro crisis, **Germany and the E.C.B. may remain unbending out of fear that compromise would weaken them in future negotiations.**

“The whole world has told them in the last 24 hours this is a mistake,” said Mr. Cailloux, the Nomura economist. “They responded by convening an emergency meeting and the conclusion was that they haven’t budged.”

“It’s such an important test case they are going to be slow to let go,” he said.

03/20/2013 09:29 AM

## Bailout Clash

# Why Europe Must Play Hardball with Cyprus

An Analysis by [Christian Rickens](#)

73,157

**The Cypriot rejection on Tuesday night of the euro-zone bailout package for the country's ailing banks has triggered a power struggle between the island nation and the European Union. If Brussels gives in, future efforts to save the euro will be made more difficult. All hopes are now on Russia.**

Efforts to save the euro have long been criticized for being undemocratic, with bailout packages being assembled behind closed doors in Brussels. But after [Tuesday evening's vote](#) in the Cypriot parliament, that critique will be difficult to maintain. Not a single parliamentarian in Nicosia cast a vote in favor of the bailout package, one which foresaw a mandatory levy on accounts held with Cypriot banks.

Thirty-six lawmakers voted against the deal and 19 abstained, including those belonging to President Nikos Anastasiades' center-right DISY party. With their veto of the expropriation plan, parliamentarians in the island nation showed that representatives of a small European Union member state [can indeed block](#) euro-zone efforts to save the common currency.

Anastasiades, of course, didn't exert much effort to find a majority for the deal, even though he had agreed to it in Brussels. On the contrary, even before the parliamentary debate began, he said the package was unlikely to pass -- a virtual invitation to lawmakers to reject it. The move could even be a tactical one. Anastasiades can now return to Brussels in the hopes of leveraging better conditions out of Cyprus' euro-zone partners by highlighting his country's rebellious parliament.

It could also be useful as a lever in Moscow. On Wednesday morning, all eyes were on Russia in the hopes that the country might jump in to provide Nicosia emergency aid. Russian investors have parked billions of euros in Cypriot bank accounts -- indeed the presence of Russian money is one reason why Cyprus' banking sector holds assets worth more than seven times the country's annual gross domestic product. According to media reports, Anastasiades spoke with Russian President Vladimir Putin immediately following the failed parliamentary vote and the Cypriot finance minister flew to Moscow on Tuesday night.

## Bullied from Abroad

In the coming negotiations, the Euro Group must be careful as it seeks to maintain its credibility. The vote on Tuesday evening made one thing clear: The main concern in Nicosia was not in fact those who held smaller sums in Cypriot accounts. By Tuesday morning, the original deal had been changed to exempt from the bank levy those holding less than €20,000 in their savings accounts. That the parliamentary veto was nonetheless unanimous shows that lawmakers are primarily interested in maintaining Cyprus' role as a low-tax paradise and offshore business haven. It also shows that Cypriots are unwilling to be bullied from abroad, particularly not by the Germans.

The facts of the case would seem to belie the intense emotions it has triggered. Two large Cypriot banks have run into difficulties and Nicosia is unwilling to liquidate them or allow them to enter into insolvency because that could fatally harm other banks in the country and destroy the country's reputation as a financial center for the foreseeable future. But bailing the banks out is beyond the means of the government, which is why Cyprus needs billions in aid money from the European Stability Mechanism (ESM), the euro-zone's permanent bailout fund. The euro-zone, led by Germany, came up with a not unreasonable demand in exchange for assistance: Namely that the bank customers, whose accounts are to be saved, contribute to the bailout.

Nicosia's refusal, however, has now escalated the bailout from a question of policy to a question of principle. The sums involved, after all, are relatively small in comparison to the past needs of other nations-in-crisis. The Cyprus package called for €10 billion from the ESM and a further €5.8 billion to be raised by the account levy. But were the euro zone to now back away from that levy demand it would be clear to all that the common currency union could be blackmailed.

If, after all, one of the smallest euro-zone members can claim to be systemically relevant -- and if that state is allowed to block efforts to tap into other possible sources aid money before European taxpayers are forced to fund the entire bailout -- then all countries that run into trouble in the future will refuse to budge in negotiations with Brussels.

### **What About European Taxpayers?**

And there will be future negotiations. Banks in Spain too are in need of bailout money from the ESM. The key sticking points are similar to those in Cyprus: Should some banks be liquidated and how heavily should investors and creditors be involved in the bailout?

This week, it has repeatedly been said that the euro zone must be careful not to erode the [trust of the financial markets](#) in the common currency. But the [trust of European taxpayers](#) in their leaders is likewise precarious. And it will be endangered if the impression is once again given that taxpayers alone must bear the risks associated with propping up the common currency.

What, then, will happen next in Cyprus? Time is of the essence. Banks in the country can't stay closed forever, and should they open before a clear path forward has been established then a run is practically a certainty. And a bank run could be the *coup de grace* for the country's financial system.

The rapid turn toward Russia on Tuesday night makes it clear that Cyprus is quickly pursuing a potentially promising Plan B. Because many rich Russians have long used Cyprus as a low-tax locale to park their money, it is hoped that Moscow might spring for the €5.8 billion in bailout money left open by Tuesday evening's parliamentary rejection. According to media reports, the Cypriot government is attempting to strike a quick natural gas deal with Russia, granting Moscow concession rights to the large natural gas reserves that lie off the coast of Cyprus in exchange for much-needed cash.

### **Game of Chicken**

The Euro Group would only be able to accept such a compromise if the money from Russia did not come in the form of a loan. That, after all, would increase Cypriot sovereign debt to an unsustainable level -- exactly what the first deal was trying to avoid.

The alternative would be for Cyprus to allow the European deal to fall apart completely, eschew the €10 billion from the ESM and try to find the €17 billion it needs from elsewhere. Here, too, Russia would be the primary hope.

What, though, if Russia refuses to bail the country out and Nicosia can find no other partners willing to help? Then the Cyprus situation would turn into a game of chicken: Who is more afraid of a Cypriot insolvency? Cyprus itself or the rest of the common currency area? Brussels, after all, is concerned that if Cyprus is allowed to fall, it could lead to a resumption of capital flight from other struggling euro-zone countries and rapidly spiralling sovereign bond rates for Italy and Spain.

One thing, though, is clear. If the euro zone blinks in its game of chicken with mini-member Cyprus, it will be forfeiting many future duels as well.

## Schäuble: Zypern muss sein Geschäftsmodell ändern

20.03.2013 · Das zyprische Parlament lehnt eine Zwangsabgabe auf Bankguthaben ab - und damit das Rettungspaket der EU. Jetzt suchen die Politiker Hilfe in Russland. Der deutsche Finanzminister Schäuble hält Zyperns Geschäftsmodell aus niedrigen Steuern und laschen Kontrollen für gescheitert.



© dpa Dann eben allein: Demonstranten feiern in Nikosia die Entscheidung des zyprischen Parlaments

Die kleine Inselrepublik Zypern steuert auf den finanziellen Untergang zu. Das Parlament in Nikosia brachte am Dienstag Abend die geplante und hoch umstrittene Zwangsabgabe auf Bankguthaben zu Fall. Kein einziger Abgeordneter stimmte für die Einmalmaßnahme, die Voraussetzung für das am Wochenende geschnürte [Hilfspaket der Europartner](#) ist.

Auf der verzweifelten Suche nach anderen Geldquellen war der zyprische Finanzminister Michalis Sarris am Abend nach Moskau geflogen, wie das staatliche zyprische Radio berichtete. Wie das Büro des Präsidenten mitteilte, telefonierte Anastasiades nur wenige Minuten nach der gescheiterten Abstimmung mit seinem russischen Amtskollegen Wladimir Putin. Das Gespräch habe etwa 30 Minuten gedauert und die Finanzbeziehungen beider Staaten betroffen. Das Staatsfernsehen (RIK) berichtete, beide hätten sich auf ein Treffen geeinigt. Ein Termin wurde aber nicht genannt. Russische Unternehmen haben aus Steuergründen Milliardensummen nach Zypern transferiert.

Staatspräsident Nikos Anastasiades berät die schwierige Lage an diesem Mittwoch mit den Vorsitzenden aller Parteien und dem einflussreichen Erzbischof Chrysostomos.

## Gabriel beschuldigt Merkel

Der SPD-Vorsitzende Sigmar Gabriel gibt auch der Bundesregierung Schuld an dem Zypern-Debakel. „Angela Merkel ist mitverantwortlich dafür, dass in Zypern Kleinsparer die Zeche zahlen sollen, aber die Bankeigentümer ungeschoren davonkommen“, sagte Gabriel zu „[Spiegel Online](#)“. Die Kanzlerin habe zugelassen, dass erstmals in der Euro-Krise Kontoinhaber „faktisch teilenteignet“ würden.

„Sie hat damit das Versprechen, dass sie 2008 gemeinsam mit (dem heutigen SPD-Kanzlerkandidaten) Peer Steinbrück den deutschen Kleinsparern gegeben hat, für die Kleinsparer in ganz Europa verraten“, so Gabriel. „Dieses Vertrauen in Europa wieder herzustellen wird schwer.“ Es sei nicht allein Bundesfinanzminister Wolfgang Schäuble (CDU) gewesen, der mit dem hoch verschuldeten Euroland Zypern verhandelt habe, sondern die Kanzlerin selbst. „Sie hat beim Brüssel-Gipfel die Linie vorgegeben“, so Gabriel.

## Schäuble: Geschäftsmodell ist gescheitert

**Schäuble selbst reagierte enttäuscht auf das Scheitern des vereinbarten Zypern-Rettungspakets. „Wir bedauern, dass das zyprische Parlament sich heute gegen das von der Eurogruppe gemeinsam mit der**

zyprischen Regierung erarbeitete Programm entschieden hat“, erklärte Schäuble am späten Dienstagabend in Berlin. Schäuble zeigte sich kompromisslos und bestand auf einem Beitrag des Landes an seiner Sanierung. Das zyprische Geschäftsmodell aus niedrigen Steuern und geringen Kontrollen sei gescheitert, sagte er im ZDF.

Schäuble machte ausschließlich die Zyprer für die Krise verantwortlich. Sie hätten selbst um Hilfe zur Abwendung des Staatsbankrotts gebeten. Angesichts des riesigen Finanzbedarfs und der kleinen zyprischen Wirtschaftsleistung sei ein Eigenbeitrag unabdingbar. Der CDU-Politiker äußerte Zweifel daran, dass die größten Banken Zyperns wie geplant am Donnerstag wieder öffnen können. Die beiden führenden Institute seien ohne Hilfe insolvent. Auch glaube er angesichts der Lage nicht daran, dass die Mittel Zyperns wie zuvor veranschlagt noch bis Juni reichten. Zur Gefahr einer Ansteckung anderer Länder erklärte Schäuble, die Währungsgemeinschaft sei heute stabiler als früher. „Wir haben ausreichend Vorsorge getroffen, dass die heutige Entscheidung auf Zypern keine negativen Auswirkungen auf den Rest der Eurozone haben wird.“

(...)



## The bail-out of Cyprus

### We'd rather not

Mar 20th 2013, 0:12 by K.H. | NICOSIA

73,161



Defiant lawmakers in Cyprus rejected a bill on Tuesday March 19th that would impose a universal levy on bank deposits, calling it a shameless attempt to “**blackmail**” a small island. The levy had been agreed to last week with the euro-zone group negotiating a bail-out for Cyprus. The governing Democratic Rally party, which proposed it, chose to abstain. The other five parties in parliament voted against.

The levy was supposed to raise €5.8 billion (\$7.5 billion) on top of a €10 billion bail-out by the European Union and International Monetary Fund, **to spare criticism that once again north European taxpayers were footing the bill for Mediterranean idlers**. Nicos Anastasiades, the Cypriot president, said he would quickly draw up a plan B.

Mr Anastasiades has to move fast. **Cypriot banks have already been closed for three working days, though cash machines are being regularly refilled. When the banks re-open a run is possible.** Locals will transfer their savings to safe deposit boxes and mattresses. **Owners of foreign companies based on Cyprus because of its low tax rate and lax application of anti-money laundering rules will move funds to a more stable jurisdiction.**

Plan B, say government advisers, would require state pension funds to hand over about €4 billion of their reserves. Cyprus would ask Russia for the other €2 billion, arguing that Russian companies, with an estimated €25 billion stashed in Cyprus, would then no longer face the prospect of losing 10-12% of their deposits. **Michalis Sarris, the finance minister, flew to Moscow as soon it became clear the bill would not be approved.** His first task will be to seek an extension, and perhaps an interest-rate cut, for Cyprus’s current €2.5 billion loan.

**If the EU and IMF raise objections to nationalising the pension funds, Cyprus will need more cash.** One scheme is for a Russian bank to pay one euro for Laiki Bank, Cyprus’s second-largest, and cover the €4 billion cost of recapitalisation. Gazprombank, the Russian gas giant’s banking arm, may be interested. **In the meantime, bankers in Nicosia hope the European Central Bank won’t pull the plug on the emergency liquidity assistance (ELA) that keeps Cypriot lenders afloat.**

Bagehot

## A big crush on Sweden

British politicians want to learn from Sweden. But they are missing its biggest lesson

Mar 16th 2013 | [From the print edition](#)

73,162



ANDERS BORG is pressed for time. Sweden's finance minister, a tall, ebullient man with a ponytail and an earring, is required before Parliament. He grimaces at the prospect: reforms to Sweden's budgetary process have made Mr Borg's job more powerful, leading to greater scrutiny. "But of course it's not as horrible as the House of Commons," he grins. "It's not that big an ordeal."

He is right. Compared with red-in-tooth-and-claw Westminster, Swedish politics even at its most cantankerous is like a gentle disagreement among friends. Nothing repels Swedish voters like aggressive politicians. Given Sweden's history of coalition governments—including the current one, led by Fredrik Reinfeldt, leader of the centrist Moderate Party—they are also practised collaborators. Over the past two decades governments led by the leftist Social Democrats or the Moderates have introduced—with cross-party support—reforms to Swedish education, health care, pensions and tax. These have made a rich and well-run country even more so: on any ranking of national wealth, health and happiness Sweden comes close to the top.

No wonder many British politicians look longingly at Sweden. Its reform process was sparked, in the early 1990s, by a financial and debt crisis; Britain is suffering similarly. In Mr Reinfeldt, who has presided over Sweden since 2006, David Cameron, Britain's Conservative prime minister, sees a kindred spirit. Both sought to bring their parties closer to the centre; both abhor the European Union's wastefulness. One of Mr Cameron's first celebratory phone calls on the night of his 2010 election victory—which led to him forming a coalition government with the Liberal Democrats—was to Mr Reinfeldt. He has since sought closer ties with Sweden, including via an annual summit of Britain and Nordic and Baltic countries—the Northern Future Forum—which was held in Riga last month.

Ed Miliband is also looking northward. On a tour of Denmark, Sweden and the Netherlands last month the Labour leader, a self-described European social democrat, made no effort to hide his crush on Sweden. He is especially interested in its superb child care, which has encouraged 78% of Swedish women to work (as opposed to 70% of women in Britain). "Just arriving at Swedish Parliament building, passing two Swedish fathers with pushchairs. Scandinavian scene," tweeted Mr Miliband blissfully. When he briefly went missing at Stockholm airport, aides joked that he must have claimed asylum.

These British Swede fanciers, from both left and right, mostly see only what they want to. The Tories revere Sweden's success in cutting taxes (albeit from throttlingly high rates). Yet they underestimate the importance of the equality that is a precondition for Sweden's reforms, according to Mr Borg: "If you're not able to keep your society together you will have conflicts which will undermine your legitimacy." Labour slavers over the excellence of Sweden's public services. Yet it pays too little heed, Mr Borg suggests, to the fiscal discipline that all Sweden's main parties preach. "If you want to run a big welfare state you need to run surpluses in good times," he says. "That was a huge difference between the Swedish Social Democrats and the Labour Party. Ours were far more prudent in terms of fiscal policy."

Mr Borg also has advice for his British counterpart, George Osborne. In the run-up to his budget speech due on March 20th, Mr Osborne is under pressure from right-wingers to slash taxes. This would emulate Mr Borg's expansionary response to the global financial crisis, which was successful. But Sweden could cut taxes in the midst of recession because of the strength of its balance sheet. Mr Osborne is far more constrained. "I think he has done the right thing by being very focused on restoring macroeconomic credibility," says Mr Borg. "Otherwise Britain could be in a much, much worse position."

He clearly enjoys handing down policy to the Brits. Mr Borg is an Anglophile, like many high-flying Swedes, who are often astonishingly well-informed about Britain. Quietly bored by their own agreeable politics, many also revel in Britain's traditions of majority government, bold political leadership and parliamentary theatre. "The language Boris Johnson uses! It's so rich!" marvels one Swedish wonk. Sweden's media scrutinise British elections more closely than those of any other country, save Norway, which many Swedes recall having once owned. They also adore the British royal family—so much more floridly dysfunctional than their own low-key royals. The conclusion is inescapable: Swedes are far more enamoured with Britons than the other way round. "From the Swedish side, it's a permanent love affair—and now and again we get a response from your side," says Sweden's ambassador to Britain, Nicola Clase, with a shy smile.

A boringly successful bunch

That pattern is likely to endure. British politicians are too busy arguing with each other to stay focused on Sweden for long. They also invariably conclude that the two countries are too different for Britain to take much from Sweden. But this is mistaken in an important regard. Westminster bear-pit politics only work so long as one party has a majority. Otherwise, as Mr Cameron is now finding, as he fights to keep his party and coalition intact, the system becomes unworkable. And what the Tory leader is experiencing may be the future: the British vote is splintering, which will make unaccustomed coalition rule more likely.

To cope, British politicians will need to pick up more than the odd snazzy policy from Sweden's governmental smorgasbord. They must learn the Swedish habit of collaboration, and the spirit of pragmatism that informs it. Only then will they regain public trust, which they have lost entirely, and Swedish politicians have in abundance. In a time of political change, British politicians need to shout less and become, like their Swedish counterparts, more co-operative, more efficient and a little bit more boring.

[Economist.com/blogs/bagehot](http://Economist.com/blogs/bagehot)

## Griechenland und Zypern: Das Mutterland der Krise und seine Schwester

19.03.2013 · Der griechische Schuldenschnitt riss Zypern in den Abgrund - jetzt schwappt die Misere wieder von der Insel nach Athen. Im Mutterland der Eurokrise wächst die Nervosität.

Von [Michael Martens](#)

73,164

Die Ungewissheit ist zurück in Athen. Während die wichtigsten Operationen der eurozonalen Intensivstation derzeit auf Zypern stattfinden und der Ausgang des Experiments am lebenden Sparer ungewiss bleibt, erhöht sich die Nervosität im Mutterland der Eurokrise. Die Lage hat sich zwar vor allem atmosphärisch etwas stabilisiert, seit die von Antonis Samaras und seiner Partei Nea Dimokratia geführte Dreierkoalition im vorigen Jahr die Regierungsgeschäfte übernahm, doch ein Zusammenbruch des zyprischen Bankenwesens würde auch Griechenlands halbe Rekonvaleszenz unmittelbar gefährden.

Schließlich pflegt Zypern mit keinem anderen EU-Staat annähernd so enge wirtschaftliche Verbindungen. Erst der von den Geldgebern durchgesetzte Schuldenschnitt auf griechische Staatsanleihen war es, der das zyprische Bankenwesen in Schieflage brachte und Zypern im Juni 2012 zwang, als fünfter Staat der Eurozone finanzielle Hilfe zu beantragen. Nun droht die Krise nach Athen zurückzurollen, denn die drei größten zyprischen Banken unterhalten dichte Filialnetze in Griechenland. Am Dienstag kamen Samaras sowie die beiden Koalitionsführer Fotis Kouvelis und Evangelos Venizelos deshalb zu einem Krisentreffen zusammen.

Die Cyprus Popular Bank (unlängst umbenannt in Laiki-Bank), die Bank of Cyprus und die Hellenic Bank haben insgesamt 320 Zweigstellen mit 4700 Beschäftigten zwischen Kreta und Thessaloniki. Hier liegen Guthaben im Wert von etwa 12,9 Milliarden Euro. Hinzu kommen ausstehende Kredite von etwa 20,4 Milliarden Euro. „Wenn diese Tochtergesellschaften kippen, wird es ernst“, sagt ein Banker in Athen.

Die Athener Wirtschaftszeitung „Naftemporiki“ kommentierte in scharfem Ton, „Berlin und seine Satellitenstaaten“ hätten sich „an den Ersparnissen europäischer Bürger vergriffen“. Nun müssten auch die Griechen mit dem Schlimmsten rechnen. Griechenlands Finanzminister Giannis Stournaras versuchte einer aufkommenden Panik entgegenzutreten und versicherte, dass die Einlagen bei zyprischen Banken in Griechenland sicher seien. Wirklich sicher sind die Guthaben einstweilen aber wohl nur vor dem Zugriff ihrer Inhaber: Auch die Filialen der zyprischen Banken in Griechenland bleiben noch mindestens an diesem Mittwoch geschlossen. Transaktionen per Internet sind seit dem Wochenende ebenfalls nicht mehr möglich. Der Andrang dürfte umso größer sein, sollten die Banken am Donnerstag wieder öffnen - mit unabsehbarem Ausgang für die Institute.

Um die griechischen Filialen zyprischer Geldhäuser von einer möglichen Implosion des Bankenwesens auf Zypern abzuschirmen, soll das Filialnetz womöglich an griechische Banken verkauft werden. Da die Filialen (noch) über Einlagen von fast 13 Milliarden Euro verfügen, haben Piräus-Bank, Alpha-Bank und die griechische Postbank Interesse bekundet. „Aber dann müssen die Bücher der zyprischen Banken geprüft werden, um zu sehen, wie es um die Kredite der zyprischen Filialen steht“, kommentiert ein griechischer Banker. Fest steht, dass Griechenland offenbar just zum Zeitpunkt der Zuspitzung der Krise auf Zypern auch selbst wieder auf eine schwierige Phase zusteuert.

Die Delegationen der EU, der Europäischen Zentralbank und des Internationalen Währungsfonds (der sogenannten Troika) reisten unlängst ohne Einigung wieder aus Athen ab, nachdem es bei einigen wichtigen Anliegen ernsthafte Unstimmigkeiten mit der Regierung gab. Wieder einmal hängt die Auszahlung einer Tranche des zweiten Hilfspakets damit in der Schwebe. Besonders umstritten sind die „Arbeitsreserve im öffentlichen Dienst“ (ein Euphemismus für die Entlassung von Beamten) sowie der Fahrplan für die Privatisierung von Staatseigentum und die Bankenrekapitalisierung. Innerhalb kurzer Zeit traten der Präsident der Privatisierungsagentur sowie der Chef des Bankenrekapitalisierungsfonds zurück. Ersterer zog sich nach eigener Aussage aus „ethischen Gründen“ zurück, weil gegen ihn ein Gerichtsverfahren eröffnet wurde, in dem es um umstrittene Investitionen eines Staatsbetriebes ging, dessen Vorstandsvorsitzender er war.

Der Chef des Bankenrekapitalisierungsfonds, der erst im Januar sein Amt angetreten hatte, demissionierte offiziell „aus privaten Gründen“, die aber wohl einen anderen Hintergrund hatten. Mit der Aufsicht über die Rekapitalisierung griechischer Banken hatte das Athener Finanzministerium nämlich einen in Abu Dhabi lebenden Niederländer betraut, der kein Griechisch sprach, das griechische Bankenwesen nur oberflächlich kannte und nur etwa zwei Mal im Monat zu Sitzungen eingeflogen kam. Seine häufigen Abwesenheiten führten zu wachsenden Irritationen bei allen Beteiligten. Durch die beiden Vakanzen verzögern sich nun wichtige Reformen.

## **Tsipras: Kolonialistische Zwangsabgabe**

Einzig Athens linkspopulistischer Oppositionsführer Alexis Tsipras war am Dienstag guter Dinge oder gab sich zumindest so. Die mehrfach verschobene Parlamentsdebatte auf Zypern über die von der Eurozone gewünschte „kolonialistische“ Zwangsabgabe auf Sparguthaben sei ein Beleg dafür, dass in Not geratene Staaten der Eurozone viel härter mit ihren Geldgebern verhandeln könnten als allgemein geglaubt werde, sagte Tsipras. Teile der griechischen Presse nahmen den Ton auf.

**Das Blatt „Eleftheros Typos“ verglich den Plan der Eurozone, Zwangsabgaben auf Kontoguthaben bei zyprischen Banken einzuführen, mit deutschen Vergeltungsmaßnahmen während der NS-Besatzungszeit, als für einen verwundeten deutschen Soldaten 50 und für einen getöteten 100 Griechen erschossen wurden. „Eleftherotypia“ schrieb von einem „idiotischen und verbrecherischen Beschluss“, sowie von der „Eroberung eines souveränen Staates“ und titelte „Die Nordländer plündern Zypern und Griechenland aus“.**

Quelle: F.A.Z.

## Kredite aus Russland? Putins Zypern-Dilemma

20.03.2013 · Zypern hofft auf Kredite aus Russland. Jetzt steckt Präsident Putin im Dilemma: Er kann entweder Zypern helfen – oder endlich eine Steueroase austrocknen.

Von Benjamin Triebe, Moskau

73,166



© AFP

Der zyprische Finanzminister Michel Sarris verlässt am Mittwoch das russische Finanzministerium.

Es ist die Statistik, die eine der markantesten Paradoxien von Zyperns Finanzkrise offenbart: Der Vertreter des größten ausländischen Investors in Russland spricht heute in Moskau vor – als Bittsteller. Zyperns Finanzminister Michalis Sarris verhandelt mit seinen russischen Amtskollegen Anton Siluanow um Finanzhilfe, nachdem die Chancen zur Umsetzung des von den Euro-Ländern entworfenen Rettungspakets stark geschrumpft sind.

Das zyprische Parlament hatte am Dienstagabend [die umstrittene Zwangsabgabe abgelehnt](#), durch die sich die Besitzer von Konten bei zyprischen Banken an dem Paket beteiligen sollten. Russlands Präsident Wladimir Putin hatte die Abgabe nach tagelangem Schweigen kurz und knapp als „unfair, unprofessionell und gefährlich“ bezeichnet.

## Der Kreml könnte Zypern locker aus der Finanznot befreien

Kurz vor 13 Uhr Moskauer Zeit wurde das Gespräch der Finanzminister unterbrochen. Nach den Worten von Sarris sei es zwar „sehr gut, sehr konstruktiv und freimütig“ gewesen, ein Ergebnis wurde aber nicht erreicht. Die Verhandlungen sollen an einem anderen Ort fortgesetzt werden. Am späten Dienstagabend hatte Putin mit dem zyprischen Präsidenten Nikos Anastasiades telefoniert und seine Sorge ausgedrückt, die Interessen russischer Unternehmen oder Privatpersonen auf Zypern könnten beschädigt werden. Putin lud Anastasiades ein, Russland zu besuchen – „jederzeit, wenn es ihm angenehm sei“.

2011 hat Russland Zypern bereits einen Kredit mit viereinhalb Jahren Laufzeit gewährt, damals über 2,5 Milliarden Euro. Seit vergangenem Sommer wird über ein zweites Darlehen verhandelt, wobei sich der Kreml sehr zurückhaltend gezeigt hat und die Zeichen zuletzt eher auf eine mögliche Verlängerung des alten Kredits hindeuten, vielleicht um fünf Jahre.

## Die Hilfe ist keineswegs sicher

Rein theoretisch könnte der Kreml Zypern aber auch komplett von seiner Finanznot befreien – Geld genug hat das rohstoffreiche Land. Das Ziel der Kreml-Strategie dürfte sein, den Preis für seine Hilfe möglichst hoch zu treiben: Im Gespräch ist derzeit eine mögliche Offenlegung von Daten russischer Investoren auf Zypern oder auch eine Beteiligung an den umfangreichen Erdgasvorkommen der Insel.

Der Imagegewinn für Putin im eigenen Land ist bereits beträchtlich: Die Euro-Länder sind dilettantisch gescheitert, jetzt liegt das Wohl Zyperns und vielleicht der Stabilität der Euro-Zone in den Händen des so oft geschmähten Russlands.

Aber es ist keineswegs sicher, ob und wie der Kreml Zypern helfen wird. Denn das Geld, das von Zypern nach Russland fließt, ist russisches Geld – das zuvor aus Russland herausgeschafft wurde, von reichen Privatpersonen wie auch von Banken und Unternehmen. Das größte Land der Erde erhielt 2011 rund 13,6 Milliarden Dollar oder 24 Prozent all seiner Direktinvestitionen von der kleinen Mittelmeerinsel; in derselben Zeit strömten aus Russland 22,4 Milliarden Dollar nach Zypern.

Nach Schätzungen der Rating-Agentur Moody's hatten russische Banken Ende 2012 rund 12 Milliarden Dollar bei zyprischen Kreditinstituten deponiert (oft ihren eigenen Töchtern), russische Firmen besaßen etwa 19 Milliarden Dollar Cash auf der Insel.

## **Zypern ist Russlands marode Landesbank**

Das erklärt, warum Putin in seiner ersten Reaktion so deutliche Worte wählte und sein Regierungschef Dmitri Medwedew von sowjetischen Verhältnissen sprach, als (aus Kreml-Optik) fremde Mächte russisches Geld konfiszieren wollten. Und es lässt auch nachvollziehen, warum der Kreml zwei Tage brauchte, bis er sich äußerte – und warum von Putin nichts mehr verlautete als jene drei harten Worte.

Mit deutschem Vokabular gesprochen ist Zypern eben so etwas wie Russlands marode Landesbank: Eigentlich wäre der Kreml froh, wenn es die Insel gar nicht gäbe und das Geld in Russland investiert worden wäre – aber es ist so viel Geld dort, dass der Schaden für die russische Wirtschaft durch einen „Untergang“ Zyperns immens wäre. Selbst wenn ein schwer zu beziffernder Teil des russischen Kapitals nicht aus legalen Quellen stammt, sondern aus Geldwäsche oder Steuerflucht. Aber hier geht es auch um den möglichen politischen Schaden für Putin, denn die Eliten, auf die er sich stützt, dürften keine geringen materiellen Interessen auf Zypern haben.

Aber das ist eben längst nicht das ganze Problem: Russische Firmen, auch Staatsunternehmen, wickeln ihre Geschäfte über Zypern ab, wegen dem Marktzugang zur EU, Möglichkeiten zur (legalen) Steueroptimierung oder aus (nicht unbegründeter) Furcht um die Rechtsicherheit ihrer Gelder im russischen Heimatland. Putin hat diesen Offshore-Charakter der russischen Wirtschaft in letzter Zeit wieder lauter charakterisiert – und würde darauf am liebsten mit Verboten reagieren und nicht mit der Verbesserung der Standortqualität Russlands. Letzteres würde einen Reformelan voraussetzen, der im Kreml derzeit nicht beobachtet werden kann. Zypern zu helfen, ohne mit der Wimper zu zucken, würde Putins eigene Rhetorik konterkarieren.

## L'Europe organise le blocus monétaire de Chypre

Par [Alexandrine Bouilhet](#) Publié le 20/03/2013 à 13:31 [Réactions](#)

73,168



La BCE a sorti son arme de dissuasion massive: le blocus monétaire.

**La Banque centrale européenne (BCE) a prévenu qu'elle cessait d'alimenter en liquidités les banques chypriotes tant que Nicosie n'accepte pas le plan de sauvetage.**

Aussi policé soit-il, [Mario Draghi](#) sait employer la force lorsqu'il le juge nécessaire. C'est la méthode qu'il a choisie, à [Chypre](#), pour forcer le gouvernement à accepter le plan de sauvetage de l'UE et du FMI, [rejeté par le parlement chypriote](#) mardi.

Après avoir «pris acte» du rejet du plan d'aide par Nicosie, la BCE a sorti son arme de dissuasion massive: le blocus monétaire. Elle a prévenu qu'elle n'alimenterait plus les banques chypriotes en liquidités, tant que le plan de sauvetage UE-FMI ne serait pas accepté. «Les liquidités d'urgence de la BCE ne sont disponibles que pour les banques solvables, or les banques chypriotes ne sont pas solvables tant qu'elle ne seront pas recapitalisées rapidement», a indiqué Jorg Asmussen, l'un des membres du directoire de la [BCE](#).

Jamais la BCE n'avait encore brandi une telle menace. Du coup, le ministre des Finances chypriote et le gouverneur de la banque centrale de l'île n'ont pas d'autre choix que de laisser les banques fermées jusqu'à nouvel ordre...

### **Eviter des émeutes «comme en Argentine»**

«S'ils ouvrent les banques, alors que la BCE bloque l'accès aux liquidités, ce sera la ruée sur les guichets, et des émeutes comme en Argentine!», prévient Gilles Moec de la Deutsche Bank.

«Les déposants ne pourraient plus retirer du cash, faute de billets suffisants, et ceux qui voudraient faire des virements à l'étranger se verraient répondre que c'est impossible car la banque n'est plus autorisée à le faire par la BCE...», poursuit Gilles Moec, spécialiste des questions monétaires européennes.

En attendant, les distributeurs automatiques de billets fonctionnent toujours à Chypre. Ils sont alimentés par les réserves de la banque centrale chypriote. Combien de temps cela va-t-il durer? Nul ne le sait. Cela dépendra des réserves en «cash» de la banque centrale locale qui, selon les pays, peuvent permettre de «tenir un siège» d'après les experts ...

Plus grave encore: les entreprises, notamment les compagnies aériennes chypriotes ne pourront bientôt plus payer leurs factures de kérosène, faute de pouvoir faire des virements à l'étranger... Si la situation se prolonge, le blocus monétaire peut très vite se transformer en blocus économique. Du jamais vu dans l'union européenne!



**Chypre n'aura plus que ses plages comme ressource, selon un ministre suédois**

**Chypre n'aura plus que ses plages comme ressource, selon un ministre suédois**

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Le ministre suédois des Finances Anders Borg a estimé que l'économie de Chypre reposait uniquement sur ses banques et ses plages, et que la crise financière n'allait lui laisser que le tourisme pour ressource.

A Chypre, "on a seulement un secteur financier et des plages. Maintenant que le secteur financier est en passe de fermer, on n'a plus que les plages", a affirmé M. Borg lors d'un débat à Stockholm, dans des propos rapportés par le quotidien Svenska Dagbladet sur son site internet.

**"L'Europe a des problèmes profonds et fondamentaux, qui doivent être réglés par une refonte du modèle de société en Europe du Sud", a-t-il ajouté. Il a expliqué qu'il prédisait à l'Italie par exemple dix à quinze ans d'un dur travail de réforme.**

MAIN FOCUS

## Cyprus rejects compulsory levy

The Cypriot parliament rejected the controversial [levy for bank customers](#) by a large majority on Tuesday, meaning that the country won't fulfil the requirement for receiving the [bailout package](#) which was approved on Saturday. Some commentators warn that Cyprus will now turn to Russia for help. Others stress that the EU wouldn't be faced with this mess if it had a [banking union](#).

Il Sole 24 Ore - Italy

### Attempt to target Russia backfires

Brussels' attempt to target Russian bank customers with the [failed levy](#) has backfired, the liberal-conservative business paper Il Sole 24 Ore admonishes: "As always, no one wants to take the blame. ... The confusion about who bears responsibility derives from the unbalanced nature of the decision-making process which has been typical of these last years of EU crisis. ... Europe's relationship with Russia is fraught with major interests and major mistrust. Germany, in particular, wants to force Cyprus to cut off its financial pipeline with Moscow. The issue is of such importance that it should not have been tackled by the finance ministers but by the heads of government or foreign ministers. But Europe has no common foreign policy, much less a common policy on the monetary union level. The upshot is that Cyprus must now turn to Moscow for help." (20/03/2013)

Expansión - Spain

### EU pushing Nicosia into Russia's arms

Because the [original plan](#) for Cyprus to participate in its own rescue has now failed, the country has little choice but to turn to Russia for help, the conservative daily Expansión warns: "Cyprus has few alternatives for raising the 5.8 billion euros Brussels is demanding in exchange for a bailout. The country's annual tax revenues are below this sum - and it refuses to levy more than ten percent on large savings deposits, a quarter of which are held by the Russian investors on whom the unwieldy and ailing banks are dependent. Even if the proposal to include savings deposits under 20,000 euros rejected by parliament yesterday had been approved, it wouldn't be enough to fulfill Brussels' requirements. The Cypriot government is in a hopeless situation that could push it back into Russia's arms once more. The latter is fiercely opposing the levy, if only for the sake of putting its European partners under pressure." (20/03/2013)

Blog Pitsirikos - Greece

### Eurozone's future lies in Russia

Following the rejection of the [rescue package](#) by the Cypriot parliament, President Nikos Anastasiades has started talks with Russia's President Vladimir Putin. Russia can help not only Cyprus but the entire EU, the blogger Pitsirikos writes: "Cyprus has made a good decision. ... The EU must follow suit and turn to Russia for help. Clearly, the EU has been critically ill for years and will soon collapse. We shouldn't kid ourselves. The EU needs Russia and Russia needs the EU. We should remember Charles de Gaulle's vision of a Europe that stretches from the Atlantic to the Ural Mountains. ... Russia should become a member of the EU, to prevent the EU from falling apart. ... That would guarantee Europe its badly needed energy autonomy and create a huge, incredibly dynamic potential in the Eurozone. An unbeatable combination. .... Germany's European Union has no present and no future." (20/03/2013)

Financial Times - United Kingdom

### Banking union too late for Cyprus

The leading negotiators of the European Parliament and the member states agreed on the legal framework for central banking supervision as a first step towards a banking union on Tuesday. If the banking union were already in operation the problems Europe now faces regarding Cyprus's bailout could have been avoided, the liberal daily Financial Times believes: "Is there no alternative to the bail-ins? Yes: direct bank recapitalisation by the Eurozone, for which the sum required is a small matter. If the banking union had been up and running, that would have happened. It is not, presumably because core countries do not want to bail out mismanaged banking systems, such as the offshore hideaway for Russian capital that is Cypriot banking. ... What is frightening is not that tiny Cyprus got into trouble, but that it is a source of wider danger. Banking is dangerous everywhere. But it still threatens the Eurozone's survival. This has to change - and very soon." (20/03/2013)

De Volkskrant - Netherlands

### Paying the price of letting Cyprus into EU

Dutch finance minister and head of the Euro Group Jeroen Dijsselbloem has come under fire from all sides because of the [planned levy](#) for savers in Cyprus. The criticism is unjustified, the left-liberal daily De Volkskrant contends: "As if it was poor old Dijsselbloem who allowed himself to be blackmailed by the Greek mob in order to allow a little island that was known to be a money-laundering machine for shady characters into the EU. And a divided island at that. A financial and diplomatic hornet's nest that no one who had any sense would have allowed into the EU in the first place. ... Cyprus promised an end to the money laundering. Cyprus promised to approve a federation for the Greek and Turkish halves of the island. ... The money laundering disappeared on paper, but the money of the Russian mafia is still in the banks. And the island is still divided. ... From this perspective 'robbing' the Cypriots and many Russian bank clients wouldn't be a mistake but the belated price for a far bigger mistake of the past." (20/03/2013)

## To Be Ireland or Iceland?—The Real Choice Before Cypriot Voters

by [Jacob Funk Kirkegaard](#) | February 19th, 2013 | 04:57 pm

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In the first round of the presidential election in Cyprus on February 17, Nicos Anastasiades, the center right presidential candidate, won 45.5 percent of the vote, setting up a final round against Stavros Malas from the communist AKEL party of the incumbent president, Demetris Christofias. Malas garnered [27 percent of the vote](#). The new frontrunner is close to German chancellor Angela Merkel (who endorsed him earlier this year) and campaigned in favor of International Monetary Fund-style financial rescue.<sup>1</sup> The results mean that shortly before Italy also goes to the polls, another crisis-stricken euro area electorate has clearly embraced economic austerity and reform measures.

Many euro area commentators seem to prefer to be guided by the street protests of an agitated few rather than reform-friendly electorates. The Cyprus election confirms that the economic policies pursued by the euro area are being implemented by governments with often fresh and legitimate democratic mandates.

The issue before Cypriot voters, however, was over how to extricate the country from its devastating banking crisis. Their choice will dictate Cyprus's economic prospects of Cyprus for decades.

Cyprus is the third small European island nation after Iceland and Ireland to suffer a catastrophic banking collapse. Maybe it is something in the surrounding waters, but banks in such places evidently should come with a “caveat insula investor” (Let the island investor beware) sign in the window!

In simplified terms, the choice is between an “Icelandic bail-in” and “Irish bailout” solution.<sup>2</sup> (Forcing creditors to accept losses is what is known as a “bail-in.”)

When the three big Icelandic banks went bust in late 2008, the government refused to bail them out and instead let them go bankrupt. Instead, the government's Emergency Act of October 6 protected domestic retail and wholesale depositors while imposing substantial losses on all unsecured creditors. These included foreign depositors in the United Kingdom and Netherlands (Icesave) and the many foreign banks that had provided wholesale liquidity to the doomed Icelandic banks.

By contrast, the Irish government in late 2008 issued its infamous blanket guarantee to all Irish bank creditors, which led to Dublin going to the IMF for an international rescue in late 2010. As discussed on [RealTime last week](#), the Irish government has only recently moved towards liquidating some of its insolvent banks.

The economics dictate that Cyprus and the euro area will have to choose a solution resembling Iceland's more than Ireland's. The Cypriot banking system is 700 to 800 percent of GDP, bigger than Ireland's at “only” around 400 percent, approaching the 1,000 percent of GDP in Iceland before the crash. Cyprus also has a debt level of more than 70 percent of GDP in 2011, much higher than the levels in pre-crisis Iceland (29 percent in 2007) and Ireland (25 percent in 2007).<sup>3</sup>

Cyprus cannot afford an Irish-style bank bailout. Preliminary Cypriot capital needs are estimated at €17 billion (€10 billion for banks and €7 billion for deficit financing, totaling 100 percent of 2012 Cypriot GDP). Nicosia and the euro area will have to adjust the losses in the banking system before they are absorbed by the Cypriot government.

Substantial differences exist between options available to Cyprus today and Iceland in late 2008. Cyprus is a member of the European Union and euro area, while Iceland has its own currency and is only a member of the European Economic Area (EEA), which means that it participates in the Internal Market. As with Ireland in 2010, the Cyprus debt crisis has systemic implications for the euro area as a whole. Because the euro area (and

the ECB) will finance much of the Cypriot aid, these concerns weigh more heavily than the domestic anxieties within Cyprus.

In January, the ECB and the Cypriot Central Bank provided €9.1 billion (or 51 percent of Cypriot GDP) in emergency liquidity assistance (ELA) to Cypriot banks.<sup>4</sup> As the example of the Irish Bank Resolution Corporation suggests,<sup>5</sup> no restructuring or liquidation of a Cypriot bank will be possible without fully protecting the ECB/Central bank of Cyprus against losses on the collateral they have accepted in return for this ELA. A rescue cannot be achieved without adding to the bill for Cypriot taxpayers or imposing additional losses on other creditors. Such is the price of being in a monetary union with a genuinely independent central bank, able to resist overt attempts at monetary financing.

In addition, EU law prohibits placing other European Union residents at any legal disadvantage vs. domestic residents. This means that adopting protections that apply only to domestic depositors and creditors, as Iceland did in 2008, will not be possible for the Cypriot government and the euro area. Any protections from losses resulting from restructuring or liquidating Cyprus banks that are extended to domestic economic agents must also be granted to all EU economic agents. This requirement has the added benefit of limiting the risk of contagions or bank runs in other euro area banking systems.

These concerns should not restrict Cypriot authorities and the euro area in designing an “Icelandic solution” for Cyprus. The aggregate balance sheet of liabilities for Cypriot banks (or monetary financial institutions, or MFIs as they are called in ECB jargon) makes this clear. Table 1 shows the [latest data from December 2012](#);

**Table 1: Aggregated Liability Side Balance Sheet of Cypriot Monetary Financial Institutions (MFI), Dec 2012**

By Type of MFI Liability	€bn	Share of Total MFI Liabilities	Share of 2012(f) Cypriot GDP
Deposits of euro area residents	73.6	57%	412%
Monetary financial institutions (MFIs)	24.9	19%	140%
Central government	0.2	0.2%	1%
Other general government/other euro area non-MFI residents	48.4	38%	271%
Money market fund shares/units	0	0%	0%
Debt securities issued	1.7	1%	10%
Up to 1 year	0	0%	0%
Over 1 year and up to 2 years	0	0%	0%
Over 2 years	1.7	1%	10%
Capital and reserves	15.1	12%	85%
External (non-euro area) liabilities	35.1	27%	197%
Remaining liabilities	2.6	2%	15%
<b>Total Liabilities</b>	<b>128.1</b>	<b>100%</b>	<b>718%</b>

Source: ECB; Eurostat

As has been discussed before on [RealTime](#), the Cypriot banking system contains both rotten and relatively healthy banks. Required measures will vary from institution to institution. We must wait for the independent external assessment from PIMCO about the detailed capital needs of Cypriot banks to get the full picture. As table 1 demonstrates, the minuscule level of debt securities held by Cypriot banks renders the imposition of losses on bank bondholders largely meaningless. Only bank depositors and external non-euro area creditors are potential contributors to restructurings, once bank shareholders have been wiped out. Table 1 further makes it clear that there are adequate resources to lower the cost to Cypriot taxpayers of their banking sector bailout.

Table 2 shows more detailed liability-side balance sheet data for Cypriot MFIs from the end of September 2012, including the cross-border deposit positions vs. different country groups.

**Table 2: Cypriot MFI Domestic and Cross-Border Liabilities, €bn end-Q3 2012**

	Cross-Border Deposits and Liabilities				Debt Securities Issued	Capital and Reserves	Other Liabilities	Total MFI Liabilities
	Domestic Cypriot	Other Euro Area-17	Other EU-27	Non-EU				
MFI/Non-EU Banks	18.2	12.7	0.8	12.9	1.8	14.6	2.9	134.5
Non-MFI/Non-EU Non-Banks	43.3	6.2	2.7	18.5				
<b>Total</b>	<b>61.5</b>	<b>18.9</b>	<b>3.5</b>	<b>31.4</b>	<b>1.8</b>	<b>14.6</b>	<b>2.9</b>	

Source: ECB

Table 2 shows how €62 billion of Cypriot bank deposits came from domestic sources, with another €19 billion from the other 16 euro area countries, and a relatively limited €3.5 billion from the 10 non-euro EU members. Assuming that the Cypriot government would want to protect its domestic depositors, this €84 billion in EU-27 deposits would probably be left untouched in any restructuring. That, however, still leaves more than €30 billion in non-EU deposits and other creditors in Cypriot banks vulnerable to losses or haircuts, ensuring that Cypriot taxpayers will not inevitably be stuck with a €10 billion bank bailout bill.

European authorities may make further distinctions and protect all depositors below the statutory €100,000 deposit guarantee scheme (DSG) threshold. If that happens, only large non-EU depositors would bear the necessary losses. Perhaps special treatment will also be granted to depositors from other countries in the European Union's immediate vicinity in the Western Balkans. In the end, the restructuring of the banking system will depend on the financial assessment of the sector being prepared by the independent outside auditors. But there is no compelling reason for Cypriot taxpayers to be stuck with this enormous bill. To the extent that they are, it will represent a political choice, rather than financial necessity.

There is no reason why Cypriot authorities and the euro cannot divide Cypriot banks into viable and non-viable categories, and then transfer the banks needing public support to a new legal entity. The ECB, and all domestic and other EU depositors and creditors in this new "bad/bridge bank" entity, would be guaranteed by the Cypriot government and ranked ahead of unsecured non-EU depositors and creditors. These non-EU creditors would only to be compensated to the extent that insolvency procedures and asset sales yield revenues in excess of what is required to honor the Cypriot taxpayer guarantee.

Such an arrangement would not be costless to Cyprus and its status as an offshore financial center for many non-EU clients, notably from Russia. The euro area will not provide the financing for a Cypriot financial rescue that, in the style of Ireland, shields all banking creditors from losses, saddling Nicosia with a government debt of perhaps 150 to 200 percent of GDP after the financial rescue. Perhaps it will be the political preference of the new Cypriot government to go hopelessly into debt to protect such non-EU depositors and creditors and with it Cyprus' offshore banking driven economic model. But that seems unlikely. In the end, Cypriot taxpayers will not vote to burden their economic future to bail out non-EU bank depositors and creditors.

Rather, the new Cypriot government (and ironically the euro area) should take some inspiration from the hardball way Iceland dealt with the Icesave situation in 2008. Like Iceland, whose banks opened up overseas Internet-based deposit-seeking banking operations in the United Kingdom and the Netherlands, Cyprus has an unusual high proportion of foreign depositors in the banking system taking advantage of numerous legal and tax shelter reasons. (The Cypriot corporate tax rate at 10 percent is LOWER than in Ireland!) In 2008 the Icelandic government refused to honor the deposit guarantee to the bankrupt Landsbanki's overseas online savings account holders in the United Kingdom and Netherlands, which amounted to [60 percent of Icelandic GDP](#). [pdf] As a result, British and Dutch authorities stepped in to safeguard financial stability and reimbursed their nationals.

Let Russia today do the same with any Russian depositors, and creditors that might lose money in a Cypriot bank restructuring process similar to the one sketched out above! To the extent that Moscow has been indifferent to the scope of Russian financial inflows into the shaky Cypriot banking system, let them now face the consequences of their apathy.<sup>6</sup>

So protect all EU depositors and creditors in Cypriot banks, while protecting Cypriot taxpayers and inflicting losses on non-EU creditors. The risks of bank runs in Cyprus and elsewhere in the euro area will be negligible.

Cypriot taxpayers will not be unnecessarily burdened with the costs of shoring up a doomed national economic model. Meanwhile, the euro area will signal to its own taxpayers that they are not called upon to finance unsustainable offshore banking based economies. Non-EU bank creditors will not be pleased. But at least American ones will be familiar with the risks of losses in bank closure procedures from the way the Federal Deposit Insurance Corporation (FDIC) deals with such situations in the United States.

#### Notes

- [1.](#) Stavros Malas also supports a bailout, albeit he is against potential state asset sales.
- [2.](#) I am indebted to fruitful discussions with Achim Duebel on these issues.
- [3.](#) Data from IMF October 2012 *World Economic Outlook* (WEO).
- [4.](#) ELA is captured in the category “other claims on euro area credit institutions denominated in euro” on the [Central Bank of Cyprus balance sheet](#). [pdf]
- [5.](#) See earlier discussion [here on RealTime](#).
- [6.](#) Ultimately, asset recoveries from Landsbanki has proved sufficient to cover all Icesave depositor losses in the United Kingdom and the Netherlands, so perhaps in the end losses suffered by Russia will be similarly limited.

## Der Sinn des Zypern-Rettungspakets

20.03.2013, 10:20 Uhr · Welchen Sinn hatte Zyperns Rettungspaket überhaupt? Eine Menge, argumentiert der Ökonom Jacob Funk Kirkegaard. Island diene als Vorbild - und das sei gut.

Von [Alexander Armbruster](#)

73,175

Der Plan, einen Teil der zyprischen Bankeinlagen zu kassieren und damit die Finanzprobleme Zyperns und seiner Geldhäuser einzudämmen, hat in ganz Europa Empörung ausgelöst. Von Tabu- und Vertrauensbrüchen ist die Rede, wenngleich sich (bisher) weder an den Kapitalmärkten, noch an Bankschaltern außerhalb Zyperns panische Ansteckungseffekte gezeigt haben. [Zyperns Parlament hat das Paket gestern Abend ganz abgelehnt.](#)

Tatsächlich ist [das vereinbarte Rettungspaket](#) zumal aus Sicht Zyperns ökonomisch wohl das kleinste Übel, wie der Ökonom Jacob Funk Kirkegaard vom Peterson Institut of International Economics [gerade dargelegt hat](#). (Zur Erinnerung: Die Euroländer haben dem Inselstaat Finanzhilfe in Höhe von zehn Milliarden Euro versprochen und von Zypern dafür verlangt, knapp 6 Milliarden Euro aus den Einlagen bei zyprischen Banken einzukassieren und die Unternehmenssteuern um 2,5 Prozent zu erhöhen.)

Natürlich koste es, argumentiert Kirkegaard, die zyprischen Abgeordneten wie auch die Regierung des Landes eine Menge Überwindung und Ansehen. Doch eine (bessere) Alternative ist nicht in Sicht. Jetzt droht Zypern, dass es kein Geld von seinen europäischen Partnerländern bekommt. Dann wären die zyprischen Banken nahezu unmittelbar insolvent – und die Einlagen damit in viel größerem Umfang futsch (wenn überhaupt etwas bleibt). „Das Rettungspaket wird das Parlament letztlich kaum verändert passieren, auch wenn es zunächst aus Ärger ablehnt worden sein mag.“

**Kirkegaard führt weiter aus, warum gerade Zypern wenig Anlass hat, sich über fehlende Solidarität der anderen Euroländer zu beschweren. Die zehn Milliarden Euro, welche die Euroländer Zypern leihen wollen, entsprächen ungefähr 57 Prozent der für dieses Jahr prognostizierten Wirtschaftsleistung der Inselrepublik – bezogen auf die Wirtschaftskraft korrespondiere dies mit dem ersten Hilfsprogramm für Griechenland und sei sogar wesentlich größer als die Finanzhilfe, die Portugal und Irland bekommen haben. „Zypern bekommt damit tatsächlich mehr Hilfe als andere unter der Krise leidende Euroländer.“** Der Inselstaat können darüber hinaus keine gewichtigeren Gründe seiner Probleme anführen, die mehr Solidarität rechtfertigten: **Zyperns Banken haben schlicht ihre Risiken schlecht kalkuliert und viel zu umfangreich in griechische Staatsanleihen investiert.**

Auch der Eigenanteil, den Zypern aufbringen soll, sei nicht außergewöhnlich hoch verglichen mit anderen Programm-Ländern. Er sei äquivalent zu dem 17,5 Milliarden Euro umfassenden Beitrag, den das irische Finanzministerium zusammen mit dem Irish National Pension Reserve Fund hatte aufbringen müssen. **„Im Gegensatz zu Irland verfügt Zypern nicht über einen nationalen Pensionsfonds“ – deswegen müsse das Geld eben dort eingesammelt werden, wo es ist: auf den Bankkonten. Genügend ausstehende Anleihen der zyprischen Problembanken gebe es schlicht nicht.**

Kirkegaard [argumentiert](#), dass der teilweise Einzug der Bankeinlagen ohnehin aus der Sicht Zyperns vergleichsweise vorteilhaft sei: Die „Steuerbasis“ umfasse so nicht alleine Zyperer, sondern werde über die Bankeinlagen von Russen und anderen Ausländern in dem Land ausgedehnt. Einkassiert werden sollen nach dem Rettungsplan insgesamt 5,8 Milliarden Euro der Bankeinlagen – umgerechnet rund ein Drittel des zyprischen Bruttoinlandsprodukts. Machen ausländische Einlagen die Hälfte davon aus, was (wie die unmittelbare Reaktion des russischen Präsidenten Putin zeigt) keine absurde Annahme sein sollte, **würde Zypern Steuern in Höhe von 16 bis 17 Prozent seines BIP aus ausländischen Quellen einnehmen. Entsprechend sinkt die Belastung der Zyperer.** „Nicht nur Russen, auch viele Briten werden dann zahlen müssen, wodurch eine negative Rezeption des Rettungsplans in britischen Medien garantiert sein sollte“, schreibt Kirkegaard – was sich bereits bewahrheitet hat.

**Schließlich weist Kirkegaard die infolge des Zypern-Rettungsplans geäußerten Sorgen zurück, nun könnten sich womöglich Bankkunden in ganz Europa ihrer Einlagen nicht mehr sicher sein.** Zyperns Bankenbranche sei im Vergleich zur Wirtschaftskraft des Landes in einem Maße aufgebläht, die (mittlerweile) in Europa außergewöhnlich ist – nämlich das Sieben- bis Achtfache des BIP. Zugleich gebe es nirgendwo sonst im Verhältnis so wenige Anleihegläubiger und so viele (berechtigte) Sorgen, hier werde Schwarzgeld gerettet. **Dies alles mache Zypern zu einer glaubwürdigen Ausnahme.**

Kirkegaard stellt bereits in einer vorangegangenen Analyse heraus, **dass er sinnvoll findet, dass sich die zyprische Rettung eher am Vorgehen Islands als an Irland orientiert.** Island habe vor Ausbruch seiner Krise ein unrettbar großes Bankensystem gehabt, für Zypern gelte das auch. **Über die Beteiligung der Einlagen-Kunden (und den wohl folgenden Kapitalabzug) schrumpft das zyprische Bankensystem nun erheblich und nähert sich einem nachhaltig stabileren Niveau an.**

Abschließend weist Kirkegaard überdies auf **die Rolle der Europäischen Zentralbank hin.** Die EZB drohte Zypern damit, die Notliquiditäts-Hilfen für die leidenden zyprischen Banken abzustellen, sollte das Programm abgelehnt werden. Noch im Falle Irlands hielt die EZB die irische Regierung davon ab, Anleihegläubiger in die Rettung der strauchelnden irischen Banken einzubeziehen. **Nun habe die Notenbank sogar auf eine Beteiligung besicherter Einlagen gedrängt – Kirkegaard wertet dies als Zeichen dafür, dass die EZB das europäische Bankensystem mittlerweile für merklich stabiler hält als vor drei Jahren. Und dafür, dass sie ihre Rolle als künftiger Bankenaufseher im Euroraum sehr ernst nehmen werde.**



20. März 2013, 16:23 Uhr

Lehren aus der Zypern-Krise

## **Der Euro-Raum wird zerbrechen**

Ein Kommentar von Wolfgang Münchau

73,177

**Das Parlament in Nikosia hat mit seinem Nein zur Enteignung von Bankkunden das Schlimmste verhindert. Der miese Trick der EU-Partner ist zunächst gescheitert. Doch der Fall zeigt, wo es langfristig mit der Euro-Zone hingehet.**

Angela Merkel und Wolfgang Schäuble waren die Drahtzieher eines finanzpolitischen Attentats auf die zyprischen Sparkonten. Ich finde es erstaunlich, wie brav die deutschen Oppositionsparteien diesen von der Bundesregierung initiierten Beinahe-Super-GAU kommentieren. Erst als das Haus brannte, meldeten sie sich höflichst zu Wort. So konnte Wolfgang Schäuble völlig ungestört in den deutschen Medien die Ausrede wiederholen, das sei alles die Schuld des zyprischen Präsidenten Nikos Anastasiades. Die Zyperer hätten schließlich die Heranziehung der Vermögen der Kleinsparer befürwortet. Doch es war Schäubles Ministerium, das die Vermögensabgabe überhaupt ins Spiel brachte.

Die Beteiligung der Kleinsparer ergab sich dann als Konsequenz des deutschen Vorschlags gepaart mit den Zwängen zyprischer Innenpolitik. Der spanische Ökonom José Carlos Diaz kommentierte das mit dem Satz, in Europa gebe es kein Zeichen intelligenten Lebens.

Zypern steuert jetzt auf einen Staatsbankrott zu - es sei denn, [irgendeiner der Beteiligten gibt nach](#). Ein Bankrott mit Euro-Austritt ist keineswegs das schlimmste Szenario. Das schlimmste ist, wenn man Deutschland und Zypern in einer Währungsunion zusammenleben lässt, die beide Länder nicht wirklich mittragen.

**Zypern verbittet sich eine Einmischung in interne Angelegenheiten**

**Die Zypern-Krise ist das klassische Beispiel, warum eine Währungsunion eine zentrale Bankenunion zwingend erfordert. Damit meine ich nicht die Bankenaufsicht, die man jetzt in Frankfurt zentralisiert, sondern eine zentrale Bankenabwicklung und Einlagensicherung. In einer echten Währungsunion käme nicht Wladimir Putin zu Hilfe, wenn er denn überhaupt kommt, sondern die Damen und Herren von der Bankenaufsicht.**

**Sie würden bei Nacht und Nebel einmarschieren, ausgestattet mit voller exekutiver Gewalt. Sie würden die Banken übernehmen, den Kuckuck auf die Tür kleben und die Kleinsparer bis zur Höhe der vereinbarten Versicherungsobergrenze auszahlen. Alles andere, was an Vermögen noch da ist, würden sie kassieren - erst die Aktien, dann die nachrangigen festverzinslichten Wertpapiere, dann die vorrangigen und schließlich die Sparkonten oberhalb der Einlagensicherungsgrenze.**

Die beträgt in Zypern 100.000 Euro. Ich finde, man sollte diese Grenze auf 50.000 Euro reduzieren, aber das geht natürlich nicht nachträglich. Damit wären die meisten Probleme gelöst.

**Das Problem in Europa ist, dass Deutschland nicht hinter der Bankenunion steht und Zypern sich eine Einmischung in interne Angelegenheiten verbittet. Damit ist für mich das Problem jetzt nicht mehr lösbar, zumindest nicht innerhalb einer Währungsunion.**

**Die zyprischen Banken brauchen Kapital, keinen Kredit**

Selbst ein weiterer Kredit von Russland würde nicht helfen, da Zypern unter der Gesamtschuldenlast erdrückt würde. Die zyprischen Banken brauchen Kapital, keinen Kredit. Wenn man die Abgabe für höhere Sparguthaben ablehnt, dann sehe ich nicht, wo das Geld herkommen sollte. Es sei denn, die Russen betrachten einen Zypern-Zuschuss als eine strategisch-militärische Investition, die ihr erlaubt, mitten im Euro-Raum eine Militärbasis zu unterhalten. Denjenigen, die das als Lösung ins Auge fassen, wünsche ich viel Spaß.

**Realistischer wäre es dann doch, sich langsam mit der Idee eines Staatsbankrotts anzufreunden. Ohne eine gemeinsame Einlagensicherung und eine gemeinsame Bankenabwicklung kann der Euro langfristig nicht zusammengehalten werden. Aus der desolaten Lage in Zypern, Griechenland, Spanien und Portugal gibt es kein Entrinnen. Diese Länder sind alle zu schwach, um ihren Bankensektor zu sanieren. Die europäischen Rettungsschirme helfen ihnen nicht. Die dafür vorgesehenen Budgets sind zu klein.**

In Deutschland ist die Zypern-Krise der ideale Nährboden für die neue **Anti-Euro-Partei "Alternative für Deutschland"**. Ich teile deren Positionen nicht - im Gegenteil. **Aber die Positionen sind zumindest in sich konsistent. Der von der Partei anvisierte Austritt ist eine konsequente Folge der von Angela Merkel aufgezeichneten Grenzen der Solidarität. Was nicht in sich konsistent ist, ist die Kombination von Merkels Euro-Politik und dem Versprechen, den Euro um jeden Preis zu erhalten.**

An Zypern wird der Euro-Raum nicht zerbrechen. Dazu ist Zypern zu klein. Aber Zypern zeigt uns, wie er zerbrechen wird.

**URL:**

# Cyprus: Do your homework, Mr Schäuble!

20 March 2013

## [O Phileleftheros](#) Nicosia

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"Attila!"- "Attila times three". From left to right, Angela Merkel, Christine Lagarde and Wolfgang Schäuble

### [Panos Maragos](#)

**After the failure of the EU's €10bn Cyprus rescue plan, the German Minister of Finance has questioned the island's low tax regime. However, a well known journalist argues that following the 1974 Turkish invasion, Nicosia had no option but to offer tax breaks.**

### [Aristos Mihailides](#)

In his bid to justify an unprecedented tax on bank deposits, German Finance Minister Wolfgang Schäuble [insists](#) that the Cypriot economic model "has gone bankrupt." In his facist opinion, "anyone who invests money in a country where taxes are low and supervision is weak should suffer the consequences when the banks and the country itself cease to be viable."

We are convinced that the tax measures involved in the deal were discussed in front of Greek and Cypriot ministers. And what was their response? Did they point out that the Cypriot model was not devised by a rabble of swindlers but by a European state which had to find a means to survive in the aftermath of military invasion and occupation?

To avoid collapse, this state — half of which is still under military occupation, not that it would make any difference to Mr Schäuble — took the step of lowering taxes on tourism, marine charters and bank transactions to attract foreign investment.

The economy had to be given the means to develop in a context where Turkey — which controls 700,000 voters of Turkish origin in Germany — had strangled the Cypriot state by stealing 65 per cent of its hotels, 87 per cent of its holiday complexes, 40 per cent of its schools, 48 per cent of its agricultural exports and 56 per cent of its beaches (and we will continue to reiterate these figures so that history will not be forgotten).

How was the Republic of Cyprus supposed to survive without an economic model designed to attract a level of investment that was sufficient to enable it to recover from the invasion [of 1974]? Is Mr Schäuble so focused on his economic lessons that he has no time for history?

Has no one thought to tell him that of the 80 foreign shipping companies registered in Limassol, 36 are German and only three are Russian? Or could it be that this is in fact the problem: the Germans have three Russian companies under their feet at a time natural gas is going to boost business and tankers will bustle to and fro throughout the Mediterranean?

## On the web

- [Original article at O Phileleftheros](#) el
- [Interview with Wolfgang Schäuble](#) de

Analysis

## An opaque and undemocratic Eurogroup

Following the rejection by the Cypriot parliament of the tax on bank deposits, “nobody in Europe wants to take responsibility for the project to tax all bank deposits,” [writes \*Il Sole 24 Ore\*](#), which believes “the confusion over this responsibility is due to the unbalanced decision-making mechanism that has marked these last years of the European crisis.” The problem, as usual, is that “the level at which the decision is made” – the European Council and the Eurogroup – “is never the place where the democratic choice lies” – with the national parliaments. What’s more,

Transparency in EU decision-making is very meagre: there are no minutes of the meetings of the Eurogroup, whose last chief to date was chosen also because of his lack of loquacity; the heads of government then agree bilaterally over the phone; and most importantly, there is no real public debate – but there are 17 debates within the 17 national boundaries.

According to the business daily, the internal confusion within the EU also complicates matters with the other player in this dossier: Russia, “which has between €20bn-25bn invested in Cyprus”.

Berlin wants first and foremost to shut down Cyprus’s financial channels with Moscow. That is a negotiation for the foreign ministers, not the finance ministers. Europe, however, has no common foreign policy, much less a common policy for the Eurozone. The result is that Cyprus will end up asking for help from Moscow. It may even depend on Russia to such an extent that it leaves the Eurozone. [...] Observers believe Cyprus has until June to decide whether it hitches its wagon to Moscow or goes bankrupt.

## PHOTOS

03/20/2013 01:27 PM

Banks on the Brink

### ECB May Cut Emergency Funding to Cyprus



**After rejecting a euro-zone bailout deal on Tuesday night, Cyprus is now desperately searching for funding. Should aid not be found soon, the country's banks might remain closed until next week. Meanwhile, criticism of Germany's role in the fiasco is mounting in Nicosia and Berlin.**

Following the Cypriot parliament's [Tuesday evening rejection](#) of the euro-zone bailout package for the country's ailing banks, many have begun looking to assign guilt for the debacle. And in both Nicosia and Berlin, many have identified Chancellor Angela Merkel as bearing much of the blame.

More important, however, is [identifying what to do next](#). And even as Cyprus has turned to Russia on Wednesday in the hopes of finding billions in emergency funding, some European leaders have begun increasing the rhetorical pressure on Nicosia, clearly articulating the potential consequences of the country's move.

German Finance Minister Wolfgang Schäuble on Tuesday night told German public broadcaster ZDF that Berlin "regrets that the Cypriot parliament has rejected the program negotiated by the Euro Group and the Cypriot government." He then implied that the common currency area still holds all the levers. Two of the country's largest banks, he said, are being propped up by emergency liquidity from the European Central Bank (ECB). "Someone needs to explain this to the Cypriots," he said, ominously.

Merkel said that "of course Germany wants a solution" but added that "the current banking sector is not sustainable."

For anyone who somehow missed the message, ECB Executive Board member Jörg Asmussen spelled out the potential consequences on Wednesday in an interview with influential German weekly *Die Zeit*. The ECB, he said, "can only provide emergency liquidity to solvent banks." He made clear that he has doubts that Cypriot banks are solvent.

## 'Bottomless Pit'

Austrian Finance Minister Maria Fekter likewise threatened an ECB funding stop. If Cyprus didn't come up with a new plan quickly, she said, then "the banks won't open on Friday because the ECB will not provide any more liquidity. That is a more horrible scenario than what is on the table now. We will certainly help the Cypriots, but only under conditions that make sense. Certainly neither the ESM nor the ECB can allow a bottomless pit."

Media reports appear to back Fekter's assessment. Citing sources within the Cypriot government, German news agency DPA reported on Wednesday morning that banks in the Mediterranean island nation might remain closed through the end of this week. Because next Monday is a bank holiday, they wouldn't reopen until next Tuesday.

Still, Fekter's "bottomless pit" warning would seem to be something of an exaggeration. The numbers involved are not huge; the plan rejected on Tuesday called for the European bailout fund, the European Stability Mechanism (ESM), to provide a €10 billion emergency loan. A further €5.8 billion was to come from a one-time levy on those who hold accounts with Cypriot banks. The modest size of the bailout is likely the reason for the apparent lack of concern with which financial markets have taken note of the Cypriot rejection. The euro is up against the dollar on Wednesday and the German stock market is also trading in the black. A Portuguese debt sale also went off without a hitch.

[Anger with Germany, though, remains high](#). Indeed, images of Merkel wearing a Hitler moustache -- similar to posters used from Madrid to Athens -- have begun to appear in protests in Nicosia.

Merkel, of course, has become used to the insults from abroad. But now, following the Cypriot parliament's clear rejection on Tuesday evening of a bailout package designed to prop up its ailing banks, the attacks are coming from much closer to home. Germany's opposition Social Democrats, who have long begrudgingly backed Merkel's euro-crisis course, have blasted the chancellor for bungling the Cyprus bailout.

## The Difficulty of Restoring Trust

"Even if Merkel would prefer to ignore it: The Cyprus disaster bears her handwriting," SPD head Sigmar Gabriel told SPIEGEL ONLINE on Tuesday evening. "Angela Merkel has made it possible that a country with fewer inhabitants than (the small German state of) Saarland has plunged the entire euro zone into chaos."

He said that she was deeply involved in the negotiations over the package, which called for holders of accounts in Cypriot banks to be charged a one-time levy to help raise money to prop up the country's financial institutions. "Merkel is partially responsible for the fact that in Cyprus, small savers are to pay the bill while bank owners are untouched," Gabriel said. "Restoring trust in Europe will be difficult."

SPD parliamentarian floor leader Frank-Walter Steinmeier joined in on Wednesday morning, although he shied away from frontal attacks on Merkel. "Yesterday evening, the euro crisis returned," he said on public television station ARD. "The chaos is complete."

The comments, no doubt, were made with an eye toward general elections this autumn. The SPD has repeatedly signalled that it would no longer simply rubber-stamp Merkel's bailout plans and had threatened to veto aid to Cyprus if certain conditions were not met. Given the significant number of euro-crisis rebels in Merkel's own ranks -- and growing frustration among the German populace -- the threat is one that the Chancellery has taken seriously.

But the initial reactions also reflected the concern that Nicosia's "no" has triggered. Casting blame is the easy part; coming up with a solution is another matter. Initial hopes that Russia might jump in to help out may not prove realistic. Steinmeier, formerly Germany's foreign minister, said "we are misleading ourselves a little bit when we assume that Cyprus is a particular favorite of Russia's."

Should Moscow refuse, the Church of Cyprus has said it would be willing to leap into the void. Cypriot Archbishop Chrysostomos II says he would put all of the church's assets at the country's disposal to help pull it out of crisis.



Schuldenkrise:

## Sie sät Zwietracht

20.03.2013 · Das Nein eines um seine „Ehre“ besorgten Inselstaates reichte, um das große Rad der Krise wieder in Bewegung zu setzen. Und schon zeigt sich, wie schwach mitunter die Bande sind, die mit dem Euro geschmiedet wurden.

Von [Berthold Kohler](#)

73,184

Ein paar Monate lang schien sich das große Rad der Krise nur noch zentimeterweise zu drehen. Doch schon das Nein eines um seine „Ehre“ besorgten Inselstaates reichte, es wieder in Schwung zu bringen. Gleich nach der ersten Drehung zeigen sich auch wieder die Zentrifugalkräfte der Krise, die am Zusammenhalt der Eurozone zerren. **Die Krise schweißt die Europäer nicht zusammen, sie sät Zwietracht. Und das, obwohl es in der auf eine reiche Umverteilungsgeschichte zurückblickenden EU noch nie eine derartige milliardenschwere Solidarität gegeben hat wie jetzt.**

### Die schwachen Bande des Euro

Der Grund für das Auseinandertreiben liegt auf der Hand: Niemand gibt gern den Wohlstand auf, der - auf welche Weise auch immer - im Zeichen des Euro erworben wurde. Kaum jemand will einsehen, dass das gute Leben eines auf Pump war, im Falle Zyperns mitgetragen von zweifelhaften Finanzgeschäften auf Kosten Dritter, und sei es des russischen Fiskus. Kommen, wenn die Lichter der Party langsam ausgehen, aber die Wirtschaftsprüfer von EU und IWF und machen ihre Hilfe von der Bereitschaft zur Selbsthilfe abhängig, **ist es schnell vorbei mit den glühenden Bekenntnissen zu Europa. Dann wird, wie schon in Griechenland, das alte Naziklischee herausgeholt und, das ist neu, die Erlösung im Osten gesucht.** Ein EU-Mitglied, das sich von seinen Partnern abwendet und Moskau anbettelt - noch nichts zeigte auf so unmissverständliche Weise, wie schwach mitunter die Bande sind, die der Euro schmiedete.

Die Fliehkräfte der Krise, verstärkt durch den aufziehenden Bundestagswahlkampf, erfassten inzwischen auch die informelle große Euro-Rettungs-Koalition in Berlin. **SPD-Chef Gabriel wirft der Kanzlerin vor, sie habe zugelassen, dass in Zypern erstmals die Inhaber von Sparguthaben „faktisch enteignet“ würden. Eine faktische Enteignung läuft in Deutschland freilich schon ab, seit die Sparzinsen nach Steuern unter der Inflationsrate liegen.** An diesen Verhältnissen hat auch eine Krisenpolitik ihren Anteil, die von der SPD bisher vollumfänglich mitgetragen wurde. Würden gar die befürchteten Inflationsszenarien wahr werden, dann müsste sich die SPD über andere Dimensionen der Enteignung Sorgen machen als über jene, die in Zypern ausgefallen ist. Doch Gabriel hat jetzt anderes im Kopf: Er braucht Stoff, mit dem er die Kanzlerin in ihrer Paradedisziplin angreifen kann. Es sieht so aus, als täte die Krise ihm den Gefallen.



## The euro crisis

### Up in the air

Mar 20th 2013, 15:01 by R.A. | WASHINGTON

73,185

YESTERDAY, Cyprus' parliament rejected a bail-out plan that would have raised €5.8 billion (to go along with the €10 billion on offer from the troika) via a levy on bank deposits. Rejected is too mild a word, actually. The plan failed to garner a single "yes" vote, and Cypriot leaders are now scrambling to come up with an alternative.

Its banks remain closed and could stay that way until early next week. The tiny nation's central bank head, Panicos (I know) Demetriades, reckons that once they're open again some 10% of deposits could flee, accounting for some €7.5 billion. After yesterday's no vote, the European Central Bank said that it would continue to provide liquidity to Cyprus "as needed within the existing rules". That may not mean that liquidity to flow if no deal is reached. To stem the departure of deposits, Cyprus is considering some weighty measures, [report](#) Matina Stevis and Michalis Persianis:

The measures include imposing limits on daily withdrawals from bank accounts; capping the amount of money that can be electronically taken out of the country and making these transactions slower to clear; and introducing border checks to cap the amount of cash leaving the country.

That is, capital controls. Pawel Morski relays the [bad news](#):

Capital controls – done right – can be part of a recovery package – as in Iceland or Malaysia, or even Argentina. But they're particularly hard on a financial sector. Already risk managers in London are sending internal mails quietly suspending Cypriot counterparties from acceptable trading lists. As go the deposits, and the trading entities so go the jobs in law and accountancy. Even if the system survives, the sector looks very vulnerable. No, Cyprus The Financial Centre is not resting, it's shuffled off this mortal coil, run down the curtain and joined the bleeding choir invisible.

So, the rules have changed. Why bother to protect foreign deposits if they're on their way out already? A redesigned package may well go "the full Iceland"; look after the locals and shaft the foreigners. To work, plan A had to be implemented cleanly.

The end of Cyprus' booming financial business implies a huge decline in the economy's economic output. At this point Cyprus may get its money by really squeezing big foreign deposits, but hard times ahead are guaranteed. And should capital controls go up, well, that's a necessary if not a sufficient condition for euro exit. Which would not spare Cyprus pain, it should be added. It isn't surprising that Cypriots reacted as they did to the prospect of a loss of their savings; it came as a shock and still worse seemed unfair, and people often suspend rationality in the face of what looks like unfairness. But Cypriot depositors will probably end up much worse off having rejected the deal than they would have done had things been pulled off quickly and cleanly.

The most striking thing about the situation is that broader markets are taking assurances that Cyprus is a unique case at face value. European equities are flat for the week, and yields on peripheral sovereign debt have scarcely budged. Contagion looks like a non-issue. For that, at least, we can be thankful. Unless it leads to European Commission complacency, of course, leading officials to drive an even harder bargain—an possibly precipitate the sort of action, like a Cyprus exit, that might just send markets into a proper swoon. Things, we should have learned by now, can always get worse.

## Cyprus looks for Plan B

After the [failure of the bailout package](#) Cyprus President Nikos Anastasiades aims to present an alternative plan today, Thursday. The government has held talks with Russia and the Cypriot Orthodox Church about receiving aid, and the participation of bank customers is also still a possibility. A pact with Russia would be a betrayal of the island's European partners, commentators warn, and call on the Cypriots to admit their own responsibility for the crisis.

Frankfurter Allgemeine Zeitung - Germany

### **Nicosia breaks with European solidarity**

Cyprus's government initiated talks with the Kremlin and the Russian Ministry of Finance on Tuesday evening. The fact that Cyprus is [turning to Russia for help](#) is an unheard-of break with European solidarity, the conservative Frankfurter Allgemeine Zeitung notes: "According to the defiant motto: we're not prepared to pay for the mess we've got ourselves into - the rest of Europe should take care of it. ... Russia granted the island a [loan of several billion](#) some time ago. Yet this is an unprecedented act of breaking solidarity with the rest of Europe. Because in the eastern Mediterranean it's not just about saving the euro; geo-strategic interests are also at stake. If Cyprus is toying with the idea of compensating [Russian companies](#) with the anticipated profits from mining the natural gas reserves off its coast, this will harm Europe's energy security in the long term. Then it would only be consistent to offer Russia a marine base in case its only port in the Mediterranean so far, in the Syrian city of Tartus, is taken away from it once Assad falls." (21/03/2013)

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

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Dagens Nyheter - Sweden

### **If Cyprus goes, Greece could follow**

Although the Cypriot economy barely plays a role in Europe, if the [rescue fails](#) it could create a dangerous precedent, the liberal daily Dagens Nyheter warns: "Cyprus has little economic clout, and there is minimum risk of it infecting the rest of the Eurozone. Nevertheless the danger of the crisis spreading was created by the EU itself. ... There can be no doubt that the Cypriot banking sector is too big: eight times larger than the GDP. ... Structural changes take time, but at the same time the Cypriot banking system is on the verge of a meltdown. It can't be ruled out that Cyprus will be forced to exit the euro. If it does, the direct repercussions for the monetary union are likely to be manageable. The real danger, however, lies in the power of example: if Cyprus can leave the monetary union, so can Greece." (21/03/2013)

Simerini - Cyprus

### **Cypriots must examine their own faults**

The protests of Cypriot citizens against the [Euro Group's bailout package](#) are also aimed at Germany. German Finance Minister Wolfgang Schäuble said on Wednesday that the Cypriot business model of low taxes and minimum control had failed. The conservative daily Simerini agrees and sees the anger against the Germans as unjustified: "As a people we have no self-knowledge. We always see ourselves as the victims. ... Schäuble has told a painful truth which our politicians refuse to confront. ... Those who are still capable of rational thought know that the island's political and economic model has been bankrupt for years. ... This is the root and the source of our present plight. Why do we pin the blame for the mistakes, crimes, shortcomings and incompetence of our own leaders on foreigners? Why do we demonstrate outside the presidential palace and parliament? We should be demonstrating outside the parties' headquarters, because this is where the country's problems lie." (20/03/2013)

Biziday - Romania

### **Selflessness of the Church an example for all**

The Orthodox Archbishop of Cyprus Chrysostomos II announced on Wednesday his willingness to provide access to all the assets of the churches and cloisters on the island to prevent the state from going bankrupt. The economics expert Moise Guran points to the decision as exemplary in the blog biziday: "The gesture made by the Cypriot archbishop is precisely what a country in crisis needs. Cyprus is on the verge of experiencing a whole barrage of bankruptcies. ... Because who can guarantee that following the [rejection of the European plan](#) the Russians won't withdraw their huge capital from the Cypriot banks, triggering the collapse of the financial system? Cyprus has one foot in the grave right now. ... And in the midst of this difficult period the Cypriot Orthodox Church is making an enlightened gesture. A gesture that also encourages others to make sacrifices. A gesture that shows that wealth is not an end in itself and that, if necessary, one should give up everything to save society. Precisely this is the essence of Christian religion." (21/03/2013)

Sme - Slovakia

### **German savers may take revenge against Merkel**

With the demand that [savers participate](#) in the bailout of the Cypriot banks German Chancellor Angela Merkel was involved in breaking a taboo and may pay a high price for it in Germany, writes the liberal daily Sme: "When Merkel and her Finance Minister Steinbrück told the Germans in the midst of the crisis in 2008 that their savings were safe she won their trust. It wasn't a legal guarantee, but a political one. ... In Cyprus's case a taboo has been broken, even if doesn't affect the German savers. The Germans prompted the demand for small savers to also pay up. Even if this was supposed to be an exception, the trust is gone. Little Cyprus could turn out to be a bigger problem for the Chancellor than Greece, Italy or Spain in this [election year](#). One in four Germans can imagine voting for a party that wants Germany to leave the Eurozone." (21/03/2013)

03/21/2013 01:29 PM

End of an Era

## Cypriot Financial Sector Faces Collapse

By [Stefan Kaiser](#)

73,187

**The disastrous financial situation in Cyprus is largely a result of the country's crumbling banks. For years, the island nation profited from its bloated financial sector, but now it will likely have to liquidate its two largest banks. In Nicosia, government leaders fear that could decimate the economy.**

If Cyprus doesn't receive billions in foreign aid within a few weeks, the country will default by June at the very latest. But insolvency could come even sooner for the country's two largest banks. The Bank of Cyprus and Laiki Bank are only able to survive at the moment through emergency aid from the European Central Bank, which on Thursday threatened to [cut off all liquidity](#) on Monday if terms of a European Union bailout deal aren't finalized with the government in Nicosia.

The banks are actually the very core of Cyprus' problems at the moment. They are bloated, pumped full of Greek sovereign bonds and more or less already bankrupt. Without these banks, Cyprus wouldn't need to seek aid from the permanent euro bailout fund, the European Stability Mechanism (ESM). The banks' difficulties have destroyed Cyprus' reputation on the international financial markets and investors are no longer willing to lend to the country.

Already last year, the government had to prop up Laiki, the country's second largest bank, with €1.8 billion, an amount that accounts for about 10 percent of Cyprus' annual gross domestic product. Now the ailing financial sector requires an additional €10.8 billion in aid -- an unimaginably large figure for a small nation that has just under a million residents. The EU aid would represent the lion's share of the €17.5 billion bailout Cyprus currently requires.

As such, it makes sense that euro-zone member states and the International Monetary Fund have made it a precondition that these banks also participate financially in the rescue. The only question is whether there's any viable alternative than to tap the accounts of banking customers directly in order to raise the €5.8 billion missing in the bailout.

- The bank's **investors** have already lost massive shares of their investments. In the fall of 2011, the three biggest financial institutions still had a market capitalization of €2.4 billion, but it has since fallen to €500 million. Since mid-2012, the Cypriot government has owned 84 percent of Laiki Bank. By then, private investors were only still in possession of shares that held a total value of several million euros. Major shareholders at other banks also have relatively little to contribute to any rescue package. Just take billionaire Russian investor Dmitry Rybolovlev, who owns 5 percent of the Bank of Cyprus. In recent months, he has had to sit back and watch as the value of his holding shrank to around €20 million.
- **Holders of bank bonds** were to be next in line to be held liable for the bailout. They lent money to the financial institutions and had to assume that, in the worst case, they wouldn't get it back. In a passage that attracted little attention over the weekend, the Euro Group also announced that second-tier bonds would also be seized as part of the restructuring program. Those possessing Tier-1 guaranteed bonds would not be hit. Still, it is doubtful that this channel would suffice to raise the €5.8 billion needed. Cypriot banks have long relied on the gigantic deposits held in their accounts and have not needed to issue large quantities of bonds to raise cash. As such, there is a paucity of bonds that could now be seized as part of a restructuring program.
- This leaves the **depositors**. This is by far the largest single source of potential money. Statistics collected by Greece's central bank suggest that some €68 billion is deposited in Cypriot banks. Around €25 billion of that sum

originated from foreign depositors, a large share of them from Russia and Ukraine. This is where the so-called "one-off stability levy" rejected on Tuesday by the Cypriot parliament was supposed to be applied.

### **Calls for Banks to Be Wound Down**

Many experts believe that the cleanest solution would be to provide for an orderly insolvency for the banks and for them to be liquidated. "That would make more sense than ripping off the small depositors," said Hans-Peter Burghof, a banking professor at Germany's University of Hohenheim.

Still, if the banks were made to go bankrupt, depositors would still feel the pain -- but only the big ones. Deposits of up to €100,000 would be protected by state deposit guarantees. Under this scenario, it would be the shareholders and bondholders who would lose a good deal of their investments.

Under this scenario, the chances of the feared contagion infecting banks in other countries would also remain rather small, Burghof believes. Data from the Bank for International Settlements in Basel, Switzerland, shows that, at the end of September 2012, the Cypriot banks had a total of \$441 million in debt with foreign banks -- a dimension that could be coped with easily. Spain, by comparison, has a whopping €132 billion in liabilities to foreign banks.

Another proposal being considered is to wind down the two banks, park their most toxic assets in a "bad bank" and then sell the rest to Russia's VTB Bank, which is active on the island.

### **Cyprus Fears Future of Its Business Model**

The only country that faces any significant risks is Greece, where subsidiaries of Cypriot banks active there would have to be split off from their parent companies and operated as separate entities, possibly under the tutelage of Greek financial institutions. But that is already envisioned in the Euro Group's rescued plan.

According to reports, a solution for winding down the two banks had also been part of the negotiations among euro-zone member states, Cyprus and the IMF. Together with the agreed to €10 billion from the ESM, it would generate enough money to prevent the entire country from going bust. But the Cypriot government has so far vehemently opposed the plan, because a liquidation of the country's two biggest banks would bring instant death to the very business model that has made Cyprus a small banking center. Hardly any investors would continue parking their money there, no matter how low the tax rate was.

Ultimately, Cyprus will have to reinvent itself. Until the crisis hit, the financial and real estate sectors comprised a quarter of the country's gross value add. Another quarter comes from tourism. Industry only comprises about 12 percent. Cyprus, it appears, tied its entire fate to its banks. And as long as the government remains unprepared to change this, the country could well be headed for bankruptcy.

Updated March 21, 2013, 8:23 a.m. ET

## ECB Threatens to Cut Off Cypriot Banks

By [CHRISTOPHER LAWTON](#), [TODD BUELL](#) and [JAMES MARSON](#)

The European Central Bank ramped up pressure on Cyprus to seal a bailout agreement with the European Union and the International Monetary Fund by Monday, making further funding for the island's ailing banks contingent on a deal.

The ECB said it would extend emergency funding that has kept the island's banks in operation while the bailout plan was being negotiated in recent months only until Monday.



Simon Nixon explains the future of the Cyprus banking sector and its potential influence across the Eurozone rests with how and if the European Central Bank chooses to provide assistance. Photo: AP Images.

"Thereafter, Emergency Liquidity Assistance (ELA) could only be considered if an European Union/International Monetary Fund program is in place that would ensure the solvency of the concerned banks," the ECB said in a statement.

It is the first time the ECB has publicly said it would consider removing a member state's banks from the Eurosystem's emergency lending support, putting the ball squarely back in the hands of the island's politicians after [parliament rejected earlier this week](#) a deal that includes a controversial levy on individual depositors. The ECB helped orchestrate the deal over the weekend, and since then the island's banks have remained closed. They are scheduled to reopen on Tuesday.

"You cannot keep the banks closed forever. This ECB announcement is increasing the pressure," said Carsten Brzeski, an economist with ING Bank in Brussels.

Cyprus's two largest commercial banks, the Bank of Cyprus and [Laiki, LI.CP +1.75%](#) are largely insolvent, and currently rely heavily on ELA for funding. Without the central bank money, its financial sector would likely collapse, possibly forcing Cyprus to be the first to exit the euro zone.

The ECB's ELA facility is meant to act as a temporary bridge to funding for illiquid banks in a crisis. The funds are administered by the member state central bank at a higher interest rate, and the member state accepts liability for the funding should the banks default.

While Cypriot authorities on Thursday continued to examine alternative proposals to the deposit levy plan—including potential assistance from Russia or involving the country's pension funds in fundraising plans—euro-zone officials stressed that any solution should involve reducing the size of the troubled banking sector.

Eurogroup Chairman Jeroen Dijsselbloem on Thursday warned that Cyprus posed a definite systemic risk to the wider euro-zone area and said the island's banking system needed a complete overhaul.

"In the present situation I think there is definitely a systemic risk and I think the unrest of the last couple of days has proven this, unfortunately," Mr. Dijsselbloem said. He added that some kind of levy imposed on depositors is "probably inevitable."

Cypriot authorities have gone back to the drawing board to come up with an alternative plan to raise €5.8 billion (\$7.50 billion) in order to receive a €10 billion bailout package and rescue the island's oversized financial services sector from collapse. On Wednesday, international lenders rejected an alternative government plan to secure a multibillion-euro bailout. Russian officials have also remained reticent toward a Cypriot gas-for-cash deal, leaving the country with narrowing options.

A Cypriot delegation led by Finance Minister Michalis Sarris will continue talks with Russian officials on Thursday, including Russian Finance Minister Anton Siluanov.

"There are a lot of teams working on number of issues—banks, natural gas and other opportunities—with which we can base some cooperation and some support from Russia. There are different teams from different places. There are Cypriot and Russian teams working together," Mr. Sarris told reporters on Thursday.

"We are asking for help clearly, but something that would make also economic sense for Russia," he said.

Russia has slammed the euro-zone plan to bail out Cyprus, where Russian individuals and businesses account for around 30% of deposits in banks. Speaking at an EU-Russia conference in Moscow, Russian Prime Minister Dmitry Medvedev criticized as "absurd" a euro-zone bailout plan that would seize billions of dollars from deposits in Cypriot banks. He said future talks should involve "all interested parties, including Russia."

In an interview with Russian and European media late Wednesday, Mr. Medvedev said Russia could review the share of euros it holds in its central bank reserves if the practice of "confiscating deposits" is extended to other ailing economies, such as Spain or Italy.

He also said that Russia could terminate a tax treaty that has been one of the driving forces behind Russian companies registering in Cyprus over recent years.

In a speech at the same conference, European Commission President José Manuel Barroso said the EU "stands ready to find an agreement."

But the ECB's response indicated that time was running short for that agreement to materialize. The ECB has always maintained that ELA is only to be used in exceptional cases and can't be used to prop up insolvent banks, but the rules surrounding the facility are opaque. The ECB has never defined what it considers insolvent, for example. The Greek and Irish central banks used the facility heavily in the past to support their banks, which were also largely insolvent, as the member states grappled with unsustainable debt.

"In theory, we all agree that emergency liquidity support should be provided only to illiquid but solvent institutions," Italian economist Tommaso Padoa-Schioppa said in a speech in 2003, when he was an ECB executive board member.

"But the distinction between these two concepts is particularly difficult to make in periods of financial distress, which is exactly when central banks may have to use this tool," he said.

## The Cypriot Tangle



By Alen Mattich

COMMENTARY

The EU is demanding that Cyprus recapitalizes its banks as a condition for extending loans to keep the country afloat. So to get hold of €10 billion (\$12.94 billion) of EU money, Cyprus needs to raise around €6 billion on its own.

Its earlier plans to do so by taxing depositors was more or less torpedoed. There was so much outrage that savers protected by deposit protection insurance—those with bank accounts holding up to €100,000—would lose money that the Cypriot government backtracked. On the other hand, it didn't want to raise the levy substantially on uninsured depositors because many of those were very wealthy foreigners, particularly Russians. [Barclays](#) estimates that accounts holding more than €500,000 represent 42% of the deposit base, compared with 46% for accounts holding less than €100,000.

Cyprus could raise all of the funds from those very wealthy accounts. Except Cyprus would end up alienating its Russian friends. Cyprus already has an outstanding €2.5 billion loan from Russia from when it was last in crisis, which it's looking to extend for five years with a two percentage point cut in how much interest it has to pay.

What's more, Cyprus is keen on saving its financial-services industry, notwithstanding that its size, around eight times bigger than annual economic output, is at the heart of the country's problems now. Confiscating a big chunk of money from its richest depositors would guarantee to kill it as an offshore haven stone dead.

Cyprus is by far the largest source of foreign direct investment into Russia, some 29% of the total. Clearly, this is not Cypriot money. Russian cash flows into Cypriot shell companies and then flows back into Russian assets. Never mind why it's done, the flows are so large that even tiny frictional costs—legal fees, company fees, banking fees—represent a very nice income for the Cypriot economy.

This is income Cyprus desperately wants to keep, although it may well already be beyond saving now—merely making plans for a depositor tax will have spooked foreigners, possibly to the point of abandoning Cyprus altogether.

Nor is the deposit tax particularly popular with the Cypriots. A survey reported in a Greek newspaper found that 67% of Cypriots would rather the country abandoned the euro than levied a deposit tax.

This represents a serious impasse.

Germany doesn't want to bail out rich Russians by extending ever larger loans and liquidity assistance to the country. Cyprus doesn't want to tax Russians considered key to its domestic economy.

One possible alternative is for Cyprus to go to Russia directly. But another Russian loan would be unacceptable to the EU because yet more leverage would do nothing to make Cypriot banks and the government solvent. One mooted possibility has been to sell Cypriot gas fields to Russia in exchange for the funds. Or to get Russians to recapitalize the banks directly.

Russia, which in the Soviet era was desperate for a warm-water base in the Mediterranean, might still be keen on a quid-pro-quo, although it's hard to see the U.S. acceding to that, not least because its ally the U.K. has two large sovereign military bases on the island.

If Cyprus fails to meet EU criteria, the European Central Bank has said it will cut off liquidity assistance to Cypriot banks. Which means that when Cypriot banks open up again, they'd immediately collapse as deposits fled. This, in turn, would force it to institute capital controls and almost certainly require that the Cypriot government printed its own IOUs to cover its expenses. These IOUs would very quickly become a separate currency and, presto, Cyprus is out of the euro zone and very likely outside the EU.

Russia doesn't want this. One of Cyprus's main attractions for Russians is that it represents an easy entree into the EU.

Nor would the EU be particularly keen on a Cypriot exit from the common currency, because it would once again raise convertibility risk in vulnerable countries like Greece, Portugal, Spain, Italy and Ireland.

So it seems likely that some sort of deal will be struck. The EU can't back down on taxing Cyprus's wealthiest depositors now. But the tax is likely to be considerably smaller than what's needed to raise €6 billion. Russian might well make up part of the difference. The rest is likely to be from a bigger EU loan.



## What British 'austerity' would look like if we were in the eurozone

By [Jeremy Warner](#) [Economics](#) Last updated: March 21st, 2013

73,193



This is what real austerity looks like

One thing that constantly amazes me reading the often self contradictory drivel which is written about the economic crisis is the way many commentators seem to apply one set of rules to the Eurozone and another to the UK.

Thus it is that the eurozone is criticised for applying too much austerity to fiscally challenged member nations but Britain is lambasted for not doing nearly enough.

The numbers outlined in Wednesday's UK Budget show that the Brits are complete wimps compared to the eurozone on fiscal austerity. Under the "Fiscal Compact", signed by all members of the European Union other than the Czech Republic and the UK, countries are obliged to adopt a "balanced budget rule" which stipulates that the annual structural deficit cannot exceed 0.5 per cent of GDP.

What's more, member states whose debt-to-GDP level exceeds 60 per cent of GDP must commit to reducing it by an average of one twentieth per year until the threshold is reached, the so-called "debt brake rule". Signatories have been given three years to meet these rules, though in the light of the ongoing recession, this stipulation is in the process of being somewhat eased.

How does the UK measure up against these fiscal disciplines? Back of the class, I fear. By a very long way, we are the most unruly nation in Europe, worse, on the new forecasts produced on Wednesday, even than Greece.

In fact the forecasting period isn't long enough to tell us when we might meet the balanced budget rule. According to yesterday's assessment, the structural deficit will still be 0.6 per cent in 2017/18. As for the debt brake rule, actually, what we've got is more like a "debt accelerator" rule. The national debt is forecast to continue growing for at least the next four years, supposedly reaching a peak of 100.8 per cent of GDP in 2016/17.

There might, of course, be something to be said for the eurozone's short sharp shock approach. Indeed, that's what Osborne thought he was applying when he announced his first, "emergency" Budget in June 2010.

But lack of growth has completely derailed the Government's attempts to get on top of the nation's debts. As the Office for Budget Responsibility has observed, the deficit reduction strategy has essentially stalled. In fact, in cash terms, the deficit is set to be the same this year and next year as it was last.

Go back to the forecasts in 2010, and the deficit this year was meant to be £92bn. In fact it was £120.9bn in underlying terms. The same is true in subsequent years. Back in 2010, the UK was scheduled to borrow £338bn more over five years. The latest figures say the real number will be £512bn more, an increase of a staggering £174bn.

If we'd been in the eurozone, we would by now have the hated "Troika" – today's equivalent of the Spanish Inquisition – in at the Treasury running the show, and we'd have Greek style austerity – big cuts in nominal wages and pensions, huge increases in tax, and a complete breakdown in public services. Even Osborne's fiercest critics on the Right surely cannot think this would have been a better outcome.

In fact, Osborne is doing precisely what the Left urges him to do – he's slowing the deficit reduction programme so as to smooth the economic adjustment – only they would presumably do it even slower, if not abandon it altogether.

Personally, I think he's got the balance about right, though I would radically alter the makeup of deficit reduction, with a lot more tax cutting matched by spending cuts. Unfortunately, the compromises of coalition government mean this is not necessarily in his gift.

All the same, it's obviously not consistent to argue that both the UK and the eurozone are getting it wrong on fiscal consolidation. Having our own currency gives Britain the luxury of being able to smooth the economic adjustment, something not open to enslaved members of the euro. There's a separate debate on whether the Government is squandering this opportunity. But that's a subject for another blog.

January 1, 2013

## Used to Hardship, Latvia Accepts Austerity, and Its Pain Eases

By ANDREW HIGGINS

73,195

RIGA, Latvia — When a credit-fueled economic boom turned to bust in this tiny Baltic nation in 2008, Didzis Krumins, who ran a small architectural company, fired his staff one by one and then shut down the business. He watched in dismay as Latvia's misery deepened under a harsh austerity drive that scythed wages, jobs and state financing for schools and hospitals.

But instead of taking to the streets to protest the cuts, Mr. Krumins, whose newborn child, in the meantime, needed major surgery, bought a tractor and began hauling wood to heating plants that needed fuel. Then, as Latvia's economy began to pull out of its nose-dive, he returned to architecture and today employs 15 people — five more than he had before. “We have a different mentality here,” he said.

Latvia, feted by fans of austerity as the country-that-can and an example for countries like Greece that can't, has provided a rare boost to champions of the proposition that pain pays.

Hardship has long been common here — and still is. But in just four years, the country has gone from the European Union's worst economic disaster zone to a model of what the [International Monetary Fund](#) hails as the healing properties of deep budget cuts. Latvia's economy, after shriveling by more than 20 percent from its peak, grew by about 5 percent last year, making it the best performer in the 27-nation European Union. Its budget deficit is down sharply and exports are soaring.

“We are here to celebrate your achievements,” Christine Lagarde, the chief of the International Monetary Fund, told a conference in Riga, the capital, this past summer. The fund, which along with the European Union financed a bailout of 7.5 billion euros for the country at the end of 2008, is “proud to have been part of Latvia's success story,” she said.

When Latvia's economy first crumbled, it wrestled with many of the same problems faced since by other troubled European nations: a growing hole in government finances, a banking crisis, falling competitiveness and big debts — though most of these were private rather than public as in Greece.

Now its abrupt turn for the better has put a spotlight on a ticklish question for those who look to orthodox economics for a solution to Europe's wider economic woes: Instead of obeying any universal laws of economic gravity, do different people respond differently to the same forces?

Latvian businessmen applaud the government's approach but doubt it would work elsewhere.

“Economics is not a science. Most of it is in people's heads,” said Normunds Bergs, chief executive of SAF Tehnika, a manufacturer that cut management salaries by 30 percent. “Science says that water starts to boil at 100 degrees Celsius; there is no such predictability in economics.”

In Greece and Spain, cuts in salaries, jobs and state services have pushed tempers beyond the boiling point, with angry citizens staging frequent protests and strikes. Britain, Portugal, Italy and also Latvia's neighbor Lithuania, meanwhile, have bubbled with discontent over austerity.

But in Latvia, where the government laid off a third of its civil servants, slashed wages for the rest and sharply reduced support for hospitals, people mostly accepted the bitter medicine. Prime Minister Valdis Dombrovskis, who presided over the austerity, was re-elected, not thrown out of office, as many of his counterparts elsewhere have been.

The cuts calmed fears on financial markets that the country was about to go bankrupt, and this meant that the government and private companies could again get the loans they needed to stay afloat. At the same time, private businesses followed the government in slashing wages, which made the country's labor force more competitive by reducing the prices of its goods. As exports grew, companies began to rehire workers.

Economic gains have still left 30.9 percent of Latvia's population "[severely materially deprived](#)," according to 2011 data released in December by Eurostat, the European Union's statistics agency, second only to Bulgaria. Unemployment has fallen from more than 20 percent in early 2010, but was still 14.2 percent in the third quarter of 2012, according to Eurostat, and closer to 17 percent if "discouraged workers" are included. This is far below the more than 25 percent jobless rate in Greece and Spain but a serious problem nonetheless.

"I'm always asking people here, 'How can you put up with this?'" said Juris Calitis, a Latvian-born Anglican chaplain whose family fled Soviet occupation in the 1940s and who returned when the Soviet empire crumbled.

"It is really shocking," added Mr. Calitis, who runs a soup kitchen at his church in Riga's old town. Latvians, he said, "should be shouting in the streets," but "there is an acceptance of hard knocks."

Latvia has certainly had plenty of those, enduring Soviet, Nazi and then renewed Soviet rule, learning that discontent is best kept quiet. After Moscow relinquished control in 1991, decrepit Soviet-era plants shut down, gutting the industrial base. The economy contracted by nearly 50 percent.

The collapse of Latvia's largest bank in 1995 wiped out many people's savings. Latvia then was hit by debris from Russia's financial blowout in 1998. Then came a dizzying boom, fueled by a lending splurge by foreign, particularly Swedish, banks, followed by a catastrophic slump as credit froze when the global financial crisis swept into Europe in 2008.

"Conditions were very tough," recalled Mr. Dombrovskis, but few people resisted his argument that harsh austerity offered the only way out.

In contrast to much of Europe, Latvia today has no tradition of labor activism. "What can you achieve in the street? It is cold and snowing," said Peteris Krigeris, president of the Free Trade Union Confederation of Latvia. Organizing strikes, he said, is nearly impossible. "It is seen as shameful for people who earn any salary, no matter how small, to go on strike."

Also largely absent are the leftist political forces that have opposed austerity elsewhere in Europe, or the rigid labor laws that protect job security and wage levels. In the second half of 2010, after less than 18 months of painful austerity, Latvia's economy began to grow again. Other European countries "should not miss this point," said the prime minister, noting that the "debate in Europe often goes the opposite way: that austerity destroys growth."

Yet the pain of many ordinary people continues.

"They say the crisis is over, but I don't feel that," said Marika Timma, a mother of three whose husband lost his job in construction when the property bubble burst. Ms. Timma used to work as a cleaner but quit when her wages were cut in half, to just \$168 a month.

Several of her good friends have emigrated to Britain and Ireland to look for work. "They won't be coming back," she said.

Since 2008, Latvia has lost more than 5 percent of its population, mostly young people, to emigration. The recent exodus peaked in 2010, when 42,263 people moved abroad, a huge number in a country of just two million now, according to Mihails Hazans, a professor at the University of Latvia.

Daniels Pavluts, Latvia's economics minister, recently visited Dublin and London and met with émigré associations to encourage his compatriots to come home. Latvia's economy, Mr. Pavluts said, "is now doing well" and "offers a future."

Alf Vanags, director of the Baltic International Center for Economic Policy Studies here, is skeptical. “The idea of a Latvian ‘success story’ is ridiculous,” he said. “Latvia is not a model for anybody.”

A better and more equitable way out of Latvia’s troubles, he believes, would have been a devaluation of the currency, an option closed to Greece and 16 other countries that use the euro. Latvia kept its currency pegged to the euro, putting itself in much the same straitjacket as euro zone nations.

But Latvia’s high pain threshold and unusually open economy set it apart, enabling a relentless squeezing of wages, said [Morten Hansen](#), head of the economics department at the Stockholm School of Economics in Riga.

“You can only do this in a country that is willing to take serious pain for some time and has a dramatic flexibility in the labor market,” he said. “The lesson of what Latvia has done is that there is no lesson.”

This article has been revised to reflect the following correction:

**Correction: January 2, 2013**

An earlier version of this article misstated the amount of a bailout given to Latvia in 2008. It was 7.5 billion euros, not \$7.5 billion.