

Faillite politique

L'éditorial d'Alexis Brézet, directeur des rédactions du *Figaro*.

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Dix-huit mois après l'élection de [François Hollande](#), il nous aura donc été donné d'assister à ce naufrage:

- Le président de la République française qui s'abaisse, et abaisse la France avec lui, à consacrer toute affaire cessante [une intervention en direct à la télévision](#) à une banale expulsion - parfaitement régulière de surcroît - soudain érigée sous la loupe médiatique en affaire d'État.

- Une gamine de 15 ans qui prend à partie le chef de la cinquième puissance économique mondiale et qui lui fait la leçon avec une insolence confondante. Les parents de cette jeune fille, généreusement logés, nourris et entretenus par la France depuis quatre ans, qui multiplient les provocations avec une acrimonie qui en dit long sur leur volonté d'intégration.

- Et pour finir, ce feu d'artifice de commentaires, souvent plus atterrés que critiques, venus de la droite comme de la gauche, qui sanctionnent l'échec cinglant d'une intervention présidentielle «solennelle», motivée au départ par le souci d'enrayer la colère d'une poignée de lycéens et qui, à l'arrivée, n'aura pas même réussi à convaincre... le premier secrétaire du Parti socialiste.

Consternant! Où est le courage? Où est la hauteur de vue? Où est la force de conviction? Tout, dans l'épilogue (provisoire?) de cette affaire lamentable - depuis l'enquête administrative aux attendus subtilement balancés (pas de «faute», mais «un manque de discernement») jusqu'à ce pseudo-jugement de Salomon (la jeune fille peut revenir, mais sans sa famille...) -, tout respire de bout en bout la combine politicienne, le calcul d'apothicaire, la cautèle de maquignon.

François Hollande aurait pu - il aurait dû - affirmer que l'enquête administrative ayant établi la parfaite régularité de la mesure d'éloignement, l'affaire était close et la polémique infondée. Bien sûr, il lui aurait fallu en payer le prix sur sa gauche, du côté des Verts et d'une frange du Parti socialiste. Bien sûr, il y aurait eu du grabuge au gouvernement...

Bien sûr, il aurait exaspéré une partie des militants qui, sur la foi d'un programme ambigu, l'ont porté à l'Élysée. Mais en réaffirmant l'autorité de l'État, c'est la sienne qu'il aurait restaurée. Et, sur ce terrain, il aurait trouvé le soutien de l'opinion...

Mettant la barre à gauche toute, François Hollande aurait pu à l'inverse ordonner, au nom du «devoir d'humanité», l'annulation de la mesure d'éloignement qui frappe toute la famille Dibrani. Sans doute, Manuel Valls aurait claqué la porte. Évidemment, le Front national en eût fait ses choux gras. Mais, au moins, le président aurait remobilisé les plus engagés de ses partisans. Toute considération de fond mise à part, il aurait surtout manifesté qu'il y a un chef, et un cap, à l'Élysée...

Au lieu de quoi, hollandissime jusqu'à la caricature, [il biaise, il embrouille, il enfume](#). Il ménage la chèvre et le chou. Il avance pour mieux reculer. Il ne pose la règle que pour créer l'exception. Il ne fait une concession que pour la reprendre aussitôt. L'expulsion de Leonarda est régulière, donc la jeune fille sera autorisée à rentrer. La générosité exige qu'elle revienne, donc elle sera séparée de sa famille. Comprenne qui pourra...

Pitoyable habileté destinée à ne mécontenter personne et qui réussit in fine à exaspérer tout le monde. Faible dans ce qu'elle a de fort, mesquine dans ce qu'elle a de généreux, la «décision» du président ajoute l'arbitraire à la faiblesse et le sentimentalisme à l'insensibilité. Injustifiable du point de vue du droit comme de celui de la simple humanité, elle fera date, à n'en pas douter. Au-delà du cas Leonarda, elle révèle et cristallise la faillite politique d'un quinquennat tout juste commencé et qui, noyé d'indécision et d'impuissance au sommet, a déjà comme un air de fin de règne.

La presse européenne sans pitié pour Hollande



Le quotidien conservateur allemand *Die Welt* estime que Leonarda a « plus réfléchi » que le chef de l'État. **88,2**

Le «zigzag du président». En Allemagne, à l'image de [Der Spiegel](#), la presse commente la décision de François Hollande dans l'affaire Leonarda avec sévérité. «À la fin de cette semaine, il est affaibli», conclut le magazine de centre gauche. L'histoire est suivie par tous les journaux. Samedi, beaucoup d'entre eux, comme par exemple le Tagespiegel, reprenaient un terme employé par la gauche française: «Un choix cruel.» La remarque la plus acerbe se trouvait dans [Die Welt](#). «L'affaire pourra servir pour de futurs historiens comme l'exemple même du talent rare de François Hollande pour prendre des décisions et les saper en même temps», écrit le quotidien conservateur. Pour *Die Welt*, la ligne du chef de l'État manque de cohérence: le journal cite Leonarda, soulevant la question de la scolarisation de ses frères et sœurs. «Cela sonne comme si elle avait plus réfléchi que François Hollande», assène le quotidien.

En Espagne, l'intervention de François Hollande laisse pantois le journal [El País](#). «Le président a transformé l'affaire Leonarda en une affaire d'État à l'occasion d'une intervention télévisée qui devait mettre fin à la tempête politique», s'étonne son correspondant en France, de retour de Mitrovica où il s'était déplacé pour couvrir le sujet. Le journaliste qualifie également de «scène inédite» la réaction de l'adolescente, qui «se permet de donner une leçon au chef de l'État français». Le résultat, selon le journal de centre gauche, est «la plus grande crise politique de la présidence de Hollande».

«Gifle à François Hollande. Leonarda bat le président un à zéro» ([La Stampa](#)). En Italie aussi, la presse est cinglante. «Hollande mécontente tout le monde», titre le [Corriere della Sera](#) qui commente: «À peu de mois du vote européen, avec une popularité au plus bas et le lepénisme en grande ascension, l'affaire Leonarda met en crise le gouvernement de Paris.» «Tornade sur la gaffe de Hollande», renchérit [La Repubblica](#). Relevant la position différente du secrétaire du Parti socialiste, Harlem Désir, le grand quotidien de la gauche italienne s'exclame: «Quel embrouillamini!» Les journaux sont stupéfaits de voir une adolescente de 15 ans, «la Rom la plus médiatisée au monde», répondre en direct et défier le président de la République française.

En Grande-Bretagne, [The Sunday Times](#) estime que «l'affaire Leonarda devrait rester dans l'Histoire comme un nouvel exemple des tentatives de Hollande de faire plaisir à tous, pour finir par mécontenter tout le monde». Le journal note que «l'ambitieux Valls est accusé par certains de copier Nicolas Sarkozy, qui avait bâti sa popularité et sa base de pouvoir sur une politique agressive». Enfin, il fait remarquer que le gouvernement français doit tenir compte des sondages, qui montrent que «deux tiers des Français ne veulent pas du retour de Leonarda».

MAIN FOCUS

88,3

Hollande in trouble over Leonarda

French President François Hollande has come under attack for his reaction to the [deportation of Roma schoolgirl Leonarda](#). Following nationwide protests he gave her the opportunity to return to France, but without her family - an offer the 15-year-old rejected on Saturday. This half-hearted compromise exposes the president's lacking authority and illustrates the crisis in this once proud republic of values, commentators write.

Le Soir - Belgium

Image disaster for the president

The case of Leonarda is yet another example of Hollande's political shortfalls, the liberal daily Le Soir writes: **"What a disastrous image for the Elysée!** Even before being elected, Hollande never tired of repeating that all his activities would be geared toward the youth. And now the students are demonstrating and demanding the return of the Roma adolescent expelled to Kosovo. ... In fact, François Hollande is at an impasse, with no other choice than to propose this rather absurd solution: to invite Léonarda to come back to France alone, leaving her family behind her. **François Hollande already suffered from two major handicaps: insufficient clarity in his actions and a glaring lack of authority.** The Leonarda affair will only accentuate these weaknesses." (21/10/2013)

Berliner Zeitung - Germany

Not what strong leadership looks like

Hollande and his advisers are acting like complete amateurs, the left-liberal Berliner Zeitung writes:

"There will no doubt soon be a couple of vacancies at the Elysée Palace. **The ad should read: 'Wanted: Competent advisers'.** Because whoever advised the president on the case of Leonarda deserves to be sacked. ... **The president, notorious for vacillating**, just stood by for days and watched the whole affair spiral out of control. ... And when the head of state finally intervened he proposed a solution that can only go wrong: the return of the 15-year-old without her parents, without her family. A new wave of indignation is the result. **The left accuses Hollande of being inhumane, the right says he's making a mockery of the rule of law. Both accusations are understandable.** Hollande's attempts to calm the situation with **a half-hearted compromise** have only aggravated the dispute. This is not what strong leadership looks like. **The right-wing populists of the Front National, with their promise to restore peace and order, can rub their hands in gleeful anticipation.**" (21/10/2013)

Tages-Anzeiger - Switzerland

France's humanist spirit is dead

The case of Léonarda illustrates all too well the crisis of values and identity that France is going through, the liberal daily Tages-Anzeiger writes: "François Hollande stresses that the Roma are being treated in accordance with the law. That may be. But France was once something more than a cold-hearted state with inflexible laws and deportation rules. France was once a proud republic of values, a beacon of humanism, an anchor for the displaced. Little is left of this spirit in these times of crisis, widespread insecurity and the unstoppable rise of [Marine Le Pen](#). This **demonstrative, stigmatising severity against the small minority of Roma is - with all due respect - pretty pathetic for such a grand republic.**" (21/10/2013)

DEBATE:

Rebirth of Europe is possible

17 October 2013

LA CROIX PARIS

88,4



In setting aside what was best about Europe, its humanism and extraordinary altruism, Europeans have forsaken the defining qualities of their continent. If Europe is not to vanish from the world stage, a French economist argues that a return to these values is a necessity.

[Edouard Tétreau](#)

A smaller Europe in a global world is a self-evident historical fact. Yes, Europe along with the West has grown smaller in a more global world. But it still remains immense. If we are willing to acknowledge that the following figures are not propaganda statistics, in 2013, Europe is: a population of 500 million, 4.5 million square kilometres, a GDP of \$18trn (€13trn), which is greater than the GDP of the United States and three times the GDP of China. And this is backed by financial savings of €12trn that are available for the Eurozone.

Could it be that Europe, like Gulliver, is simply tied down by the mediocre Lilliputians which are its selfish member states and the competition of national interests that prevent the emergence of a united Europe? Is it being manipulated by the sum of individual financial and industrial interests that have trapped it in a complex web of well-organised lobbies?

The list of Lilliputians that have trapped the Gulliver of Europe is a long one. And it is one to which we should also add the “scapegoats” that Europe throughout its history has always conjured up to absolve itself from its own failures and weaknesses. And what if this stunted, powerless and failing Europe was the victim of a grand plot?

Europe like Gulliver

We have found an excellent way of exonerating the citizens, the opinions and the peoples of Europe from any share in the blame

“We are all responsible for to all, and myself more than all the others,” said Ivan Karamazov. In arguing that the European hell created by the Lilliputians that have trapped the Gulliver of Europe is the responsibility of others, we have found an excellent way of exonerating the citizens, the opinions and the peoples of Europe from any share in the blame for its malformation.

I support a radically different idea. If Europe, in spite — or because — of its immense financial wealth and its abundance of material and immaterial goods, is disappearing from the world stage, it is the responsibility of

Europeans themselves, and in particular the generations of today who are in power: the spoiled children of the post-war period, who have never known anything other than peace, prosperity and the selfish pursuit of their individual happiness.

Without devoting the bare minimum to ensure their integrity and sovereignty in strategically important fields, they prefer to finance their petit-bourgeois comfort and reject the defining qualities of the European spirit and what was best about Europe: its authentic humanism, and extraordinary altruism.

If Europe is struggling and if it appears stunted in a rapidly expanding world, it is precisely because Europeans are no longer Europeans. “Rome is no longer in Rome,” and in the same way, the idea of Europe is no longer in the minds of Europeans.

Horn of plenty

We could simply come to halt with this conclusion: with a Europe that has no plans or identity, which is simply fulfilling expectations of others for a market, a space that is to be peopled, and a horn of plenty and well-being that can be visited and also pillaged.

We should face up to the possibility of this scenario, as we should face up to the possibility of the disappearance of Europe. Perhaps that is the vocation of our continent: to make way for the New World, while hoping that it will take care to preserve the best aspects of Europe’s legacy.

History has shown that in times of regression Europe represents a fatal threat both to itself and to others

It is a point of view that I do not share. First and foremost, because history has shown that in times of regression Europe represents a fatal threat both to itself and to others.

Next, for those who believe that “economic growth can atone for every sin,” it is difficult to see how, for example, China could do well if the European Union disappeared or slid back into recession. Finally, how can we imagine that the gigantic destruction of human capital represented by the inactivity of one in every three young people in Europe could fail to result in conflict and violence?

European revolution

Put another way: the rebirth of Europe is not a pleasant option, but a necessity for Europeans themselves and for the rest of the world. And the rebirth of Europe is not only a necessity, but it is also a possibility. It will be the work of at least a generation, but, just as old nations never die, it is not reasonable to expect Europe to disappear. “It is a miracle to be alive in a world of the dead.”

How should we identify the possible avenues for such a rebirth? Will a major Franco-German initiative be required? A new “ECSC”, or a large scale project, in the field of the environment, for example, which can be shared by a number of generations in different European countries?

Or will a more radical course of action be necessary, a “European revolution” on the lines of the American revolution, preceded by the affirmation, “We the People”?

Irish exit into the unknown

17 October 2013

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THE GUARDIAN LONDON



[Patrick Chappatte](#)

After three years of public sector spending cuts, Ireland looks set to exit the EU-ECB-IMF bailout programme on December 15, but at what cost? The country remains mired in depression and the economy is now hollowed out.

[Michael Burke](#)

Enda Kenny is wrong to claim that austerity is coming to an end

The Irish economy remains in depression. It is the ECB's bailout of the banks we are being invited to celebrate

- [Michael Burke](#)
- [The Guardian](#), Wednesday 16 October 2013 16.58 BST
- [Jump to comments \(119\)](#)

Ireland is being held up once more as the star pupil of the austerity school of economics in Europe, with the [taoiseach, Enda Kenny, arguing that his government is exiting the bailout programme](#) set by the troika of European Union, the European Central Bank and the IMF. He says the era of austerity is coming to an end. Both of these claims are clearly questionable, but they do illuminate some important features of the situation in Europe – including Britain.

The policy of the Dublin government will continue to be set by the troika for many years to come. In fact the EU has already put in place a system of budget monitoring, regulation and even sanctions that will enshrine permanent austerity for all members of the euro. In addition, it has become customary for the IMF to put in place a new credit facility once initial bailout money runs dry which has its own strings attached. Therefore it is untrue that austerity is at an end. Instead, the assets and loans held by Irish banks have become so devalued as a result of economic weakness that the risk of a new bailout for their creditors is rising.

There is also an important reason why Ireland cannot be emulated by countries such as Greece and Portugal. At the outset of the crisis, the Irish economy was vastly more prosperous. And after a prolonged slump across the European periphery, that remains the case. One measure of the failure of successive Dublin governments is that

living standards have fallen so far that they have [fallen back towards British levels](#), having pulled ahead before the turn of the last century.

There is always a chorus in Britain that wants to ascribe all economic ills to the EU. But George Osborne's threat to maintain austerity until at least 2018 and to aim for budget surpluses matches the perma-austerity of Brussels, Frankfurt and Washington. The lazy assertion of British Eurosceptics of both left and right, that we are better off outside the euro, is disproved by the fact that in international currency terms the [British economy has contracted by more than any other country](#). Britain has not prospered from devaluation.

Similarly, the outbreak of self-congratulation both sides of the Irish Sea is entirely misplaced. The recent self-criticism from the Office for Budget Responsibility regarding its own hopeless forecasting record includes a clear verdict that the source of the very weak recovery in Britain is [an unexpected increase on government consumption](#).

Dublin governments tend to lack the age-old arrogance of the British political elite and so seek plaudits abroad. The governing coalition of the rightwing [Fine Gael](#) and [Irish Labour](#) parties looks to be patted on the back or perhaps the head, for a forecast that government finances will shift into what is called a [primary surplus](#), that is a surplus on government finances before interest payments are taken into account. But this is a claim increasingly made by supporters of the governments implementing austerity in Portugal and Greece too, and is largely meaningless. Unless the growth rate of the economy exceeds this growing interest bill, the level of government debt becomes unsustainable.

But for the time being the immediate risk of government default has been sharply lowered. This is partly due to the commitment of the ECB to "do whatever it takes" to maintain the euro. Whatever extends to unlimited for bailouts for creditors, mainly European and British banks, but not a euro for the governments.

It is this life-support operation for the banks we are now invited to celebrate. The party is likely to be shortlived as austerity is hollowing out the economy. Without investment productive capacity declines. In Ireland, net new investment (after deducting depreciation, wear and tear and so on) is close to zero. The economy remains in a depression, one of whose effects is to pile up bad loans at the retail banks, including distressed mortgage payers. Austerity is the enemy of growth and cannot resolve the crisis.

French Sensibilities Stirred by Schoolgirl's Deportation

Girl's Detention While on School Trip Causes Political Furor

By STACY MEICHTRY

Updated Oct. 20, 2013 7:19 p.m. ET

88,8

PARIS—French President François Hollande strained to contain a controversy over the deportation of a schoolgirl, as his own political ranks lashed out against tough government immigration policies that have struck a chord with the general public.

The case of 15-year-old Leonarda Dibrani, who was detained by police during a school field trip on Oct. 9 and deported to Kosovo along with the rest of her family, has sparked a national debate in France.

The dilemma centers on how far a country, particularly one that considers itself a champion of human rights, should go in confronting illegal immigration.

On Saturday, Mr. Hollande made a television address making concessions to Ms. Dibrani and her supporters, while upholding his strict stance on illegal immigration, which has won strong support among a French public that blames illegal immigrants for a perceived erosion of France's social fabric.

Mr. Hollande said Ms. Dibrani's parents and siblings had been lawfully expelled from France and were forbidden from returning. However, France needed to make an exception for Ms. Dibrani out of human compassion, Mr. Hollande said, invoking the "values of the French Republic."

"Given the circumstances, if she makes a request and if she wants to continue her schooling in France, she will be welcomed," Mr. Hollande said, adding: "And only her."

Rather than quell the political storm, Mr. Hollande's overture appeared to stoke it. Ms. Dibrani swiftly told French TV crews staking out her lodgings in Kosovo that she had no intention of returning to France without her family. "Mr. Hollande is without a heart and without pity for a poor family," Ms. Dibrani said. "I don't want to live in a foster home or a shelter. I want to be with my family."

Hours after Mr. Hollande spoke, hundreds of French high-school students took to the streets in Paris, demanding Ms. Dibrani's return and calling for the resignation of Interior Minister Manuel Valls, architect of the policy that led to the student's deportation. The EELV Green Party, a junior partner in Mr. Hollande's governing coalition, issued a statement characterizing the president's invitation as "inhuman and incomprehensible" and calling on the government to allow Ms. Dibrani's family back to France.

French daily Le Monde accused Mr. Hollande of trying to paper over the complexities of France's debate on immigration with a hollow gesture. "Can he hope to put out this fire? Undoubtedly, no. Because his partial, circumstantial remarks skirt the real issues at the heart of this affair," the newspaper said on its website.

François Bayrou, a centrist party leader who ran against Mr. Hollande in 2012, told French TV the president had lost touch with voters. "They think the state has totally lost its compass, deciding one thing and then deciding its exact opposite one minute later," he said.

Center-right lawmakers seized on Mr. Hollande's comments to paint him as soft on illegal immigration. "France is giving a catastrophic message to the world and all potential illegal immigrants. It is an encouragement, a call to enter France freely," said Jacques Myard, a lawmaker with the UMP party.

Scrutiny of the government's immigration stance comes at a delicate time for Mr. Hollande. In the spring, his Socialists face a tough battle in local and European Parliament elections against the far-right anti-immigrant National Front, which is gaining momentum in the polls.

A survey by French pollster BVA, released hours before Mr. Hollande spoke Saturday, found 65% of those canvassed opposed allowing Ms. Dibrani to return to France. The poll also showed that, despite the calls for his resignation, Mr. Valls remained popular, with 74% approving of his handling of the deportation. Still, 46% of people polled said they were shocked by the way Ms. Dibrani had been detained.

Much of the furor initially erupted from within the Socialist Party. It stemmed from the way Ms. Dibrani was detained while on the field trip aboard a school bus with her classmates and teacher. Ms. Dibrani and her family, who had been living in Levier, near the Swiss border, were then sent back to Kosovo, where her father is from.

France's education minister and left-leaning lawmakers accused police of violating guidelines regarding the classroom as a sanctuary for children. Thousands of high-school students across the country staged protest marches that snarled traffic.

To tame the criticism, the interior ministry held an inquiry into the expulsion. The findings, released Saturday, hours before Mr. Hollande spoke, said Ms. Dibrani and her family were deported in a way that "conformed with regulations in force."

The inquiry also said police, by detaining Ms. Dibrani on a school trip, didn't show "necessary discernment" of guidelines shielding school grounds from police intrusions. In his address, Mr. Hollande defended his interior minister and police, saying "there was no fault: The law was respected." Mr. Hollande instructed the interior ministry to clarify its definition of school grounds to include field trips and school-related outings, so similar incidents aren't repeated.

By Sunday, however, Mr. Hollande was under attack, and Mr. Valls was rushing to his defense. "This was a strong gesture from the head of state. He reaffirmed the force of the law while showing his will to protect schools from societal conflict," Mr. Valls said told Le Journal du Dimanche.

The president's invitation to Ms. Dibrani, Mr. Valls said, was "an act of generosity that follows the values of France."

How to Handle the Goal That Never Was?

Simplest Option Would be to Replay the Game, But FIFA Does Not Really Approve of the Practice

By GABRIELE MARCOTTI

Updated Oct. 21, 2013 5:58 a.m. ET

If it's true, as some maintain, that referees aren't emotionless androids but human beings like the rest of us, with their own dreams, fears and insecurities, you could imagine that Felix Brych has experienced what he went through Friday night before—in a cold-sweat nightmare.

Because what happened to the German referee in the match between Hoffenheim and Bayer Leverkusen was probably every bit as a terrifying as those dreams when you're sitting in the office, surrounded by co-workers, only to realize you're not wearing pants.



Bayer Leverkusen's Stefan Kiessling, left, reacts after he thinks he missed a chance but the referee awarded the goal during the German Bundesliga Hoffenheim vs Bayer Leverkusen match on Friday. *Agence France-Presse/Getty Images*

The only difference? This was real.

Seventy minutes had passed and visiting Leverkusen was up 1-0 when Brych awarded the away team a corner kick. Gonzalo Castro's corner was met by the towering Stefan Kiessling, who headed the ball just wide of the near post and into the side netting. It was a clear-cut chance and Kiessling, obviously upset by the miss, threw his arms into the air and put his hands in his hair.

One or two beats later his expression changed as Brych awarded the goal. And, with some befuddlement, Kiessling celebrated with his teammates as the Hoffenheim players protested.

The ball had somehow passed through a hole in the side-netting and ended up in the back of the net. Brych and his assistant evidently failed to track the flight of Kiessling's header and, when they saw the ball inside the goal, figured it had passed inside the post.

"I wasn't completely sure myself, but the reaction of the players was unambiguous," Brych, who evidently didn't notice Kiessling's reaction, told the German broadcaster Sky after the game.

"There was no indication that it might have been an irregular goal. I spoke with Kiessling but neither he nor anyone else said it wasn't a goal. The ball was in the back of the net and everyone on the pitch thought it was [a legitimate goal]."

The recollections of some of the players on the pitch appear to dispute this account.

"I told the referee I was surprised [that he had awarded the goal] but had not seen exactly what happened," said Kiessling. "If I see something, I'm honest about it."

Andreas Beck, the Hoffenheim captain, said he attempted to talk to Brych.

"I thought something was wrong with my eyesight!" he said. "I tried to have a word with the referee...but he said he wasn't going to discuss it. And he stuck to that line."

This was no ordinary blown call, for a number of reasons.

First and foremost, there are the nets themselves. They exist to help determine when a goal is scored. Each square in the net is obviously smaller than the circumference of the ball. Indeed, precisely to avoid what we witnessed Friday night, it is the responsibility of the referee and his crew (usually one of his linesmen) to inspect the goal and nets prior to kickoff to ensure they aren't damaged and conform to specifications.

Second, there's the sheer enormity of the situation. Brych was standing some 15 yards away from Kiessling and had a clear view of the ball passing outside the post as he was on the same side as the path of the header. This isn't a judgment call on whether a tackle is a foul or whether a handball is intentional. This was a case of simply seeing something that did not happen.

Finally, there's the issue of what to do next. You can't simply strike off Kiessling's goal after the fact and say that, since the game finished with a 2-1 Leverkusen win, it should go as a 1-1 in the books. The game doesn't work that way, the score affects the way teams play. Kiessling's ghost goal made it 2-0 to the visitors, who later pulled one back. Had it remained 1-0 Hoffenheim would likely have played differently and its coach would have made different decisions—all part of the soccer butterfly effect.

Hoffenheim has lodged an appeal with the German league asking that the game be replayed. Precedent is on its side. In the 1993-1994 season, Bayern Munich defeated FC Nurnberg, 2-1, thanks to [a similar phantom goal](#) by Thomas Helmer.

With two games left to play, Bayern challenging for the title and Nurnberg struggling to avoid relegation, the German league ordered a replay of the match. Bayern won, 5-0, and became Bundesliga champion, Nurnberg was relegated.

The argument is that this isn't an officiating mistake, but a technical error.

The equipment was faulty and this wasn't noticed by the match officials, either because they did not check properly or because the net somehow deteriorated on its own during the game. Either way, in such situations, a replay seems the fairest outcome.

The problem is that FIFA, the game's governing body, frowns upon such solutions. In the past, when games have been replayed after similar incidents (there aren't many cases, but there are some) FIFA has criticized the decision. There are doubts over whether this should fall under FIFA's jurisdiction at all, but early indications are that the German league will take FIFA's view into consideration.

As for Brych, who was an early contender to referee at the World Cup, he can take solace in the fact that he's not the first official to make such cataclysmic blunders. At the 2006 World Cup, English referee Graham Poll showed a yellow card to a player without realizing he had already been cautioned and therefore ought to have been sent off.

What appears obvious though is that any solution other than a replay could come back to haunt the Bundesliga. Bayer Leverkusen is in the running for the German title, Hoffenheim could yet slide toward relegation or advance toward a Europa League spot. The two points gained by the former and single point lost by the latter may yet translate into a loss or gain of tens of millions of dollars.

October 21, 2013

88,12

Britain and EDF Sign Nuclear Plant Deal

By STANLEY REED

LONDON — The British government and EDF Group, the French state-controlled utility, announced on Monday that they had reached a long-elusive agreement to build the first nuclear power station in Britain in a generation, at Hinkley Point in southwest England.

The overall costs would be £16 billion in 2012 terms, or about \$26 billion, with consumers and taxpayers covering most of the bill. EDF will be guaranteed a price of between £89.5 and £92 per megawatt hour for 35 years, depending on whether it later goes ahead with another plant called Sizewell C that might reduce costs. The British government will guarantee 65 percent of the upfront cost of the Hinkley Point C reactors.

EDF says it expects to make a return on investment of about 10 percent.

Two Chinese companies, China General Nuclear Corporation and China National Nuclear Corporation, will take a stake of 30 to 40 percent in Hinkley Point. According to EDF, which is working with the two Chinese companies on nuclear power stations in China, the companies will be “strategic and industrial partners” in the project and will be given the “opportunity to gain experience in the U.K. and will support their long-term objective of becoming leading developers in the U.K.”

Areva, the French nuclear designer and builder, will take a 10 percent stake and will do key work on the project, including the nuclear steam supply system and instrumentation. EDF said discussions were under way with other parties that could take up to 15 percent of the equity. EDF says it probably will wind up with a stake of 45 to 50 percent.

EDF says the deal faces hurdles. A final contract with full investment decisions needs to be signed. In addition, EDF says, the European Commission needs to decide whether the terms contract violate European rules on state aid.

The Hinkley Point project represents an attempt by the British government to bolster the domestic energy industry. The government wants several other plants to be built to replace Britain’s aging nuclear stations, including at least one other plant operated by EDF. One goal is that building several plants will create economies of scale and the opportunity to learn, lowering costs. In the past, Britain has built plants piecemeal, raising the costs.

The government says that up to 57 percent of the work on the plant may go to British companies and that 25,000 jobs could be created at the peak of the construction phase and 900 permanent jobs during the plant’s expected 60 years of operation.

The roughly £90 per megawatt hour is about double the cost of wholesale electricity currently charged by generators, and the amount is expected to spark debate over British taxpayers subsidizing nuclear power.

Household energy prices are in the spotlight after big power companies like British Gas recently announced price increases. On Sunday, the archbishop of Canterbury, Justin Welby, called on the companies to justify the increases, citing the hardship for consumers. Last month, the Labour Party leader, Ed Miliband, called for a freeze on energy prices.

The negotiations over the Hinkley Point plant have been long and difficult. Originally, EDF, which already operates 15 nuclear plants in Britain, had intended to be in partnership with Centrica, the owner of British Gas. But Centrica withdrew from discussions, saying the economic case for a partnership was not strong enough.

While Germany wants to shut all of its nuclear plants by 2022 and shift almost entirely to wind and solar power by 2050, Britain is betting big on nuclear power. Though it is also pushing into production of shale oil and gas, Britain aims to cut greenhouse gas emissions in half by the mid-2020s in large part by renewing the older nuclear power plants.

China's interest in the British nuclear industry signals a break from a mostly domestic focus. While China has engaged in extensive cooperation with Pakistan in nuclear power, its industry has mostly concentrated on an enormous building program at home.

If and when the new plant, Hinkley Point C, comes fully online, it will supply about 7 percent of Britain's electricity demand. That would be enough power for six million homes, with the added benefit of no carbon emissions.

Cambadélis : "Un tripartisme se met en place entre l'UMP, le PS et le FN"

Le Monde.fr | 15.10.2013 à 11h23 • Mis à jour le 15.10.2013 à 13h54 |

Propos recueillis par [David Revault d'Allonnes](#)

88,14



Primaire socialiste pour les municipales à Marseille, cantonale partielle à Brignoles, **Jean-Christophe Cambadélis**, député PS de Paris, revient sur ces deux épisodes électoraux embarrassants pour le pouvoir socialiste.

L'élimination de Marie-Arlette Carlotti de la primaire socialiste à Marseille ne constitue-t-elle pas un désaveu pour l'exécutif ?

Jean-Christophe Cambadélis : Cela va bien au-delà de la sanction gouvernementale. Marie-Arlette Carlotti [*ministre déléguée chargée des personnes handicapées et de la lutte contre l'exclusion*] n'est pas non plus particulièrement emblématique de ce gouvernement. Elle a mené une campagne de notoriété, passant par-dessus la primaire comme si c'était une formalité. Elle a joué tout de suite le combat contre Jean-Claude Gaudin [*maire UMP de Marseille*], sans se préoccuper du travail de terrain. Or, Patrick Mennucci et Samia Ghali ont mené, eux, une véritable campagne de terrain, notamment dans les quartiers Nord. L'angle anti-parisien a fait le reste : M^{me} Carlotti apparaissait comme parachutée.

Marseille et Brignoles, une double gifle pour la gauche au pouvoir ?

Le grand problème pour la gauche et le président, ce sont ces deux France qui se font face. L'une, fermée, fait de l'étranger la cause de sa situation et de sa colère ; l'autre, ouverte voire cosmopolite, veut être représentée. D'un côté, le coup de semonce de Brignoles ; de l'autre, la percée inattendue de Samia Ghali. Ce sont deux France qui n'ont pas la même vision de ce que doit être le pays. Comment rassurer l'une sans décevoir l'autre ? Pour le président et toutes les représentations politiques, c'est l'équation irrésoluble.

Quelle leçon stratégique, sur fond d'impopularité record, tirer de ces deux résultats ?

Le problème de François Hollande n'est pas que son gouvernement n'est pas très populaire. C'est qu'un tripartisme se met en place entre l'UMP, le PS et le FN. Le Front national, fort d'un abstentionnisme important au premier tour, s'est installé au centre de la vie politique française. Il constituera l'enjeu des prochaines élections. Cela pose un problème nouveau à tous les états-majors : que fait-on dans ce tripartisme ? En ce qui concerne les socialistes, faut-il assécher la montée frontiste ou mobiliser la gauche ? Les deux, répondra François Hollande. Il faut désormais que le spécialiste de la synthèse s'y attache.

France's pension reform criticized

By Sarah DiLorenzo

OCTOBER 16, 2013

88,15



CHRISTOPHE ENA/ASSOCIATED PRESS

Madeleine Revel was among a few thousand people who demonstrated in Paris on Tuesday against proposed changes.

PARIS — President Francois Hollande has managed to do what was once thought impossible: make changes to France's cherished and generous retirement system with little resistance from unions. His secret? The changes are so small and put off so far into the future that economists say they aren't worthy of the name "reform."

A few thousand people gathered across the river from the lower house of Parliament, which passed the bill Tuesday ahead of a Senate vote. But the demonstrations have not grown into the massive protests and strikes that brought France to a standstill in 2010, when Hollande's predecessor, Nicolas Sarkozy, raised the retirement age.

Partially that is because Hollande, a Socialist, consulted with union leaders when drawing up the reform. Also, the changes will fix only a part of what needs changing, analysts say.

"It's the salami strategy," said Elie Cohen, an economist at Sciences Po university. "We have a big problem, we don't know how to fix it, so we cut it into pieces, like a nice sausage."

Hollande's reform would lengthen the number of years people must work to receive a full pension, from 41 years today to 43 years by 2035; the first increases begin in 2020.

The issue is so sensitive that no political party wants to make the painful changes that are needed.

“

Economists say there are three problems with the proposal: It takes effect after most baby boomers will have retired, meaning it doesn't address the cost of paying for their pensions; it still isn't asking people to work long enough, especially since life expectancy is rising; and it ignores the special deals that allow some workers to retire early and account for two-thirds of the retirement system's \$27 billion deficit.

The European Commission, the EU's executive arm, and others have raised concerns about how the pension system will be paid for without further burdening French employers, which already pay the highest payroll taxes in the EU.

The problem with the "salami strategy" is that the reforms are always behind the curve. Jacob Kirkegaard, an economist at the Peterson Institute for International Economics in Washington, says the reform might have worked if it had been done 20 years ago. Now France needs much more.

Among the world's most developed countries, only Luxembourg has a lower effective retirement age, according to the OECD, an economic policy group.

The issue of pensions is so sensitive that no political party wants to make the painful changes that are needed. In other European countries with unsustainable retirement systems, such as Spain and Italy, the financial crisis has threatened to bankrupt the government, pushing politicians to act. France has been spared such turmoil, and lacked the same incentives.

“There is only one party in France and that is the status quo party,” Kirkegaard said.

So in another few years, France probably will apply another Band-Aid to its pension system. And so it will go, Kirkegaard said, until the crisis in France gets deep enough that it is forced to make the kinds of changes Madrid and Rome have made.

10/21/2013 03:25 PM

Migration Debate

88,17

Scandal Over Deported Roma Girl Grips France

Controversy surrounding the deportation of a 15-year-old Roma girl and her family continues to undermine the government of French President François Hollande. The scandal is the latest flare-up in the country's deeply divisive immigration debate.

French Interior Minister Manuel Valls on Sunday defended his decision to deport a 15-year-old Roma girl and her family to Kosovo after they lost their bid for asylum. The deportation has prompted calls for the minister's resignation by students and leftist groups.

Valls, the point person on [immigration](#) policy in [François Hollande](#)'s Socialist government, has been assailed in the French media ever since police detained Leonarda Dibrani in front of her classmates while on a fieldtrip on Oct. 9. Dibrani and the rest of her family, who were living in Levier in eastern France, were all flown to [Kosovo](#) that day.

Thousands of secondary school students demonstrated in Paris and across the country last week against the government, while some politicians have backed students' demands that Valls step down, according to French media.

"We should be proud of what we are doing, rather than feeling sorry for ourselves," Valls told the French weekly *Journal de Dimanche*. He added, "Nothing will make me deviate from my path. The law must be applied and this family must not come back to France"

The interior minister has taken a hard line on [illegal immigration](#), causing a rift within his own center-left party. Valls argued last month that France's 20,000 [Roma](#) migrants were "different" and not capable of integrating into French society, suggesting they should be returned to their countries of origin.

Criticism from Left and Right

Valls' most recent comments came a day after an internal investigation by the Interior Ministry found that the deportation of the Debrani family was legal, even if the manner in which it was conducted lacked judgment. Hollande echoed the findings of the report after it was released on Saturday, while indicating that Dibrani could return to France to continue her schooling. "If she makes a request, and if she wants to continue her studies, she will be given a welcome, but only she," Hollande said on live French television.

Hollande was criticized on both the left and the right for the move. The leader of the center-right opposition Union for a Popular Movement accused the prime minister of undermining the "authority of the state," while the Left Party called the decision not to allow her family to join her one of "abject cruelty."

For her part, Dibrani reportedly declined the offer. "I will not go to France, I will not abandon my family. I'm not the only one who has to go to school, there are also my brothers and sisters," she said, according to French newswire AFP. The girl's father, Resat Dibrani, added that his family, which had been living in France since 2009, would fight to return together, saying his "children were integrated in France."

The Interior Ministry report, however, determined that the father had shown "no real interest in integrating into French society." He apparently also turned down job offers, was arrested, and physically abused Leonarda and her elder sister, news website *France 24* reported.

Moreover, Resat Dibrani confirmed to the AFP that he had misled French authorities by saying that his entire family had been born in Kosovo in order to boost their asylum prospects. In reality, only he was born in Kosovo, while his wife and five of his six children were born in Italy.

The Dibrani case appears to have further damaged the popularity of the embattled Hollande. A new poll published Sunday by the *Journal de Dimanche* gave him a record low approval rating of 23 percent. However, a survey conducted by French pollster BVA, published in Saturday's *Le Parisien*, showed that around 77 percent of the French public support Valls' stance on the situation, indicating continued French unease with immigration.

Over 10,000 Roma -- mostly from Romania, Bulgaria and the former Yugoslavia -- were forcefully evicted from informal settlements in France during the first half of 2013, according to a recent report by Amnesty

François Hollande's intervention in Roma deportation case sparks anger

French president's offer to allow deported teenage immigrant back into France to study without her family

theguardian.com, Sunday 20 October 2013 17.43 BST

88,19



Leonarda Dibrani, the teenager at the centre of the row, herself condemned the French president as 'having no heart' for suggesting she return without her family. Photograph: Rex Features

The French president, **François Hollande**, was widely criticised on Sunday for offering to allow a deported teenage immigrant back into France without her family.

Hollande waded into the row on Saturday when he offered Leonarda Dibrani, a 15-year-old of Roma origin who was ordered off a school bus and deported to Kosovo, the chance to return to France to finish her studies, but only if she did so alone.

The proposal drew angry condemnation, including from Leonarda, who said she would not return alone, exposing Hollande to fresh attacks on his leadership.

"What do 80% of the French think about this?" asked François Bayrou, who ran against Hollande in the first round of the 2012 presidential election, on the digital news channel iTele. "They think the state has totally lost its compass, deciding one thing and then deciding its exact opposite one minute later ... Hollande's authority is significantly weakened here."

Leonarda's expulsion after her family failed to obtain political asylum has tested Hollande's ability to handle the issue of illegal migration, a source of increasing public frustration in France.

Students protested to demand the schoolgirl be allowed back, but opinion polls showed that most French did not want the family to return. Opponents from the centre-right UMP party accused Hollande of being so obsessed with satisfying his Socialist base that he had betrayed the will of the public. Even members of his own party appeared dissatisfied with the president's attempt at a compromise.

Minutes after Hollande's TV appearance, in which he said police had followed rules but lacked tact in doing so, the Socialist party leader, Harlem Désir, appeared on a different channel saying Leonarda's family should be let back into France.

"I am going to talk to the president and the government about this," he said, adding that he wanted "all the children of Leonarda's family to be able to finish their studies in France, accompanied by their mother".

The Dibrani family suffered a further crisis on Sunday when Leonarda's mother Dzemila Dibrani was beaten and briefly treated in hospital in Kosovo.

She and Leonarda's father Resat Dibrani were accosted by another Roma couple in downtown Mitrovica, and she sustained unspecified injuries when the Roma man inquired about the fate of a child from their past romance, a Kosovo official said on condition of anonymity. Both couples are being questioned by police.

A poll in the weekly JDD newspaper showed Hollande's approval rating had sunk to 23%, the lowest level in his presidency and beating record low popularity ratings set by his predecessor Nicolas Sarkozy.

But while Hollande wilts under grim economic data and attacks on his authority, his tough-talking interior minister, Manuel Valls, has become France's most popular minister.

A JDD poll published this month showed Valls had the support of 61% of the public, far ahead of any other minister. By emphasising a tough stance on Leonarda's family rather than the offer to allow her back, he appears to have come out of the affair unscathed.

"Nothing will make me deviate from my path," Valls told JDD in an interview published on Sunday. "The law must be applied and this family must not come back to France."

Valls has toughened his rhetoric against illegal migration and makeshift Roma camps as the far-right National Front party has surged in popularity ahead of municipal and European elections next year.

Leonarda, who was born in Italy, and her five brothers and sisters attended school in France, where they arrived in 2009. But an official report showed their attendance record was patchy and said the family's attempts to assimilate were disappointing.

Repeated requests for asylum by her father, Reshat, who is from Kosovo, were undermined by the fact that he lied about their nationality.

Leonarda, speaking in French from a house in the Kosovo city of Mitrovica, criticised Hollande as "having no heart" and said her family would return to France anyway.

Europe could face its own shutdown

21 October 2013

THE GUARDIAN LONDON

88,21



Europeans have been stunned and dismayed by the gridlock that brought the US government to a near-default. But should the anti-EU parties make a breakthrough in the upcoming European elections, the Union would face a similar situation, writes a German political scientist.

[Jan-Werner Müller](#)

Europeans have been stunned and dismayed by the shutdown and near-default of the United States. Perhaps they even felt some schadenfreude. After all, European leaders have been held to ridicule and contempt for their global brinkmanship over the dysfunctional eurozone in recent years – time and again taking their economies to the cliff, only to pull back just before the markets opened.

Yet Europe might be in for its own version of a shutdown – less dramatic than the US government one, to be sure, but with similar causes. Just as the Tea Party has turned Congress into a paralysed, self-hating institution, an alliance of anti-European Union parties could give Europe its own version of "gridlock" if they win enough of the popular vote in next year's European elections. European elites – and any citizen who cares about the fate of the EU – better start thinking about that scenario.

The US and the EU share one characteristic: they are, in the jargon of political science, "mixed regimes", with a strong separation of powers and numerous checks and balances. This is good news for those who want laws to be based on broad consensus and generally to avoid what [James Madison called "public instability"](#). Unlike the Westminster model mixed regimes make it easy for a relatively small number of political players to veto change. They are also less transparent; plus it is harder to hold anyone clearly accountable – blame for politicking can always be shifted around.

10/21/2013 04:29 PM

Angela's Agenda

A Grand, Controversial Plan for Europe

By SPIEGEL Staff

88,22

Angela Merkel's domestic policy in her third term will likely be confined to higher spending. But she has grand plans for Europe. SPIEGEL has learned she wants Brussels to have far more power over national budgets. It's a risky move that EU partners and the Social Democrats are likely to oppose.

In the end, the atmosphere became downright festive in the Berlin Hall of the Parliamentary Society, a building next to the Reichstag. Chancellor Angela Merkel's conservatives and the center-left Social Democratic Party (SPD) had met there three times in the last three weeks to sound out whether they could form a coalition government. The decision was still up in the air.

Merkel gave SPD Chairman Sigmar Gabriel a questioning look, and said: "Would you like to say something?" But Gabriel beckoned to her to speak. "I have my delegation's support for what we discussed," she said. "So do I," Gabriel replied.

The grand coalition took shape shortly before 3 p.m. last Thursday. For the third time in postwar German history, Merkel's Christian Democratic Union, together with its Bavarian sister party, the Christian Social Union (CSU), and the SPD are preparing to form a coalition government. The talks are expected to begin this Wednesday. The chancellor is in a hurry because she wants to have a new government by Christmas at the latest. "Christmas will be here sooner than you think," she told fellow members of the CDU executive board on Friday afternoon.

At the beginning of her third term, Merkel has more power in Germany and Europe than any chancellor before her. There hasn't been such a strong majority behind a government in Germany's parliament, the Bundestag, since the first grand coalition half a century ago. In the midst of the European crisis, Germany has become the undisputed dominant power in Europe.

The grand coalition will hand Merkel a majority she could use to shape Germany and Europe and address major issues, including constitutional reforms in Germany and the reform of European Union institutions.

Merkel, unlike SPD Chairman Gabriel, has been unchallenged in her own party since her election victory. Little is left of the accusations that critics had leveled at Merkel, except one: That she is a chancellor without an agenda, plan or vision; that her style of government is reactive rather than proactive; and that she doesn't know where she wants to take her government and Germany.

Big Plans for Europe

In the past, Merkel has treated governing primarily as repair work. The major issues of her first two terms in office, the financial crisis and the fight to save the euro, were suitable for that approach. Will that change, now that she has the necessary power and means? Hardly at all, when it comes to Germany. There are no major reforms in the works at government ministries, and the grand coalition will focus on increasing spending to fulfil some of the parties' campaign promises.

In contrast, officials at the Chancellery are forging plans for Europe that are practically visionary for someone like Merkel. If she prevails, they will fundamentally change the European Union. The goal is to achieve extensive, communal control of national budgets, of public borrowing in the 28 EU capitals and of national plans to boost competitiveness and implement social reforms. The hope is that these measures will ensure the

long-term stability of the euro and steer member states onto a common economic and fiscal path. This would be the oft-invoked and ambitious political completion of Europe's monetary union -- a huge achievement.

It isn't a new goal, but what is new is the thumbscrews Brussels will be allowed to apply if Merkel has her way, including sooner and sharper controls and veto rights, as well as contractually binding agreements and requirements. In short, this would amount to a true reconstruction of the euro zone and a major step in the direction of an "economic government" of the sort the SPD too would like to see put in place.

Germany's current economic strength helps to explain these visions for Europe, since stricter budget controls wouldn't pose a threat to Berlin at the moment. Jobless levels are so low that the country has almost reached full employment, and the budget is in good shape, at least at the national government level. In fact, public coffers are so full that the government can afford to boost domestic spending.

More Money to Spend

And that's precisely what the members of that coalition intend to do. The first item on their agenda is to hand out benefits and spend money. Thanks to the strong economy, this won't even require raising taxes. In his financial planning for the medium term, Finance Minister Wolfgang Schäuble anticipates growing national budget surpluses from the year after next: €200 million (\$274 million) in 2015, €5.2 billion in 2016 and €9.6 billion in 2017.

In other words, the government will have an additional €15 billion at its disposal in the coming years. This gives Merkel and Schäuble the necessary leeway to fulfill the desires of the CDU/CSU and the SPD for more investment in infrastructure and education without having to raise taxes. There is talk of an €11 billion fund for infrastructure alone.

Prior to the election, Merkel and Schäuble had announced their intention to use the surpluses to pay off old debts. That won't happen now, and yet the conservatives are not plagued by a guilty conscience, noting that despite the additional spending plans, the country will still remain within its debt limit requirements.

The reorganization of the financial relationships between the national and regional state governments, which is on the agenda in this term, will likely be costly for the national government. Many states would have to cut billions from their budgets so that they can make do without new borrowing starting in 2020. Many state governors complain that it's a burden their states can't handle without national government assistance. They are hell-bent on demanding financial support from Berlin in return for agreeing to a reform of the system of transfer payments from richer to poorer German states.

The states' ability to block legislation in the Bundesrat, the legislative body that represents the states, will likely become costly for the new administration long before that. Merkel is worried at the way in which preliminary coalition talks in recent weeks turned into haggling over money between the national and state governments. "We just had a national parliamentary election, not 16 state parliamentary elections," an irritated Merkel recently told the CDU/CSU parliamentary group.

There may also be a major restructuring in the way transport projects are funded, due to the states' lack of money. The CSU's pet project, the automobile toll, stands a good chance of being approved, since it would generate new revenues.

More Powers For European Commission

During the negotiations, CSU Chairman Horst Seehofer presented a plan for how the toll could become a reality. It calls for drivers to pay an "infrastructure fee" in the future. Germans would be able claim the fee as a credit against the motor vehicle tax, so that the cost could ultimately be imposed on foreign drivers. According to the document, prepared by Transportation Minister Peter Ramsauer, this would be possible under European law.

The new coalition won't face serious resistance to its spending policies, not even from the opposition. With the elimination of the pro-business Free Democratic Party (FDP) from the Bundestag, the voice of moderation in budget policy has disappeared. Only the economic wing of the CDU/CSU is likely to put up weak resistance.

So Seehofer will get his toll, the states will be kept happy with financial gifts and the social security offices will hand out benefits. This doesn't exactly sound like an ambitious program for Merkel's second coalition government with the Social Democrats. Instead, it feels like more of the same, or a program of minor improvements, at least on the home front.

But regarding Europe, Merkel is heading for strategic decisions -- and is likely to show more courage to take political risks than usual.

Schäuble, the last dyed-in-the-wool European among Germany's top policymakers, can be pleased. Merkel wants tangible amendments to the European Union treaties: more power for Brussels, and even more power for the much-criticized European Commission. "Unfortunately, there is no other option," say government officials.

Carrot-And-Stick Approach

Last Thursday, after the final round of exploratory talks with the SPD, Merkel brought European Council President Herman Van Rompuy into the loop in a private conversation at the Chancellery. It was a back-door initiative of the kind so typical in EU policymaking. Documents are already being put together at the German Finance Ministry over how "Protocol 14" of the EU Treaty could be beefed up. It currently contains a few general statements on cooperation in and control of the euro zone. But now, if Berlin is able to implement its carrot-and-stick approach, tangible powers for the European Commission will be added to the protocol.

For instance, the Commission could be given the right to conclude, with each euro country, an agreement of sorts to improve competitiveness, investments and budgetary discipline. Such "contractual arrangements" would be riddled with figures and deadlines, so that they could be monitored and possibly even contested at any time. In return, a new, long-discussed Brussels budget will become available to individual countries, an additional euro-zone budget with sums in the double-digit billions for obedient member states.

Protocol 14 could also be used to install the full-time head of the Euro Group. The influential job is now held by one of the member states' finance ministers, currently Dutch Finance Minister Jeroen Dijsselbloem. Devoted Europeans like Schäuble have long dreamed of installing a "euro finance minister."

Resistance Against Merkel's European Plans

If Chancellor Merkel is focusing on an amendment of this central part of the EU treaties, it is a remarkable about-face. Still, the new course is risky, and it has many detractors and an uncertain outcome. None of this is to the chancellor's taste, at least not the chancellor we know. But Merkel has already deployed her key European strategist. The relevant department head in the Chancellery, Nikolaus Meyer-Landrut, outlined the German plan at a Brussels meeting in early October. It didn't go down very well.

Opponents of the common currency are rapidly gaining popularity in almost all euro countries. Every change in the balance of power in Europe and every upgrading of the European Commission make governments more vulnerable to domestic political attacks. More power for "Brussels?" No way.

There are even growing doubts in the European Parliament, albeit for completely different reasons. Both leftists and conservatives fear that anyone who opens the door to amending the treaties "won't be able to close it again that quickly," says a top Christian Democrat. Especially the British government, driven by the radical, anti-European UK Independence Party (UKIP), could use the opportunity to retrieve powers from Brussels, essentially renationalizing the European Union.

The SPD could raise objections. "The SPD won't support any arrangements if Merkel conducts parallel negotiations with Britain's David Cameron to transfer EU powers back to member states," Axel Schäfer, deputy

leader of the SPD's parliamentary group, told SPIEGEL ONLINE. He added that the SPD won't accept any treaty changes that relate to referendums in individual EU states.

The president of the European Parliament, German Social Democrat Martin Schulz, has already warned Merkel privately that he won't back any change in EU treaties. He wants national governments to make the euro zone resilient to future crises by using the instruments created step-by-step over the last three years -- without treaty changes. Schulz fears that a treaty change would take too long and that referendums necessary in some countries couldn't be won given current poor public sentiment regarding the EU. "We will check all the chancellor's proposals to see whether they can be implemented in all EU states," says Schulz, who will be part of the SPD's negotiating team in the coalition talks, responsible for all issues pertaining to Europe.

But Merkel seems undaunted by these obstacles. And she already has a timetable. First she wants to wait and see what happens in the May 2014 European parliamentary election. Then the [new president of the European Commission](#) will have to be chosen once the second term of the current incumbent, José Manuel Barroso, ends in 2014. Merkel got him the job and ensured he got a second term. But these days, she doesn't even bother disguising her contempt for Barroso.

Once the new European Commission is in office, the political window for Merkel's European vision is expected to open. It doesn't seem to bother her that she will be in a clear minority when she embarks on her reform plans. She is familiar with this position from the first days of the euro debt crisis, when she wanted to include the International Monetary Fund as a key authority in distributing aid packages, and almost all other euro countries were against the idea. At the time, she said privately: "I'm pretty much alone here. But I don't care. I'm right."

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<http://www.project-syndicate.org/print/a-new-opportunity-for-europe-s-crisis-economies-by-hans-werner-sinn>

27 December 2012

88,26

MUNICH – The European Central Bank has managed to calm the markets with its promise of unlimited purchases of eurozone government bonds, because it effectively assured bondholders that the taxpayers and pensioners of the eurozone's still-sound economies would, if necessary, shoulder the repayment burden. Although the ECB left open how this would be carried out, its commitment whetted investors' appetite, reduced interest-rate spreads in the eurozone, and made it possible to reduce the funding of crisis-stricken economies through the printing press (Target credit).

This respite offers an ideal opportunity to push forward with reforms. Greek Prime Minister Antonis Samaras must convince his countrymen that he is serious about implementing them. Spanish Prime Minister Mariano Rajoy and Portuguese Finance Minister Vitor Gaspar deserve more support for their plans. And one can only hope that Italy's caretaker prime minister, Mario Monti, contests the next general election. All of these leaders understand what must be done.

France, by contrast, does not appear to have noticed the writing on the wall. President François Hollande wants to solve his country's problems with growth programs. But when politicians say "growth," they mean "borrowing." That is the last thing that France needs.

France's [debt/GDP ratio](#) is already around 90%; even if its 2013 budget deficit does not exceed 3.5% of GDP, its debt/GDP ratio will have climbed to 93% by the end of the year. The government's GDP share, at 56%, is the highest in the eurozone and second highest among all developed countries.

It is not only film actors like Gérard Depardieu who are leaving the country to escape its high taxes; industry is fleeing as well. France's once-proud carmakers are fighting for survival.

Indeed, France's manufacturing industry has shrunk to barely 9% of GDP, less than Britain's manufacturing share (10%) and less than half of Germany's (20%). Its current account is sliding into an ever-deeper deficit hole. Unemployment is rising to record levels.

France's basic problem, like that of the countries most affected by the crisis, is that the wave of cheap credit that the euro's introduction made possible fueled an inflationary bubble that robbed it of its competitiveness. Goldman Sachs has calculated that France must become 20% cheaper to service its debt on a sustainable basis.

The same is true of Spain, while Italy would have to become 10-15% cheaper and Greece and Portugal would need domestic prices to fall 30% and 35%, respectively. The OECD purchasing-power statistics paint a similar picture, with Greece needing to depreciate by 39% and Portugal by 32% just to reach the price level prevailing in Turkey. But, so far, virtually nothing has been done in this respect. Worse, some of the troubled countries' inflation rates are still running higher than those of their trading partners.

Eurozone politicians tend to believe that it is possible to regain competitiveness by carrying out reforms, undertaking infrastructure projects, and improving productivity, but without reducing domestic prices. That is a fallacy, because such steps improve competitiveness only in the same measure as they reduce domestic prices vis-à-vis eurozone competitors. There is no way around a reduction in relative domestic prices as long as these countries remain in the currency union: either they deflate, or their trading partners inflate faster.

There is no easy or socially comfortable way to accomplish this. In some cases, such a course can be so perilous that it should not be wished upon any society. The gap is simply too large between what is needed to restore competitiveness and what citizens can stomach if they remain part of the monetary union.

In order to become cheaper, a country's inflation rate must stay below that of its competitors, but that can be accomplished only through an economic slump. The more trade unions defend existing wage structures, and the lower productivity growth is, the longer the slump will be. Spain and France would need a ten-year slump, with annual inflation 2% lower than that of their competitors, to regain their competitiveness. For Italy, the path toward competitiveness is shorter, but for Portugal and Greece it is substantially longer – perhaps too long.

Italy, France, and Spain should be able to regain competitiveness in the eurozone within a foreseeable period of time. After all, Germany cut its prices relative to its eurozone trading partners by 22% from 1995, when the euro was definitively announced, to 2008, when the global financial crisis erupted.

Ten years ago, Germany was like France is today – the sick man of Europe. It suffered from increasing unemployment and a lack of investment. Most of its savings were being invested abroad, and its domestic net investment share was among the lowest of all OECD countries. Under growing pressure to act, Gerhard Schröder's Social Democratic government decided in 2003 to deprive millions of Germans of their second-tier unemployment insurance, thus paving the way for the creation of a low-wage sector, in turn reducing the rate of inflation.

Unfortunately, thus far, there is no sign that the crisis countries, above all France, are ready to bite the bullet. The longer they cling to a belief in magic formulas, the longer the euro crisis will be with us.

François Hollande fragilisé dans son propre camp

LE MONDE | 21.10.2013 à 10h38 • Mis à jour le 21.10.2013 à 14h51 | Par **Thomas Wieder**

88,28

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François Hollande était déjà fragilisé. Il l'est aujourd'hui plus que jamais. En l'espace d'une semaine, l'une de ces folles semaines dont la scène politique a le secret, les événements se sont enchaînés pour l'affaiblir encore davantage. Des événements de natures certes fort diverses mais qui, mis bout à bout, dessinent un tableau des plus sombres pour le chef de l'Etat. L'un de ses proches résume d'une formule : "*Quel merdier !*" De la part d'un homme d'habitude prompt à balayer les discours catastrophistes, c'est le signe que l'heure est vraiment grave.

Plus que jamais, le problème auquel est confronté François Hollande est celui de l'autorité. C'est une qualité que les Français ont toujours eu du mal à lui reconnaître. Or les événements récents ne peuvent que conforter leur sentiment. Où est l'autorité du chef de l'Etat quand une sénatrice de son propre parti laisse ses partisans siffler son nom ainsi que celui de son premier ministre, comme l'a fait Samia Ghali, dimanche 20 octobre, après l'annonce de sa défaite face à Patrick Mennucci à la primaire socialiste de Marseille ? Où est l'autorité du chef de l'Etat quand le premier secrétaire de son parti le désavoue publiquement, comme l'a fait Harlem Désir samedi 19 octobre ?

M. Hollande venait d'intervenir à la télévision pour proposer à Leonarda Dibrani, cette jeune fille de 15 ans expulsée au Kosovo début octobre, de revenir étudier en France. "*Seule*", avait-il précisé. Avec ses sœurs et leur mère, exigea deux heures plus tard M....

Immigration: la controverse du droit du sol

<http://www.lefigaro.fr/politique/2013/10/22/01002-20131022ARTFIG00585-immigration-la-controverse-du-droit-du-sol.php>

88,29

Le droit français actuel en matière de nationalité combine un droit du sang et un droit du sol relatif. En vertu du droit du sang, est français tout enfant dont au moins un des deux parents est français. Le droit du sol, pour sa part, peut être qualifié de relatif. Un enfant né en France de parents étrangers ne peut, en effet, acquérir la nationalité française avant l'âge de 13 ans ; seule exception, est français dès la naissance un enfant dont l'un des parents étrangers est algérien, si ce parent est né avant 1962.

Hormis ce cas particulier, un mineur né en France de parents étrangers devient automatiquement français à sa majorité, sans avoir à effectuer de démarche particulière, sous réserve d'avoir résidé au moins cinq ans dans l'Hexagone à partir de l'âge de 11 ans. Entre 13 et 16 ans, il peut obtenir la nationalité française à la demande de ses parents, sous réserve qu'il vive en France depuis l'âge de 8 ans. Enfin, entre 16 et 18 ans, l'intéressé peut faire lui-même sa demande.

Au début du XIXe siècle, le droit du sang, proclamé par le Code civil en 1802, était une singularité française liée à l'idée de nation et héritée de la Révolution. Le droit du sol, pour sa part, a été institué en 1851 puis élargi en 1889 afin de pouvoir assujettir au service militaire, alors d'une durée de deux ans et très contraignant, les enfants d'étrangers¹ nés en France.

Le droit de la nationalité est un sujet de controverse² depuis les années 1980. En février 1986, le programme du RPR et de l'UDF indiquait que la nationalité «devra être demandée et acceptée ; son acquisition ne saurait résulter de mécanismes purement automatiques». Après la victoire de la droite aux législatives de mars 1986, le gouvernement Chirac déposa un projet de loi renforçant les conditions d'obtention de la nationalité française par droit du sol. Chirac voulait instituer une démarche volontaire, et subordonner son issue à l'absence de condamnation pénale grave et à une «assimilation à la communauté française» vérifiée par un juge. Fragilisé par les manifestations étudiantes contre la loi Devaquet et plus encore par la mort de Malik Oussekiné, le gouvernement retira ce texte très critiqué par la gauche.

En 1993, le gouvernement Balladur institua l'obligation d'une démarche volontaire pour les jeunes nés en France de parents étrangers qui souhaitent obtenir la nationalité française. Elle a été supprimée par Lionel Jospin en 1998.

Devedjian : «Le droit du sol est un fondement du Pacte républicain»

88,30

INTERVIEW - Le président UMP du conseil général des Hauts-de-Seine s'oppose à Jean-François Copé, qui propose de réformer le droit du sol pour «supprimer tout ce qui attire l'immigration clandestine».

LE FIGARO. - Êtes-vous favorable à une réforme du droit du sol, comme le propose le président de l'UMP?

Patrick DEVEDJIAN. - Avant de modifier les lois sans arrêt, il faut commencer par les appliquer. Dans l'affaire **Leonarda**, le vrai problème c'est que cette famille a dû attendre cinq ans pour connaître la décision négative de l'administration française qui ne lui a pas donné le droit de résider sur le territoire national. Il ne faut pas modifier fondamentalement le droit du sol, qui est un acquis de la Révolution française, un fondement du Pacte républicain. Plus de 25% des Français ont au moins un de leurs grands-parents de nationalité étrangère. La France a toujours intégré un maximum d'étrangers venant de tous les coins de la planète. Et elle les a toujours mieux intégrés que les États-Unis avec leur fameux «melting pot». Nous sommes à l'heure de la mondialisation. Il y a de plus en plus de mariages entre des Français et des étrangers. Il faut en tenir compte pour l'intégration des familles qui ont des origines diverses. J'ajoute que l'Allemagne, qui pratiquait le droit du sang, a modifié sa législation il y a une dizaine d'années pour adopter le droit du sol, en raison des très nombreux étrangers qui résidaient sur son sol de père en fils, et qui ne s'intégraient pas parce qu'on ne les naturalisait pas.

Que vous inspire l'affaire Leonarda?

Elle démontre le dysfonctionnement du système du droit d'asile, la complexité de notre législation et la lenteur de notre Justice. Cette affaire stupéfie le pays quand le président de la République en arrive à s'occuper des faits divers. Que le président s'adresse directement à un particulier, dans une situation où seul le bon fonctionnement des institutions est en jeu, tétanise le pays. Le chef de l'État doit rester au-dessus des cas particuliers.

Êtes-vous favorable au débat sur l'immigration initié par l'UMP?

Non, ce n'est pas une bonne chose, comme ce n'est pas une bonne chose de placer le Front national dans tous les débats politiques. L'UMP doit d'abord se mettre au clair sur ses principes fondamentaux sans se préoccuper de l'attitude du FN ou du PS.

Frankreich

Der gefesselte Präsident

23.10.2013 · Das Drama linker Präsidentschaftskandidaten war es stets, dass sie alle Strömungen der Linken zusammenhalten mussten, um eine Wahl zu gewinnen. Jetzt, da François Hollande regiert, brechen übertünchte Konflikte in der Partei wieder auf.

Von GÜNTHER NONNENMACHER

Artikel Lesermeinungen (0)

88,31

Die Distanz zwischen Brignoles im Département Var an der französischen Mittelmeerküste und Paris beträgt gut achthundert Kilometer. Der Weg von einem Sitzgewinn für die rechtspopulistische Nationale Front (FN) bei einer Kantonalwahl im Süden zu einer ansehnlichen Fraktion in der Nationalversammlung oder gar zur Wahl eines Präsidenten ist jedoch unendlich weit. Dafür sorgt schon das in Frankreich gültige Mehrheitswahlrecht in zwei Wahlgängen: Ein Stimmenanteil von gut dreizehn Prozent im ersten Wahlgang der Parlamentswahl 2012 hat dem Front National am Schluss gerade einmal zwei Mandate eingebracht. Und Jean-Marie Le Pen hatte bei der Präsidentenwahl 2002 zwar überraschend den Sozialisten Lionel Jospin überflügelt; aber in der Stichwahl gewann dann Jacques Chirac sein zweites Mandat mit einer überwältigenden Mehrheit von mehr als 80 Prozent.

Wenn es zu Panik keinen Anlass gibt, ist das allerdings noch kein Grund zur Entwarnung. Eine Umfrage der letzten Tage zeigt, dass der FN bei den im nächsten Jahr anstehenden Kommunalwahlen und bei der Europawahl (für die das Verhältniswahlrecht gilt) als stärkste Partei abschneiden könnte: Mit 24 Prozent liegt er zwei Prozentpunkte vor der rechtsbürgerlichen UMP. Die Partei, die inzwischen nicht mehr von Jean-Marie Le Pen angeführt wird, der mit antisemitischen Ausfällen oder seinen Provokationen über die Geschichte des Zweiten Weltkriegs bürgerliche Wähler regelmäßig verprellte, wird heute von dessen Tochter Marine dominiert. Sie hat den alten Kämpfen aussortiert und die Partei mit neuen Themen und Tönen attraktiver gemacht – und es scheint so, als ob sie für viele Franzosen damit salonfähig geworden sei.

Sarkozy hat viele Baustellen hinterlassen

Marine Le Pens schlaue Strategie der „Entdiabolisierung“ allein erklärt den Aufstieg des Front National allerdings nicht. Der ist auch das Spiegelbild des Niedergangs der „republikanischen“ Parteien auf der Linken und der Rechten, denen es nicht gelingt, die seit Jahren spürbaren wirtschaftlichen Schwierigkeiten des Landes zu beheben oder das kostspielige Sozialsystem zu reformieren. Präsident Sarkozy hatte einen „Bruch“ angekündigt und viele Baustellen aufgemacht; aber bei den Ankündigungen ist es dann meist geblieben, und zu Ende gebracht wurde nichts. Seit Sarkozys Niederlage zerfleischt sich seine Partei UMP in persönlichen Rivalitäten; Abgeordnete und Anhänger in ihren Rängen, die als Liberale die „Mitte“ stärken wollen, haben sich von ihr abgewendet und versuchen eine neue Zentrumsparterie aufzubauen.

Doch auch die regierende Sozialistische Partei ist ein zerstrittener Haufen. Mitterrand hatte sie einst als Dach geschaffen, unter dem sich alle Fraktionen und Clubs der demokratischen Linken versammeln konnten. Doch stets stand ein sozialdemokratisch geprägter „Regierungsflügel“ gegen linke bis linksradikale Strömungen, deren Ziel im Grund nicht das Regieren „im System“ war, sondern die Überwindung des Kapitalismus und der Fünften Republik.

Das Drama linker Präsidentschaftskandidaten war es stets, dass sie alle Strömungen der Linken zusammenhalten mussten, um eine Wahl zu gewinnen. François Hollande hat dies, in seiner Zeit als Vorsitzender der Partei, ein Dutzend Jahre lang als wandelnder Vermittlungsausschuss vorexerziert. Jetzt, da er regiert, in der größten Wirtschaftskrise des Landes seit dem Krieg, brechen die in der Oppositionszeit übertünchten Konflikte in der Partei wieder auf.

Minister streiten auf offener Bühne

So ist das Hin und Her der Regierungspolitik zu erklären: eine Maßnahme, die den Unternehmen nützt, muss ausbalanciert werden durch eine Entscheidung, die den linken Flügel der Partei zufriedenstellt, und umgekehrt. Der Premierminister, der nur eine vom Präsidenten abgeleitete Autorität hat, ist nicht in der Lage zu verhindern, dass sich Minister untereinander auf offener Bühne streiten. Und der Präsident kann sie nicht disziplinieren, weil sie Repräsentanten eines Flügels (oder des Grünen-Koalitionspartners EELV) sind, den er bei den nächsten Wahlen braucht.

Überdies hat im System der Fünften Republik politisch im Grunde nur Gewicht, wer als „présidentiable“ gilt, als möglicher Präsidentschaftskandidat. Kaum ist ein Präsident gewählt, positionieren sich schon diejenigen, die ihn dereinst beerben wollen. Sie rekrutieren ihre Anhänger in Clubs und Unterströmungen, deren einziger Zweck es ist, ihrem Favoriten, der sie dann mit Posten

versorgen soll, eine gute Ausgangsposition zu verschaffen. Nur so sind die Grabenkämpfe in der Opposition zu erklären; so geht es aber auch bei den Sozialisten zu, wo sich schon Bewerber warmlaufen, die den jetzigen Premierminister Ayrault ablösen wollen, wenn der Präsident entscheiden sollte, seine Regierung umzubilden – das könnte nach den Wahlen 2014 der Fall sein.

Im Vergleich zu den Personencliquen, aus denen sich französische Parteien (die in aller Regel ohnehin Verbindungen von Parteien sind) zusammensetzen, wirken die deutschen Parteien wie ein Muster an Geschlossenheit und Disziplin. Auch das macht das Regieren in einem Land so schwierig, dessen Bürger, wie de Gaulle einst schrieb, von zwei Leidenschaften besessen sind: der „Sucht nach Privilegien“ und dem „Gefallen an der Gleichheit“.

October 23, 2013

E.C.B. Vows Thorough Review of Banks at Risk

By JACK EWING

88,33

FRANKFURT — The European Central Bank on Wednesday outlined the parameters for a wide-ranging review of commercial banks that is designed to expose and fix any problems and ultimately allow credit to begin flowing normally again, a prerequisite for faster economic growth.

Mario Draghi, president of the E.C.B., said the review, which will begin in November and take a year, would be “an important step forward for Europe and for the future of the euro area economy.”

European bank stocks fell sharply Wednesday as investors apparently concluded that the review would be tougher than they expected, covering a greater range of assets. The Euro Stoxx banks index closed down 2.8 percent.

The deep dive into bank books is part of a larger attempt to unify Europe’s fragmented banking system under the supervision of the E.C.B., so that lenders in the single currency zone play by the same rules and meet the same standards.

But the E.C.B., with its credibility at stake, must show that it can succeed in eliminating doubts about European banks where other national and European authorities have failed. And it remains unclear who will pay to recapitalize weak banks or how terminally ill banks will be shut down without unleashing market turmoil.

“It’s a once-in-a-lifetime opportunity for the E.C.B.,” said Harald Benink, a professor of banking and finance at Tilburg University in the Netherlands. “They have a clear incentive to be tough.”

Mr. Draghi said in an interview with Bloomberg Television that the E.C.B. would not hesitate to fail banks in a planned test of their ability to withstand shocks.

“Banks do need to fail,” he said. “The test is credible because the ultimate purpose of it is to restore or strengthen private-sector confidence in the soundness of the banks.

“Ultimately that’s the objective,” Mr. Draghi added, “to have private-sector money to be put into the banking industry.”

The review of about 130 large lenders is intended to address one of the underlying problems in the euro zone economy by forcing weak banks to deal with problems such as bad loans or insufficient capital. Credit remains tight in much of Europe, in part because many banks are burdened with bad loans or because they lack confidence from investors and are unable to raise money on capital markets. Without credit a vibrant recovery is almost impossible.

The E.C.B. assessment is also a prelude to a significant expansion of the bank’s powers, which are already vast. In November, immediately after finishing the review, the E.C.B. will

become the bank supervisor for the euro zone, responsible for policing the banking system and guaranteeing its stability.

There have been questions about what will happen if the E.C.B. finds banks with grave problems. No one really knows to what extent some banks in Italy, Spain, Germany and other countries may be covering up losses from bad mortgages, business loans or other investments. Estimates of potential hidden losses run into the hundreds of billions of euros.

“There is fundamental disagreement at the highest European level who is going to absorb losses and who is going to pay to resolve problems,” Mr. Benink said. “If it is not clear who is going to pay these backstops, you cannot have a credible review.”

Ignazio Angeloni, an E.C.B. official overseeing the review, expressed confidence that political leaders will resolve those issues by the time the assessment is finished. “All of those elements are in the making, and they will fall into place,” he said at a news conference Wednesday.

Unlike the United States, Europe has never really forced banks to confront their problems in a way that rebuilt trust among investors. That was partly because national bank supervisors were overly protective of their own banks. In theory, the E.C.B. would be more willing to put pressure on financial institutions. There are already indications that the threat of E.C.B. scrutiny has ignited a fire under banks and national supervisors.

“We expect that this assessment will strengthen private-sector confidence in the soundness of euro area banks and in the quality of their balance sheets,” Mr. Draghi said in a statement.

Mr. Angeloni said that banks will be required to hold capital equal to 8 percent of their money at risk, double the current level. But the requirement will be phased in from 2014 to 2018, in line with new regulations for European Union banks.

He also said that the E.C.B. will look closely at banks’ holdings of euro zone government bonds, a politically sensitive task since banks in countries like Italy are believed to hold large quantities of their own country’s bonds. Current E.U. regulations treat euro zone government bonds as if they were risk-free, despite a crisis that proved otherwise. Banks do not have to hold capital against government bonds to absorb losses.

The E.C.B. said it would also look at risks from derivatives and other investments that are often hard to value. And the E.C.B. will scrutinize banks’ sources of funding. One lesson of the financial crisis was that many banks were overly dependent on short-term loans that dried up after the collapse of the investment bank Lehman Bros. in 2008.

The review will also include a stress test, which gauges banks’ ability to deal with shocks such as a sudden economic downturn.

Working with national regulators, the E.C.B. will look at lenders that account for 85 percent of the euro zone banking system. The list, which the E.C.B. published Wednesday, includes household names like Deutsche Bank in Germany and BNP Paribas in France, but also some banks that attract less attention, such as Volkswagen Bank in Germany, which provides car financing.

Several subsidiaries of foreign banks are also on the list, including The Bank of New York Mellon in Belgium and Merrill Lynch International Bank in Ireland.

If some banks need more money, the E.C.B. said, they should first try to raise money from private investors. If they are unable to, governments would need to step in. It remained unclear whether a country like Italy, which has a number of weak banks and is stuck in recession, would be able to afford another bank rescue.

“It is essential to ensure that any banks that have viable business models, but are required to build additional capital for prudential reasons, will be able to obtain such additional resources within an appropriate time frame,” the E.C.B. said in a statement.

10/23/2013 04:08 PM

'Over-Banked'

ECB Tests Set to Reveal German System Flaws

By Christopher Alessi

88,36

The European Central Bank's upcoming review of the euro zone's largest banks could expose weaknesses in the German banking sector. It may also reveal Germany's political role in limiting the scope and efficacy of the Continent's nascent banking union.

The European Central Bank is preparing to conduct a "comprehensive assessment" of the euro zone's biggest banks ahead of taking on the role of banking supervisor for the region late next year. German banks, considered some of the strongest in the fragile euro area, are expected to fare relatively well. However, a thorough -- and apolitical -- review could reveal cracks in the [German financial system](#), while underscoring [Germany's fundamental resistance](#) to a full-fledged banking union.

Earlier this month, European Union finance ministers [officially signed off](#) on plans to create a Single Supervisory Mechanism within the ECB, which will monitor around 130 of the euro zone's largest banks. The step is the first in a larger EU plan to shift financial regulatory authority from national governments to the European level by developing a so-called banking union.

However, [the ECB](#), starting in November, will first assess the health and stability of the big banks through an evaluation that includes a risk assessment, an asset quality review, and a stress test targeting bank balance sheets. The review, which will be based on a capital benchmark of 8 percent, should "strengthen private sector confidence in the soundness of euro area banks and in the quality of their balance sheets," ECB President Mario Draghi said when the bank [outlined its assessment criteria](#) on Oct. 23.

Bank analysts and economists expect some banks in Italy, France, and Spain to require additional capital following the evaluation, in large part due to non-performing loans. But what about German banks?

'Too Many Banks'

"In the European context, German banks are much stronger than others, so the adjustment will probably be a lot smaller," says Marcel Fratzscher, president of the German Institute for Economic Research. However, he warns, "Commerzbank is a big question mark."

Fratzscher says it is not clear whether Commerzbank has a sustainable business model, like that of its well-capitalized competitor, Deutsche Bank. "It's not an international player, and it's not reaching a lot of private companies and households in Germany," Fratzscher explains. He suggests that the German government, which has held a 17 percent stake in Commerzbank since the global financial crisis, might ultimately need to inject more liquidity into the bank or "scale it down." Similarly, a European bank insider, who spoke on the condition of anonymity, says he could envision the government re-privatizing Commerzbank by selling to a buyer like UBS, which could lead to a "winding down" of the bank.

Part of Commerzbank's trouble stems from its large exposure to poor shipping loans. "It's taken huge losses and can't find anyone to sell its shipping portfolio to," says Megan Greene, chief economist at Maverick Intelligence. Commerzbank's exposure to non-performing shipping loans increased from 21 percent to over 25 percent between November 2012 and June 2013, according to a recent report on the planned asset quality review by Nomura Equity Research. But Commerzbank is not the only German bank facing challenges ahead of the assessment.

"I think shipping loans is a higher risk area for a number of German banks, and as in previous stress tests one of the key challenges will be the comparatively low level of Basel III core Tier 1 [capital ratios above 7 percent] as a starting point," notes Jon Peace, a Nomura analyst. Other German banks with high shipping exposures are two of the publicly-owned Landesbanken, or regional banks, including NHS Nordbank and Norddeutsche Landesbank.

Those regional banks are part of what Carsten Brzeski, chief economist at ING DiBa bank, calls Germany's "over-banked" system -- including private commercial banks, savings and cooperative banks, and the Landesbanken. "There are too many banks in Germany," Brzeski says, suggesting that the upcoming ECB tests could provide an opportunity for a consolidation of the sector.

More broadly, a functioning and effective banking union would "imply some adjustments" for German banks, says Jan Pieter Krahn, director of the Center for Financial Studies at Frankfurt's Goethe University. "There will be adjustments -- consolidation -- for the big banks, as well as for the savings banks and the smaller regional banks," Krahn explains.

A Forceful Backstop

There remain a number of unsettled elements that make such a comprehensive banking union far from complete. These include the development of a Single Resolution Mechanism for addressing weak banks, the harmonization of standards for certain loan classifications and bank assets, and a deposit guarantee fund.

The resolution scheme has proven particularly controversial because it entails the creation of a central joint fund that would act as a backstop for struggling banks. In the long term, the [banking industry](#) would finance the fund, but in the short term, national governments -- potentially through the European Stability Mechanism -- might have to guarantee loans to failing banks. Germany has forcefully opposed such a move, which could theoretically force German tax payers to bailout banks in, say, Spain or Italy.

German Finance Minister Wolfgang Schäuble recently insisted that senior and junior bank creditors would have to take full losses -- so-called bail-ins -- and German law would have to be amended before Germany could agree to assist with the recapitalization of euro zone banks. But Chancellor Angela Merkel later tweaked the government's position, at least rhetorically, indicating that she could potentially support a joint resolution mechanism under certain conditions: namely, that private creditors and bondholders be liable first, and that any government assistance be approved by national parliaments. Meanwhile, Draghi said in a recently leaked letter to the European Commission that forcing losses on bondholders before a banking union is up and running could destabilize markets.

The irony of the firm German position, as former ECB executive board member Lorenzo Bini Smaghi sees it, is that the recapitalization of German banks in the wake of the financial crisis was among the largest in Europe. The Germans "have never 'bailed-in' anybody," Bini Smaghi says, "their banks have always been bailed out." He faults Germany for its insistence on a "system they have never tried at home and writing rules that put you in a straight jacket," which he suggests could create conditions that ultimately trigger a run on banks.

Without agreement on a forceful backstop, or resolution mechanism, many analysts and economists question whether the upcoming ECB assessments can actually be meaningful. "The backstop is the key thing for this test," says Krahn. The ECB is in a tight corner. If the bank does not conduct a "serious" review of banks, it will not be able to operate effectively as a banking supervisor down the line, Krahn says. But if it does operate a genuine comprehensive test with no resolution mechanism in place, many banks "will be in trouble soon," he explains.

Greene, of Maverick Intelligence, bets that the asset review and [stress tests](#) will ultimately be a "big fudge." "Europeans are not really sure what they'll do with the results. There's no fund for big recaps," she adds. Ultimately, she argues, Germany will get its way regarding the joint backstop. National supervisors will continue to have a large role in the bank resolution process, which, Greene says, will make the new system more of a "banking confederation" than a banking union.

October 23, 2013

Signs of Life in Euro Zone Could Point to Recovery

By JACK EWING and RAPHAEL MINDER

88,38

FRANKFURT — All the usual caveats still apply, but there is consistent evidence that the worst may be over for Europe's economy.

Five years after the start of a financial crisis that set off broad economic, social and political problems and severely strained the idea of European unity, an overdue cleanup of euro zone banks is about to begin. French business confidence is improving.

Perhaps the most striking news on Wednesday was that the Spanish economy crawled out of a two-year recession in the third quarter, though it grew at an estimated annual rate of about 0.4 percent.

With its housing bubble and 26 percent unemployment rate, Spain has been the most striking symbol of the euro zone debt crisis. The turnaround there comes after an end to recession in Portugal. It offers hope to Europe's periphery, the so-called misery belt, which also includes Greece, Italy and Ireland.

"Most of the euro zone periphery is out of recession by now," said Holger Schmieding, chief economist at Berenberg Bank in London, which has calculated that even Greece is growing again. "That is absolutely good news. The rebound in the economy is ultimately the solution to almost everything."

In Frankfurt on Wednesday, the European Central Bank **outlined plans** to search for and expose all the bad loans and damaged investments lurking in euro zone banks. That effort would be the first step in forcing banks to fix their problems so they can start lending again. Without lending to businesses and home buyers, there can be no sustained economic growth.

Maybe more important, the review of large banks was a sign that euro zone leaders, who sometimes appear out of touch, had made concrete progress on policy. Their decision last week to designate the European Central Bank as top banking cop is intended to de-Balkanize the euro zone banking system. A single currency, they argue, should have a single banking system.

Shares of European banks fell after the central bank disclosed details of the planned bank assessment, but in a strange way that may have been a good sign. It meant investors expected the central bank to be tough and thorough, culling the sick banks and freeing the healthy ones from the stigma attached to euro zone lenders. Earlier efforts by a patchwork of national regulators to conduct supposed "stress tests" on Europe's banks proved woefully inadequate.

There have been other hopeful omens lately, like an **increase in European car sales** in September from 20-year lows. Ireland, once one of Europe's most troubled countries, said recently that it expected to **emerge from its bailout program** by the end of the year.

On Wednesday, a closely watched survey showed that French businesspeople were becoming slightly more optimistic because of an uptick in exports. In Germany, the euro zone's first among equals, the Christian Democrats led by Chancellor Angela Merkel are edging toward an accord with the Social Democrats to form a government. That would end a de facto freeze on euro zone policy making while Ms. Merkel was preoccupied with domestic politics.

Few economists are ready to pop open the Prosecco just yet — not after a crisis that has lasted five years, and with unemployment in the euro zone still at 12 percent. Youth unemployment in several countries is three or four times that. But Nicolas Véron, a senior fellow at Bruegel, a research organization in Brussels, said that the bank cleanup, as it unfolds during the coming year, could help inspire a broader return of confidence.

“There is a sort of happy scenario where this becomes a game-changer and creates a chain of positive consequences that really boost European growth,” Mr. Véron said.

He said that he still had doubts things would turn out that well.

In fact, it is impossible to talk about Europe without mentioning everything that could still go wrong. Nowhere is growth particularly strong. Mujtaba Rahman, director for Europe at Eurasia Group, a political consulting firm, said that political leaders had still failed to give the central bank the tools it needs to do the job. There still is not an adequate source of money to recapitalize sick banks, nor is there a mechanism to gently wind down those that cannot be saved.

If anything, German leaders are undermining earlier commitments to help weaker countries like Spain bear the costs of bank cleanups. “The debate remains stuck in outer space,” he said

But if there is still plenty of data to nourish the pessimists, the optimists also have more to chew on than they did a few months ago. With many European citizens angry about cutbacks in job protections and other austerity measures, the news on Wednesday of Spanish growth provides evidence that such unpopular changes may be paying off. Prime Minister Mariano Rajoy of Spain, who took office almost two years ago, has pushed through deeply unpopular spending cuts and tax increases to comply with budgetary targets in accordance with Spain's European partners.

If the revival in the Spanish economy proves sustainable, it could embolden leaders in countries like Italy or France to step up the pace of change.

Spain is not expected to return to precrisis growth levels for several years, as it continues to struggle with weak consumer spending and unemployment. That Spain has been in and out of recession since 2008 has left some economists wary about the staying power of the latest recovery.

Spain's economy had contracted for nine consecutive quarters. After a decade-long property bubble burst in 2008, it sank into a first recession, before briefly returning to growth in 2010. A banking crisis then forced Madrid to negotiate a European bailout to keep afloat lenders weighed down by property loan defaults, sending Spain back into recession.

The main Spanish stock market index returned this month to its highest point since July 2011. Spain's borrowing costs have also fallen sharply in recent months.

In the best case, Spain, Portugal, Ireland and even Greece and Italy could start to grow rapidly as they benefit from measures to improve economic performance. Labor costs have fallen in most of the countries, which could lure new investors and jobs. Latvia and Estonia, which only a few years ago were in just as bad shape, are now booming.

"Countries that have fallen a lot have potential to rebound a lot," Mr. Schmieding of Berenberg Bank said. He added, "That is just hope, not what we are seeing in the data."

Jack Ewing reported from Frankfurt and Raphael Minder from Madrid.

Berufsausbildung

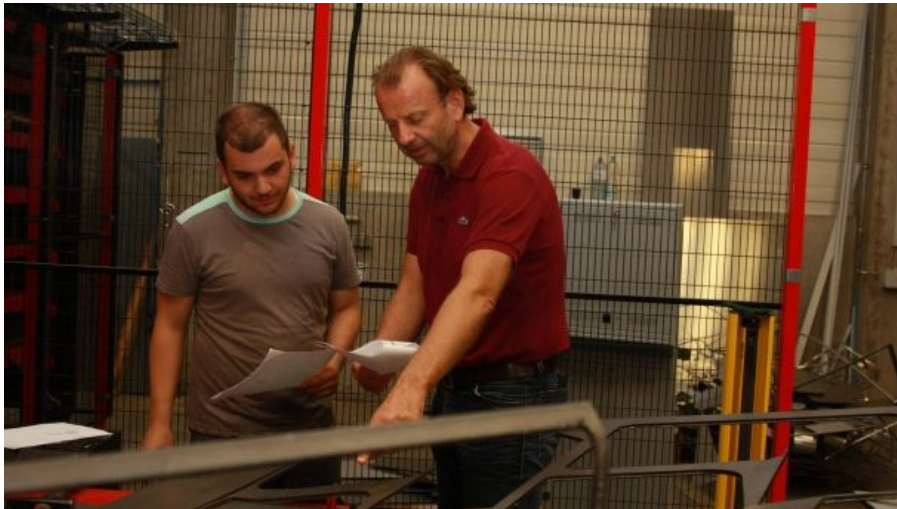
Mustafa will es schaffen

10.10.2013 · Schlechte Schüler haben bisher am Ausbildungsmarkt nur geringe Chancen. Das ändert sich langsam, doch ohne Hilfe geht es nicht. Ein Beispiel aus Baden-Württemberg.

Von KLAUS HEIMANN

88,41

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



© PRIVAT Eine Arbeit, keine Hilfstätigkeit: Der Auszubildende Mustafa Sahin hat sich berappelt.

Mit seinen 20 Jahren ist Mustafa Sahin einer von vielen Auszubildenden im schwäbischen Schorndorf. Der türkischstämmige Sahin lernt in dreieinhalb Jahren den Beruf des Konstruktionsmechanikers und kommt jetzt ins zweite Ausbildungsjahr. Sein Ausbildungsbetrieb ist die Firma Almepro Metalltechnik. Für den Chef Alain Meyer, gebürtiger Franzose aus dem Elsass, der wegen der Arbeit mit 18 Jahren nach Baden-Württemberg kam, ist das Engagement in Ausbildung eine klare Sache. „Wir bilden aus, weil wir gute Leute brauchen.“ Obwohl das Unternehmen erst seit knapp einem Jahr existiert, ist schon viel los in der Fabrikhalle. Hochwertige Maschinenverkleidungen werden gelasert, geschweißt und gekantet. Aufträge gibt es genug für die 38 Beschäftigten.

Mitten unter ihnen ist Mustafa Sahin, der es anfangs schwer hatte, einen Ausbildungsplatz zu finden. Seine Leistungen in der Hauptschule ließen zu wünschen übrig, entsprechend waren seine Zeugnisse. Eigentlich ein klarer Fall: keine Chance auf einen Ausbildungsplatz. Ein Kandidat für die vielen Warteschleifen im Übergangsbereich oder Job-Hopper auf dem Arbeitsmarkt. Das ist ein durchaus attraktiver Weg in konjunkturell guten Zeiten. In der vor Kraft strotzenden Wirtschaftsregion Stuttgart gibt es immer noch reichlich Jobs für ungelernte Arbeiter. Karriere hätte Sahin als Un- oder Angelernter allerdings wohl kaum machen können.

Assistierte Ausbildung gibt es nur in Baden-Württemberg

Aber der junge Türke, der in Schorndorf geboren und aufgewachsen ist, wollte nicht nur Geld verdienen. Er wollte einen Beruf erlernen. So kam er über die Arbeitsagentur mit dem Berufsbildungswerk in Waiblingen, eine Einrichtung der Diakonie Stetten, in Kontakt. „Zunächst war unklar, was Mustafa für einen Beruf erlernen wollte“, berichtet Daniel Bürzele, der sich um das Projekt Carpo, die assistierte Berufsausbildung kümmert. Der erste Versuch im Handel brachte keinen Erfolg. Das Kurzpraktikum bei Almepro zeigte, dass ein Metallberuf die richtige Wahl war. Am Ende der Orientierung wurde der Ausbildungsvertrag zum Konstruktionsmechaniker unterschrieben. Zusätzlich wurde eine Kooperationsvereinbarung zwischen Almepro und dem

Berufsbildungswerk Waiblingen abgeschlossen. Darin werden die Regeln zwischen Betrieb und Bildungsträger festgelegt.

Assistierte Ausbildung gibt es bislang nur in Baden-Württemberg in 18 Projektpartnern in 20 Regionen mit 1039 Jugendlichen. Es ist gedacht für Menschen, die einen Berufsabschluss im Betrieb erreichen wollen. Bürzele erklärt: „In der Vorbereitungsphase geht es um die Vermittlung in Ausbildung. Dazu werden gemeinsam Bewerbungen geschrieben. Praktika werden vermittelt. Deutsch- und Mathe-Kenntnisse gilt es aufzufrischen. Gesprochen wird auch über die Wohnsituation oder ob Schulden angehäuft wurden.“ Im Vorfeld der Ausbildung soll alles geklärt sein, was einen erfolgreichen Start erschwert oder gar verhindert. Carpo bietet Jugendlichen und Betrieben gleichermaßen Unterstützungen an. Betriebe bekommen Dienstleistung: die Auswahl des richtigen Azubis und organisierte Lernunterstützung. Der Nachhilfeunterricht wird von der Arbeitsagentur bezahlt. „Die Idee ist, chancenarmen jungen Menschen die Aufnahme und den Abschluss einer regulären Ausbildung sowohl in Vollzeit als auch in Teilzeit zu ermöglichen“, erläutert Berufsbildungswerk-Mitarbeiter Bürzele das Konzept. Teilnehmen können junge Mütter und Väter, Jugendliche mit Migrationshintergrund, Jugendliche, die einen geschlechteruntypischen Beruf ergreifen wollen, und junge Menschen, die seit über einem Jahr keine Ausbildungsstelle gefunden haben. Die Bildungsträger verzichten bei Carpo bewusst auf die Ausbildung in eigener Regie. Sie beschränken sich darauf, Betrieben zu helfen, eben ihnen zu assistieren, wenn sie Jugendliche ausbilden, die besondere Unterstützung brauchen.

Die Situation auf dem Ausbildungsmarkt hat sich verändert

Der gesellschaftliche Konsens, dass alle jungen Menschen mit einer guten Berufsausbildung ins Arbeitsleben starten sollen, ist richtig, hat aber in der Praxis seine Tücken. Die Forscher vom Bundesinstitut für Berufsbildung (BIBB) haben ermittelt, dass rund 1,5 Millionen junge Arbeitnehmer unter 30 Jahren dieses Ziel in den letzten Jahren nicht erreichten und keinen Berufsabschluss haben. Es muss also etwas passieren, soll dieses Desaster nicht einfach fortgeschrieben werden. Die Wohlfahrtsverbände „Der Paritätische Baden-Württemberg“ und „das Diakonisches Werk Württemberg“ sind die Träger des Carpo-Projekts. „Uns hat bewegt, dass es Gruppen gibt, die eine ganze Menge an Kompetenzen und Ressourcen mitbringen, die nicht abgerufen werden, weil sie anscheinend nicht passen“, sagt Berndt Korten, Koordinator von Carpo. Das Arbeits- und Sozialministerium des Landes und die Bundesagentur für Arbeit setzen Mittel aus dem europäischen Sozialfonds ein, um die Idee „assistierte Berufsausbildung“ zu fördern.

Die veränderte Situation auf dem Ausbildungsmarkt hilft Carpo. Denn die Betriebe denken über ihre Einstellungskriterien jetzt noch einmal neu nach. Betriebsleiter Alain Meyer hat konkret erlebt, wie schwer es ist, junge Leute für die Ausbildung in einem Kleinbetrieb zu gewinnen. Blechschlosserei ist laut, es ist eine harte Aufgabe. „Wir haben zwei neue Azubis gefunden, die jetzt im September anfangen. Aber das hat viele Mühen bereitet.“

Jedes siebte Unternehmen, das zeigen Befragungen, senkt seine Anforderungen an die Azubis in spe. Diesen Weg empfiehlt auch Raimund Becker, Vorstandsmitglied der Bundesagentur für Arbeit: „Es ist wichtig, dass die Arbeitgeber schwächeren Jugendlichen eine Chance geben.“ Dass diese Strategie auf dem Vormarsch ist, bestätigt auch das Bundesinstitut für Berufsbildung. BIBB-Forscher Günter Walden: „Unternehmen scheinen sich schwächeren Jugendlichen zu öffnen und schließen diese seltener als früher grundsätzlich von der Ausbildung aus.“ Der Deutsche Industrie- und Handelskammertag (DIHK) bestätigt diese Einschätzung. Bei seiner jährlichen Fachkräftebefragung hat er herausgefunden, dass bereits rund ein Drittel der Unternehmen bereit ist, Ausbildungsplätze auch an lernschwächere Jugendliche zu vergeben. Weil mit schulischen oder außerbetrieblichen Ersatzmaßnahmen zu geringe Integrationserfolge in den ersten Arbeitsmarkt erreicht werden, setzen die Beteiligten verstärkt auf betriebliche Konzepte.

Für die Bildungsträger bedeutet das weniger Geschäft. Sie müssen sich umstellen. Daran arbeitet auch Korten. Er will, dass die Bildungsträger sich zu kompetenten Dienstleistern für die Betriebe entwickeln. „Jugendsozialarbeit kann zur dritten Kraft innerhalb der dualen Berufsbildung aufsteigen.“

Viele Betriebe leisten Nachhilfe

Der Anteil der Unternehmen, die Nachhilfe leisten, ist inzwischen recht groß. 58 Prozent der Betriebe, die sich mit mangelnder Ausbildungsreife konfrontiert sehen, legen Zusatzmaßnahmen auf. 42.000 Jugendliche nutzen bundesweit die ausbildungsbegleitenden Hilfen. Dieses von den Arbeitsagenturen geschnürte Paket besteht zusätzlich zur Ausbildung. Es setzt auf Stützunterricht in den Fächern Mathematik und Deutsch. Wenn es bei

der Fachtheorie oder Fachpraxis hakt, kann ebenfalls nachgeholfen werden. Auch bei den weichen Faktoren gibt es manchmal Probleme: Wer es nicht schafft, pünktlich zur Arbeit zu kommen, dem wird schon mal Beine gemacht. Für diese regelmäßige Nachhilfe übernehmen die Arbeitsagenturen das Honorar für das Lehrpersonal. Bleibt die Frage wie die Förderkonzepte in den betrieblichen Alltag kommen. Gerade in Kleinbetrieben, wo der Chef genug damit zu tun hat, Aufträge reinzuholen und abzuarbeiten, bleibt nicht viel Zeit, um sich um Förderprogramme und schwierige Azubis zu kümmern. Da ist es dann ausgesprochen hilfreich, wenn die „Kümmerer von Carpo“ assistieren.

Zunehmend sind kleine Betriebe und Handwerker bereit, Ausbildungsplätze mit lernschwächeren Jugendlichen, Migranten, jungen Frauen mit kleinen Kindern zu besetzen. So können sich 70 Prozent der Ausbildungsunternehmen vorstellen, lernschwächere Jugendliche auszubilden. Diese Erfahrung hat auch Korten gemacht. Im Carpo-Programm zählen vier von fünf zur Kategorie der Kleinbetriebe, oft aus dem Handwerk.

Auch Mustafa Sahin bekommt Zusatzunterricht, jede Woche donnerstags gibt es zwei Stunden Theorie obendrauf. Seit dem sind die schlechten Noten in der Berufsschule seltener geworden. Daniel Bürzele glaubt an Mustafa: „Er ist motiviert, er ist immer da und zeigt Initiative. Das sind gute Voraussetzungen, um die Ausbildung erfolgreich zu packen.“

„Schließlich bin ich nicht aus Spaß hier“

Motivation, Leistungsbereitschaft, Disziplin und der Wille, was zu lernen, das muss bei den Jugendlichen vorhanden sein. „Wenn einer wirklich lernen will, dann kann er das schaffen, unabhängig davon, welche Noten auf dem Zeugnis stehen“, davon ist Firmen-Chef Meyer überzeugt. „Wir geben den jungen Leuten eine zweite Chance, aber ihren Weg müssen sie schon selber gehen.“ Sie müssten entscheiden, was sie wollen: 30 Jahre lang 9 Euro pro Stunde verdienen oder als gute Fachkraft bis zu 19 Euro kassieren?

Das Ausbildungsengagement bei Mustafa Sahin wird sich doppelt auszahlen. Der junge Mann will unbedingt sein Ausbildungsziel erreichen. „Es ist ein bisschen hart, aber es geht schon. Schließlich bin ich doch nicht aus Spaß hier.“ Seine Erwartungen sind klar: Er will eine interessante Arbeit, ein festen Job und ein gutes Einkommen. Am besten in Schorndorf.

Quelle: F.A.Z.

La politique de l'emploi reste peu efficace

88,44



Michel Sapin a prévenu que les chiffres du chômage publiés ce soir « ne seront pas bons ». L'inversion de la courbe à la fin de l'année est contredite par tous les instituts de conjoncture.

Quel que soit le bout par lequel on prend le problème, la même conclusion s'impose: le gouvernement va peiner à inverser la courbe du chômage d'ici à la fin de l'année. «Il y a des tendances, a confirmé [Michel Sapin](#), hier sur Europe 1. Les tendances aujourd'hui, elles sont au ralentissement du chômage ; elles seront demain à la baisse du chômage.» D'ailleurs, les chiffres des inscrits à Pôle emploi en septembre - qui seront rendus publics ce soir à 18 heures - «ne seront pas bons», a déjà prévenu le ministre du Travail qui y voit une simple conséquence du «[bug SFR](#)» du mois dernier.

L'opérateur télécoms avait provoqué un bond de 40 % des cessations d'inscription (et une baisse surprise de 50.000 chômeurs) après avoir oublié d'expédier un SMS d'actualisation à 170.000 personnes. «Cet incident statistique a augmenté la baisse au mois d'août, il va augmenter la hausse au mois de septembre», a justifié Michel Sapin. En clair, l'inversion de la courbe n'est pas annulée, mais juste décalée...

Il n'empêche, les fondamentaux en matière d'emploi sont tous sauf bons. Même l'[OFCE](#), un institut de conjoncture proche de l'exécutif, prédit une envolée du chômage en 2014, à un taux supérieur au record de 10,8 % atteint deux fois en métropole en 1993 et 1997. En cause? Une croissance «trop faible pour améliorer la situation sur le marché du travail» qui devra absorber 116.000 actifs de plus l'année prochaine. Résultat, les créations d'emploi attendues seront insuffisantes pour faire baisser le nombre de chômeurs qui, selon le régime d'assurance-chômage, grimpera de 75.600 en 2014 après un bond de 168.800 en 2013.

11 000 contrats de génération signés

Pour parvenir à un taux de chômage de 10,9 % fin 2014, l'OFCE parie sur les retombées positives de deux dispositifs: le crédit d'impôt compétitivité emploi ([CICE](#)) et les contrats de génération. Or, rien ne dit que ces deux mesures auront l'impact attendu (91 000 pour le premier et 100.000 pour le second). Les contrats de génération connaissent un démarrage particulièrement poussif (voir nos éditions du 23 octobre): depuis leur lancement le 1er mars, seuls 11.000 contrats ont été signés dans les entreprises de moins de 50 salariés sur une cible de plus de 3,5 millions. Soit un ratio de... 0,3 %, que Michel Sapin juge «extrêmement bien». Ce résultat n'intègre pas, en outre, les emplois qui, par effet d'aubaine, auraient été créés sans l'aide de 4 000 euros par an.

Enfin, le seul levier à la disposition du gouvernement pour jouer sur le nombre de chômeurs demeure celui des contrats aidés dans le secteur non marchand, qui concerneront 382.000 personnes fin 2014, dont 150.000 jeunes en emploi d'avenir. Le succès de ce dernier dispositif est d'ailleurs tel qu'une rallonge de 50.000 est déjà envisagée en cours d'année.

Mais cette politique, rapportée à ses résultats, coûte cher: 7 milliards en 2014, d'après l'OFCE, dont 2,5 pour le financement des contrats aidés et 4 milliards pour la mise en place du CICE. Soit un total de 45.000 euros par emploi pour ce dernier dispositif...

Droit du sol, AME, attractivité de la France : quatre questions sur l'immigration

Le Monde.fr | 23.10.2013 à 19h39 • Mis à jour le 24.10.2013 à 10h57 | Par **Samuel Laurent** et **Jonathan Parienté**

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L'immigration et les problèmes qui y sont liés seraient l'une des préoccupations principales des Français. C'est en tout cas ce que semble croire l'UMP, qui a fait de cette thématique l'axe majeur de sa stratégie ces dernières semaines. Le principal parti d'opposition a durci sa ligne, n'hésitant plus à remettre en cause le droit du sol, ou à réitérer des propos plus ou moins vrais sur ce dont bénéficient les étrangers en situation irrégulière.

▪ 1/ Droit du sol, droit du sang, quelles différences ?

Ce qu'on entend : "Il ne s'agit pas de remettre en cause le droit du sol. Mais quand on est né en France de parents étrangers en situation irrégulière, on n'a pas vocation à y rester et il n'est pas possible d'obtenir la nationalité française" (Jean-François Copé, 22 octobre, conférence de presse)

Ce qu'il en est : "Droit du sol", le terme revient sans cesse dans tous les débats sur l'immigration. Que signifie-t-il ? Il existe deux manières d'envisager l'acquisition de la nationalité. L'une est de considérer que l'on a la citoyenneté d'un pays lorsqu'on descend de citoyens de ce pays. C'est le droit du sang : je suis Français car mes parents sont Français. Le droit du sang s'exerçait en France jusqu'au milieu du XIX^e siècle. La France a depuis opté pour le droit du sol : est Français celui qui est né sur le territoire français, quelle que soit la nationalité de ses parents. Ce qui n'empêche pas la nationalité par filiation, qui est une forme de droit du sang : une personne née à l'étranger d'un parent français est Français.

Voilà pour la théorie. En pratique, les choses sont plus complexes. Comme le rappelait au *Monde* en 2005 le chercheur Patrick Weil, depuis 1803, une personne née sur le sol français de parents étrangers n'est pas automatiquement française à la naissance, sauf si l'un de ses parents est français. Elle peut en faire la demande à partir de 13 ans avec l'accord de ses parents si elle réside en France depuis cinq ans. Cette même demande peut être faite sans leur accord à partir de 16 ans, là encore si la personne peut justifier de cinq années de résidence depuis l'âge de 11 ans.

Il faut attendre la majorité de la personne, à 18 ans, pour que la nationalité devienne "*de plein droit*" et automatique, si la personne réside en France depuis suffisamment longtemps. Une règle en vigueur depuis la fin

du XIX^e siècle, mais obtenir des papiers d'identité reste une démarche que doit accomplir le requérant, qui doit notamment demande un certificat de nationalité.

Jean-François Copé évoque en partie le retour à la loi Pasqua qui fut en vigueur entre 1993 et 1998. Elle prévoyait qu'il fallait que le jeune né en France de parents étrangers fasse une démarche volontaire, dite de "*manifestation de volonté*" derequérir la nationalité pour l'obtenir. Mais la loi Pasqua concernait les jeunes nés de parents étrangers et en possession d'une carte de séjour, ce qui excluait de fait les immigrés en situation irrégulière.

Or, explique M. Copé, "*quand on est né en France de parents étrangers en situation irrégulière (...) il n'est pas possible d'obtenir la nationalité française*". Une phrase qu'on retrouve mot pour mot dans le programme du Front national, qui propose la "*suppression, dans le droit français, de la possibilité de régulariser des clandestins*".

Seulement ce n'est pas si simple. Un enfant né en France de parents étrangers pourrait ainsi, suivant le droit du pays d'origine de sa famille, se retrouver sans nationalité, si la France la lui refuse. Or plusieurs conventions internationales, dont la France est signataire, interdisent de créer des apatrides.

▪ 2/ La France, paradis des migrants ?

Ce qu'on entend : La France est "*le plus attractif socialement en Europe pour les immigrés*" (Jean-François Copé, AFP 22 octobre)

Ce qu'il en est : Selon l'organisme européen d'Eurostat, en 2010, la France est loin d'être le pays qui accueille le plus de migrants : 149 500 étrangers, contre 497 000 au Royaume-Uni, 430 400 en Espagne, ou 317 200 en Allemagne. La population non-nationale vivant sur le sol Français représentait, toujours en 2010, 5,9% de la population totale, contre 8,8% en Allemagne, 12,3% en Espagne, ou 7,2% au Royaume-Uni.

La France est-elle plus "attractive socialement" ? Il y a ici une grande confusion. Si M. Copé parle "*d'immigrés*" bénéficiant d'une carte de séjour et d'un permis de travail, ils ont en effet droit aux mêmes aides que les Français, selon les mêmes critères, et c'est le cas partout en Europe. On peut supposer que M. Copé évoque en réalité les étrangers en situation irrégulière. Il est difficile de faire un comparatif détaillé des aides exceptionnelles qu'accorde chacun des 27 états européens aux migrants clandestins et d'établir un classement. On peut cependant s'interroger : si la France est le pays le plus "*attractif socialement*", pourquoi reçoit-il moins de migrants clandestins que d'autres ?

On estime que 200 000 à 400 000 immigrés clandestins sont présents sur le sol Français. Au Royaume-Uni, destination très prisée des migrants du fait d'une législation et d'un système d'aide perçus comme plus favorables, l'estimation est de 600 000 à un millon de personnes.

▪ 3/ L'immigration préoccupe-t-elle vraiment les Français ?

Ce qu'on entend : "*L'immigration fait partie des cinq ou six sujets majeurs dans notre pays.*" (Luc Chatel, 23 octobre, France Info)

Ce qu'il en est : L'immigration focalise de nombreux débats politiques, et occupe une grande place dans les médias. L'opinion est sévère sur la question. En janvier 2013, *Le Monde*, Le Cevipof et la Fondation Jean-Jaurès commandaient une étude à l'institut Ipsos sur les "*nouvelles fractures*" françaises. Près de 70 % des répondants se disaient d'accord avec l'assertion "*il y a trop d'immigrés en France*" et 67 % avec "*on ne se sent plus chez soi comme avant*". Autre étude commandée cette fois à TNS Sofres par *Le Monde*, Canal + et France Info, en janvier 2013 : 28 % des répondants se disaient "*tout à fait d'accord*" avec l'affirmation "*il y a trop d'immigrés en France*", et 26 % plutôt d'accord, soit un total de 54 %.

Mais cette thématique est-elle pour autant leur priorité ? Non, et les sondages sont unanimes à le montrer. En 2007, 17 % des personnes sondées par TNS Sofres estimaient que le thème "*la lutte contre l'immigration clandestine*" était prioritaire dans leur vote à la présidentielle. En 2012, ils n'étaient plus que 12 %. Et dans l'étude Ipsos sur les "*nouvelles fractures*", l'immigration n'était citée comme l'un des trois sujets les plus préoccupants que par 16 % des sondés, et arrivait donc à la 10^e place sur 13 sujets proposés.

En revanche, les sympathisants UMP étaient 23% à la classer comme sujet prioritaire, et les sympathisants FN 55%. En réalité, trois thématiques sont invariablement classées en tête des préoccupations de l'opinion depuis dix ans : l'emploi, le pouvoir d'achat, la santé. Cela se vérifie sur le baromètre que publie régulièrement *La Croix* avec TNS Sofres

▪ 4/ Seuls les clandestins bénéficient de soins gratuits ?

Ce qu'on entend : "*L'aide médicale d'Etat, c'est totalement gratuit [pour les étrangers en situation irrégulière] alors que, pour les Français, il peut y avoir jusqu'à 50 euros de franchise.*" (Brice Hortefeux sur RTL le 15 octobre).

Ce qu'il en est : La suppression de l'aide médicale d'Etat (AME) est demandée par une partie de la droite depuis qu'elle a été portée sur les fonds baptismaux par le gouvernement de Lionel Jospin, en 1999. Ce dispositif assure une couverture maladie aux étrangers en situation irrégulière, sous certaines conditions de ressource et de temps passé sur le territoire français. En 2011, l'AME a bénéficié à 220 000 personnes, pour un coût estimé à 588 millions d'euros.

Selon les contempteurs de l'AME, seuls ses bénéficiaires – donc des étrangers en situation irrégulière – ont droit à une couverture maladie entièrement gratuite. Ils avaient d'ailleurs gagné une bataille lors de la précédente législature quand a été instaurée un droit d'entrée annuel de 30 euros. Lequel droit d'entrée a été supprimé dès l'alternance à gauche. Sont-ils réellement les seuls à ne rien payer pour se soigner ? Non. Les personnes qui bénéficient de la CMU-C ne payent rien pour une consultation chez un généraliste – ni la part obligatoire, ni la part complémentaire, ni la participation forfaitaire. Par ailleurs, la couverture offerte par l'AME est moins complète que celle offerte par la CMU ; elle ne couvre par exemple que très partiellement les dépenses d'optique ou de prothèse.

Par ailleurs, martèlent-ils, l'AME ferait l'objet de fraudes massives, elle créerait un "*appel d'air*" pour les étrangers des pays les plus pauvres voire drainerait un "*tourisme médical*" vers la France. Un rapport de l'Inspection général des affaires sociales, en 2011, avait conclu à l'absence de preuve de fraude massive. Quant à l'appel d'air, le président de Médecins du monde rappelait, en 2010, que l'immense majorité des migrations avaient des causes économiques et non sanitaires.

Il reste que le dispositif tel qu'imaginé en 1999 avait avant tout un objectif de santé publique. L'idée était d'inclure des populations fragiles au système de santé publique afin d'éviter d'une part les prises en charges tardives et coûteuses de certaines pathologie et, d'autre part, d'éviter que des maladies se propagent faute de prise en charge appropriée des malades.

Dans un rapport parlementaire, les députés Claude Goaugen (UMP) et Christophe Sirugue (PS) avaient conclu que "*des considérations humanitaires comme des impératifs de politique de santé publique imposent le maintien de l'accès aux soins à ces personnes et que les coûts correspondants, bien qu'en hausse, ne suffisent pas à motiver une suppression dont les conséquences sanitaires et financières pourraient être contre-productives*".

October 24, 2013

French to Strike, but This Time Owners Call It

By SCOTT SAYARE

88,49

PARIS — The labor strike being something of a national sport in [France](#), it should come as no surprise that its practitioners occasionally include professional athletes.

Yet the strike announced on Thursday by every professional soccer team in the nation has the distinction — uncommon even for this country — of coming at the behest of the owners.

The [Union of Professional Football Clubs](#), which represents the owners of France's 43 professional teams, announced that matches scheduled for the weekend of Nov. 30 would not be played to protest a government plan to require companies to pay a 75 percent marginal tax on salaries of more than one million euros, or \$1.38 million.

Jean-Pierre Louvel, the president of the club owners' group, said Thursday that the measure, approved by the lower house of Parliament last week, would mean the death of soccer in France, where many professional teams already operate at a loss.

“This is about saving French soccer,” Mr. Louvel said at a news conference in Paris, adding that stadiums around the country would be open on the days of the canceled matches, with team representatives there to explain the strike to the public.

Team executives are scheduled to meet with President [François Hollande](#) next week and will request that soccer teams receive an exemption from the planned tax.

“If we don't reach a consensus — by consensus, I mean words that are translated into actions — with the president of the republic, we'll continue our action, whatever form it may take,” Mr. Louvel said. “Let's be conscious of the drama that soccer is going through. We're the only country that taxes businesses that are losing money.”

France's top two divisions, Ligue 1 and Ligue 2, lost \$149 million last season, according to league figures. Should the 75 percent tax be applied to soccer teams, it would be levied on the salaries of about 120 players from 14 teams in Ligue 1 and would produce \$60.7 million in tax revenue this year, according to French news media reports.

“It's true that this could really hurt average clubs,” said Jacques Vendroux, a longtime sportscaster for [Radio France](#), the French public radio network. As many as 12 of the 20 clubs in Ligue 1 could be taxed into bankruptcy, Mr. Vendroux said. While a handful of French teams are bankrolled by wealthy foreign owners with few financial constraints, most teams, even the top ones, barely turn a profit.

If the tax remains in place and the strike goes ahead as planned, he said, “they're going to be laughing at us across Europe and the entire world.”

Many of France's top players have left the country to play in England or Germany, for instance, where salaries are often higher and taxes lower, owners noted Thursday, and higher taxes will only make it harder for French teams to recruit.

French players do not enjoy a particularly gleaming reputation in France, however, and the notion of a strike is a delicate one for French soccer: the French national team made an ignominious name for itself in 2010 [when it staged a strike](#), which was likened to a temper tantrum, at the 2010 World Cup in South Africa.

Still, soccer is a beloved game here, and Mr. Hollande will have to tread lightly in handling the current standoff.

A Socialist, he was elected last year after promising to combat the "world of finance" and to tax annual incomes of more than one million euros at 75 percent. Despite the outrage and doomsday predictions of free market economists and business leaders, Parliament approved the measure in 2012.

But in an embarrassment to Mr. Hollande's government, the tax was soon ruled to be unconstitutionally high and struck down.

The tax was amended, however, to be paid by employers, not workers, and capped at 5 percent of revenue. The new law, which would apply only to income in 2013 and 2014, must still be approved by the upper house of Parliament to take effect. That vote is likely to occur around the time of the planned soccer strike, in late November.

It is not altogether clear how a strike would be received by the public. The same leftists who go on strike and back Mr. Hollande's 75 percent tax also fill the stadiums each weekend to cheer.

Austerity and Growth: Dispelling Confusion With Some Facts

Author: Roberto Tamborini · October 24th, 2013 · Comments (0) [Share This](#) [Print](#) 88,51

A lot of confusion surrounds the quarrel about austerity and growth in and among the Euro-countries. [1] Confusion helps neither the assessment of the current policies nor the choice of the correct ones. Critics of austerity argue that it is mainly responsible for the extent and persistence of low or negative growth rates *after the Great Recession of 2008-09*. The orthodox pro-austerity pedagogy revolves around the following arguments: 1) poor growth of Euro-countries is a long-lived structural problem and it is not due to recent austerity measures; 2) stronger fiscal stimuli are either useless or harmful; 3) austerity is not enemy of growth, rather it is a means to foster sustainable growth; 4) austerity may depress growth (in the short run) if it is badly implemented, i.e. too little, too late, too much taxation rather than expenditure cuts, and no structural reforms[2].

The first confusion is between long-run and short-run analysis. Let us accept that the growth performance of major Euro-countries (Germany included) has been rather poor relative to the rest of the world for more than a decade, which cannot be due to recent austerity but to other structural factors. Agreement on this point still begs the following questions: *given the Great Recession shock*, has austerity been the best possible response? Has austerity amplified or absorbed the shock? How far are the Euro-countries from growth recovery?

In order to address these questions, a second confusion should be dispelled concerning the nature of the Great Recession. To be consistent with the orthodox pro-austerity narrative, one should show that the Great Recession is just a large episode *along the long-run trend* of decline of potential growth of the Euro-countries, that actual GDP has closely followed available estimates of potential GDP, and that austerity is a means to restore potential capacity (at least). To the best of my knowledge, austerity advocates have never produced robust evidence in support of this view. One main reason being that such evidence does not exist. Available data tell a different story of a big Transatlantic shock emanating from the private financial sector and investing the engines of the real economy both on the supply and the demand side. Questionable as they may be, official estimates (e.g. Eurostat and OECD) indicate that since 2007 1) potential growth has been revised downwards, and 2) almost all countries have been operating with demand below capacity.

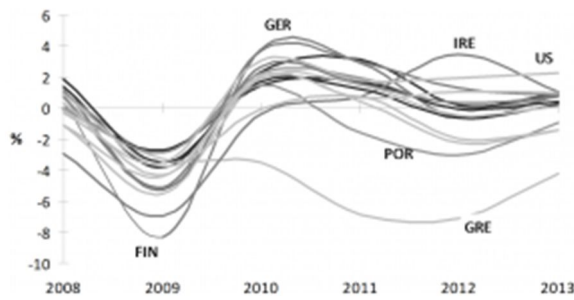
The crisis has indeed prompted a new wave of “structural” studies, both theoretical and empirical, revolving around the “macroeconomics and finance” nexus (e.g. Borio 2102, Hall, 2010). One important thread running through this buoyant literature is that there are different types of crises, and that the crises which originate in the (private) financial sector have special, thorny, characteristics that we still fail to understand fully. The main focus of these models is on the fact that financial shocks may disrupt growth potential as well as determine wide swings of GDP from its potential track. When this happens, the private sector’s expenditure falls to an inefficiently low level, but not because the public sector’s expenditure is too high. This phenomenon has also been popularized by Koo (2011) with his now famous notion of deleveraging or “balance-sheet crises”.

Contrary to the traditional neoclassical “loanable-funds” motivation for austerity, in a deleveraging process the non-financial private sector is not constrained in its ability to borrow but it is (it wants to be) a net saver in the first place. Things are even worse when the financial sector is deleveraging as well, because the consolidation of private balance-sheets is not translated into new supply of loans either. Under these conditions, forcing the government into deleveraging to foster “crowding in” is pointless; the result is just additional excess saving. Flow-of-funds data provide abundant evidence (Koo, 2011; ECB, 2011). That is why, in a crisis of this type, fiscal multipliers turn out to be “surprisingly” larger with respect to those observed under ordinary fluctuations. Hence, none of these studies supports simple austerity recipes aimed to restrict the public sector’s share of GDP in the hope that the private sector’s one will be enlarged.

As preliminary evidence, the post-shock GDP growth rates for Euro-countries, UK and US (see figure 1), have largely followed a common “double dip” pattern with high cross-correlation (only Ireland and Greece seem on

a track of their own). There are also some quantitative differences across countries highlighted on the graph. Hence, data suggest the presence of common Transatlantic driving factors together with country-specific factors.

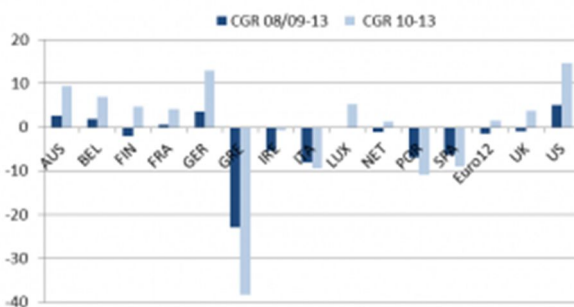
Figure 1. Year growth rates, 2008-13



Source: Eurostat, online database AMECO

The data indicate that after the second dip, growth rates are improving. Is this the true start of catching up with the pre-crisis ordinary state of affairs? “For Europe, recovery is within sight” President Barroso said in his State of the Union Address (September 11, 2013). As a matter of fact, in 2013 four Euro-countries are still dwelling in negative territory or almost zero growth (Greece, Italy, Portugal, Spain). The others are on the track of very weak growth (Germany included) with respect to, say, the US. A better gauge of the overall recovery process is provided by the compound growth rate (CGR) from the first year of recession (2008 or 2009) to 2013: if negative, it indicates a net output loss, if positive a net output gain.

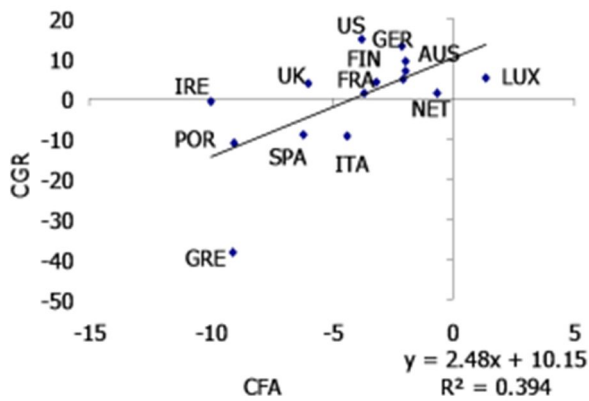
Figure 2. Compound growth rates 2008/09-2013



Source: Personal elaborations on Eurostat, online database AMECO

The Euro12 group as a whole is still lagging behind the pre-crisis GDP level by 1.4%. In fact, only three countries have gained a (small) additional output in five years (Austria, Belgium, Germany), and only three have barely caught up with their initial level (France and Luxembourg). The others, at foreseeable growth paces, will take *years* just to regain the pre-crisis level of GDP. All in all, there is not much ground for optimism or for declaring the end of the Recession war in Europe. How are fiscal policies related to *these* facts? In the first place we need some measure of austerity. The ratio of the cyclically adjusted primary budget over GDP has become common use. This (net of thorny technical problems) may be a good measure of the government *intended fiscal stance*. However, a better measure of the actual impact of fiscal variables on the economy is the year change of the primary deficit over the current GDP[3]. Hence I measure fiscal austerity in year t as $FA_t = (F_t - F_{t-1})/Y_t < 0$, where F is the primary deficit and Y is GDP, both in current euros[4]. In a medium-term perspective after the 2009 shock, Figure 3 provides the correlation graph of the cumulated FAs ($CFAs$) with the $CGRs$ of the Euro-countries. United States and United Kingdom have been added for comparison. There are a few interesting facts to consider.

Figure 3. Cumulated austerity and compound growth rates 2010-13

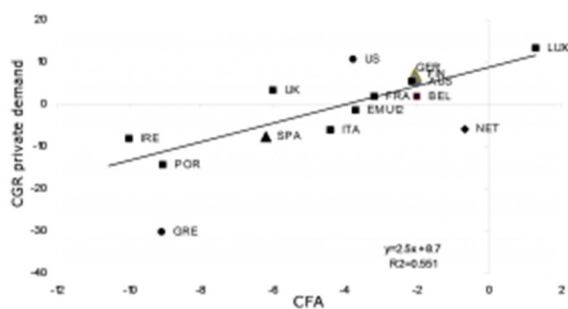


Source: Personal elaborations on Eurostat, online database AMECO

First, as of 2013 all countries (except Luxembourg) have built up a negative *CFA* as a result of a sequence of austerity doses. The five most financially distressed countries (Euro5: Greece, Ireland, Italy, Portugal, Spain) stand out for the strongest treatment, ranging from 4.4% of Italy to about 10% of Ireland, Portugal and Greece (the three under Troika treatment). Second, statistically there exists a significant *positive* relationship between the two variables. Hence the countries with the largest net output losses (the Euro5 countries) are also those with more cumulated austerity. Contrary to the orthodox narrative, these differences in fiscal policies matter: they account for about 40% of the cross-country variance in growth performances. The interpolation line indicates that the critical dosage of *CFA* that has triggered net output losses has been 4%, with 1% of additional *CFA* associated with 2.5% net output loss. This figure may provide a first quantitative hint for the notion of *excess* austerity (e.g. De Grauwe and Ji, 2013). It may be argued that severe austerity was a necessity for countries under sovereign debt attack; however, this does not justify the imposition of austerity as a global uncoordinated policy.

As recalled above, the pillar of growth-friendly austerity policies is “crowding in”, that is, the substitution of more private expenditure (especially durable and capital goods) for less public expenditure. A simple and direct test, though seldom pursued, is provided by data on the GDP components. Following the same medium-term approach as above, figure 4 shows the compound growth rate of total private domestic expenditure *vis-à-vis* *CFAs*.

Figure 4. Correlation between *CFA* indicators and the compound growth rates of private expenditure, 2010-13



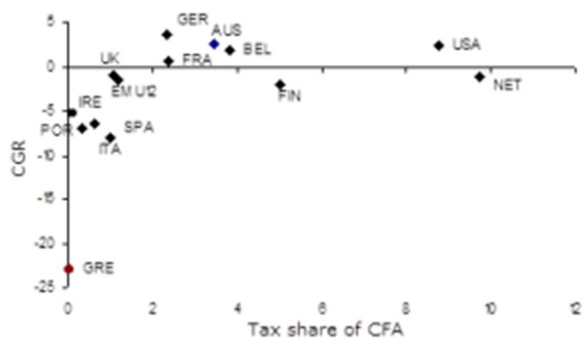
Source: Personal elaborations on Eurostat, online database AMECO

The “crowding in” area (the north-west quadrant) contains 7 of the 15 cases, 4 of which display a “crowding in” effect (the ratio with *CFA* smaller than 1. These are also countries with relatively low net fiscal restrictions (except perhaps the UK). The other 8 cases fall in the Keynesian area of “general crowding out” (south-west). Overall, a *positive* correlation prevails across all countries. Along the interpolation line, the *CFA* beyond which “crowding in” has vanished is about 4%. Notably, this is the same value that in figure 2 marks the point where *CFAs* have triggered net output losses. Then, on average, 1% of additional public sector’s restriction has been associated with 2.5% of net loss of private expenditure. Again, differences in *CFAs* account for 55% of the observed differences in the compound growth of private expenditure[5].

As recalled above, in the pro-austerity literature “composition matters”. Accordingly, the recessionary effects of austerity are attributed to a composition unbalanced towards higher taxation instead of lower expenditure.

However, inspection of the relevant data on the composition of *CFA*s does not lend support to this view. See figure 5. A virtuous austerity policy wants a tax share of *CFA* smaller than 1 (or negative); a tax share larger than 1 indicates that the *CFA* has been obtained by *increasing taxation more than expenditure*. Contrary to widespread beliefs, the countries with more virtuous composition of *CFA*s are those in the Euro5 group (for Ireland, Portugal and Greece this may actually be the effect of the Troika therapy). Nonetheless they are suffering the worst net output losses. All the other better performing countries have let expenditure grow and have increased taxation more than proportionally.

Figure 5. Correlation between the tax share of *CFA*s and compound growth rates

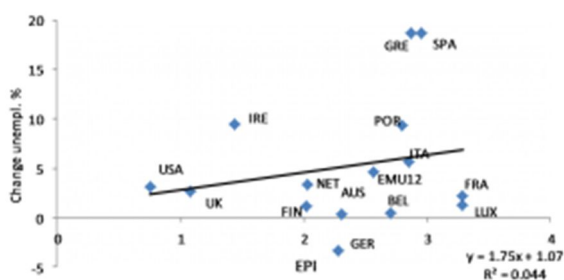


Source: Personal elaborations on Eurostat, online database AMECO

Finally, the other standard disclaimer in the pro-austerity narrative is that undesirable effects on unemployment may arise owing to labour market rigidity; if large losses of employment are observed, these are more the result of rigidities than of austerity *per se*. cursory inspection of standard labour market statistics does not lend much support to these argument in two respects. The first is that there is not much evidence that labour markets have remained rigid in the face of falling output and rising unemployment. Wage deflation has been substantial in the most austere countries. The second is that differences in rigidity across countries amount to a thin explanation of differences in unemployment performances. Rigidity is a difficult concept to render operational. It combines institutional factors with other factors that condition the functioning of the labour market in specific economic circumstances. From the former point of view, OECD offers a well-known set of indicators, the Employment Protection Indicators (EPI)[6], which are widely used by labour researchers for comparative analyses. A high value of the indicator provides a measure of rigidity in terms of legislations and regulations that may hamper wage changes and/or workers mobility across jobs and sectors.

To gauge how this dimension of labour market rigidity may relate to differences in unemployment performance across countries during the crisis, I have elaborated a synthetic index for each country based on two EPI: “Strictness of employment protection; Individual and collective dismissal (regular contracts)” (version 3), and “Temporary employment” (version 3).[7] My index is the average of the average value of the two EPI from 2008 to 2013 (actually, EPI have remained constant or have changed very little in this period of time). The relationship between this rigidity index and the change of unemployment is shown in figure 6.

Figure 6. Labour market rigidity index and change of unemployment rate 2007-13



Source: elaborations on OECD Employment Protection Indicators

If *some* countries with higher index display a greater increase in unemployment than *dosome* countries with lower index, this pattern is far from providing an exhaustive explanation of the differences in unemployment performance. True, the more flexible economies of US and UK have obtained relatively smaller increases in unemployment, but the majority of the Euro-economies, with much higher indices, have done no worse, or even

better. The amazing performance of Germany is not associated with a lower than average EPI. The much worse unemployment performance of the Euro5 countries seems unrelated to significant differences in rigidity with respect to the other Euro-partners.

To conclude, there is persistent confusion around the crucial issue of austerity and growth standing in the way of policymaking in the Monetary Union. Critics and defenders of austerity have in mind different problems and different perspectives. Critics may have too a short-term perspective, but the orthodox pro-austerity arguments fail to address, and are inconsistent with, the available evidence about austerity and growth in the Euro-countries five years after the Great Recession. How long is the long run?

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Wirtschaftspolitik der Koalition in spe

Ein gefährlicher Großversuch

25.10.2013 · Die geplante große Koalition bereitet einen waghalsigen Großversuch mit der deutschen Volkswirtschaft vor. Er ist gefährlich und töricht zugleich. Die Rechnung wird nicht aufgehen.

Von DIETRICH CREUTZBURG

Artikel [Lesermeinungen](#) (57)

88,56

Die geplante große Koalition bereitet einen waghalsigen Großversuch mit der deutschen Volkswirtschaft vor. Einst war es nur Sache der Jusos, am laufenden Band Vorschläge zur Erprobung der Belastungsfähigkeit der Wirtschaft zu produzieren und damit die eigene Regierung zu traktieren.

Heute übernimmt die Regierungspartei SPD diese Rolle - und die Union spielt offenbar ergeben mit. Sie hat der Einführung des gesetzlichen Mindestlohns schon zugestimmt. Sie hat zugestanden, dass Betriebsräte mehr mitreden sollen, wenn Betriebe Aufträge an Dienstleister oder Zulieferer vergeben. Und da sie der SPD auch zugesteht, dass deren Diagnose einer immer ungerechteren Arbeitswelt richtig sei, hat sie auch keine klaren Argumente gegen die Einschränkung von Zeitarbeit und befristeter Beschäftigung.

Gefährlich und töricht

Die künftige Regierung wird also ausgiebig erproben, wie viele neue Regeln sie beschließen kann, bis die wirtschaftliche Entwicklung sichtbar Schaden nimmt. Vorher wird sie kaum zu dem Ergebnis kommen, dass ein Zustand gesetzlich nicht mehr steigerbarer Gerechtigkeit eingetreten sei. Das Experiment ist leider gefährlich und töricht zugleich, weil es jenseits gewerkschaftlicher Interessen und parteipolitischer Kalküle bisher keine überzeugende Begründung dafür gibt.

Nichts deutet darauf hin, dass sich die Verdienstmöglichkeiten von Arbeitskräften in Deutschland in den vergangenen Jahren verschlechtert hätten. Die Summe der gezahlten Arbeitslöhne hat sich stetig und deutlich erhöht. Das ist zum Teil auf die gestiegene Gesamtzahl der Beschäftigten zurückzuführen. Es ist aber gerade nicht so, dass dabei auch der Anteil der Beschäftigten im sogenannten Niedriglohnbereich zugenommen hätte. Vielmehr geht er, selbst gemessen an den jährlich steigenden „relativen“ Schwellenwerten, in jüngster Zeit zurück.

Mindestlohn hilft nicht bei Armutsbekämpfung

Daneben gibt es eine wirksame Mindesteinkommenssicherung für Arbeitnehmer. Wer mit seiner Arbeit, ob Teilzeit oder Vollzeit, nicht genug für den Lebensunterhalt verdient, dessen Lohn wird durch staatliche Zuschüsse aufgestockt. Und diese sind so bemessen, dass stets schon ein kleiner Arbeitsverdienst unter dem Strich finanziell lohnender ist als Arbeitslosigkeit.

Das zeigt, dass der Mindestlohn wenig mit schierer Armutsbekämpfung zu tun hat. Wohl aber wäre er ein heikler und am Ende kostspieliger Eingriff ins bestehende Fördersystem. Die mit der Agenda 2010 einst neu gestaltete Einkommenssicherung folgte dem Grundsatz, dass der Staat besser Arbeit fördere als Nichtarbeit. Das wird nun kassiert. Zwar weiß niemand genau, wie viele Arbeitsplätze ein Mindestlohn vernichten wird. Klar ist jedoch: 8,50 Euro als zwingende Untergrenze für ungelernete Hilfskräfte sind höher als das, was Tarifparteien für richtig halten; nach Zählung der Arbeitgeber sehen derzeit 41 Tarifverträge geringere Einstiegsgehälter vor.

Zweitens: Wer geringe Stundenlöhne verbietet, richtet damit gar nichts gegen geringe Monatslöhne aus Teilzeitarbeit und Minijobs aus. Im Gegenteil - da sie weiter mit Aufstockung bezuschusst

werden, wandelt sich die bestehende Einkommenssicherung auch noch zum staatlich finanzierten Förderprogramm für kurze Arbeitszeiten.

SPD will „neue Ordnung“

So stärkt man nicht wirtschaftliche Wertschöpfung, die Steuern und Beiträge für absehbar steigende Sozialausgaben tragen soll. Und doch ist der Mindestlohn nur der Anfang des Experiments. Nebenbei stimmen sich die Koalitionäre darauf ein, die Kräfteverhältnisse in den Unternehmen insgesamt zugunsten von Betriebsräten, Gewerkschaften und Sozialpolitik zu verschieben. Die Beschränkung von Zeitarbeit und Werkverträgen soll im ganzen Lohnspektrum oberhalb von 8,50 Euro eine „neue Ordnung“ schaffen, wie es die SPD nennt.

Sie soll Unternehmen anhalten, ihre Geschäftsorganisation mehr an gewerkschaftlichen Idealen auszurichten. Hier geht es auch darum, alte Errungenschaften gut gestellter Kernbelegschaften gegen Ausweichreaktionen abzusichern - selbst wenn das Unternehmen nur weitere tariflich gesicherte Arbeitnehmer einsetzen will, deren Errungenschaften vielleicht etwas weniger den ökonomischen Gesetzen widersprechen. Hier tritt das bereits totgeglaubte Tarifkartell plötzlich wieder auf den Plan; nun aber ist der Staat als Kartellbruder dabei.

Die Rechnung wird nicht aufgehen

Die größte Gefahr des bevorstehenden Experiments ist allerdings, dass ein Fehlschlag nicht gleich als solcher erkannt werden wird. Wer kann bei einem sich allmählich beschleunigenden Anstieg der Arbeitslosigkeit und einer stockenden Wirtschaftsleistung schon genau belegen, was die Ursachen sind? Erst wird man debattieren, ob nicht eine Stärkung der Nachfrageseite durch staatliche Konjunkturprogramme und Lohnkostenzuschüsse an Unternehmen die Lösung sei. Und da die Union nicht mehr geübt ist, Marktwirtschaft zu buchstabieren, werden es lange und zähe Debatten sein.

Derzeit verfährt sie nach dem selbstbetrügerischen Motto: Freie Hand für die SPD, solange keine Steuererhöhungen vereinbart werden. Die Rechnung geht aber nicht auf. Am Ende sinkt die Beschäftigung, und die Steuern müssen steigen. Deutschland ist nicht auf dem Weg, ein gerechteres Land zu werden. Es steckt wieder in derselben Entwicklung, an deren Ende einst die Agenda 2010 „alternativlos“ war.

Quelle: F.A.Z.

10/25/2013 05:37 PM

EU Apathy

Leaders Fail to Make Progress at Summit

By Christopher Alessi

88,58

This week's European Council summit was sidelined by new accusations of US spying in Europe. But despite the distraction, it's clear EU leaders have deferred plans for greater integration, and lack the political will to address pressing concerns like migration.

Ahead of talks in Brussels this week, [European Union](#) leaders said they planned on tackling some tough issues. But as the event drew to a close on Friday, it was clear they had failed to push ahead with their once-bold agenda for deeper fiscal and political integration. The quarterly European Council summit also made little headway on data protection reform or creating a coherent policy to address the divisive issue of migration.

This is likely because, after four years of [crisis](#), the embattled euro zone's prospects are gradually improving and market pressures have abated -- in no small part due to the European Central Bank's commitment last year to "do whatever it takes." As a result, experts say, European leaders have lost the incentive to tackle the politically sensitive issue of developing an authentic political and fiscal union to complement the monetary one.

"The political and fiscal plans are basically off the table. There would need to be another major crisis to bring them back," says Zsolt Darvas, a senior fellow at the Brussels-based Bruegel think tank. Darvas suggests that a loss of market confidence in the highly-indebted Italian economy, the euro zone's third largest, could be the one wild card that would force the EU to refocus on fiscal coordination.

Despite an effort to synchronize national budgets through last year's Fiscal Compact, EU leaders have for the moment shelved proposals for establishing a joint European budget through the development of a European treasury, mutualizing debt, and creating a European unemployment benefits system, among others. "Fiscal coordination is not fiscal union," says Darvas.

"The debate has stalled because the urgency has decreased, because the crisis is over in the eyes of the media," says Karel Lannoo, CEO of the Center for European Policy Studies, citing recent reports on [Spain's](#) fragile recovery. "But has the economic situation changed so much?"

While the beleaguered southern European country technically emerged from recession in the third quarter of this year, eking out growth of 0.1 percent, the overall picture remains clouded. Spanish unemployment dropped only slightly from 26.3 percent to 26 percent. Quarterly growth in the whole euro zone averages about 0.2 percent per quarter, while euro area unemployment hovers around 12 percent.

Leaders Use Summit to 'Congratulate Themselves'

Beyond fiscal issues, "There is no political will at the moment to pursue political integration over justice, borders, or foreign policy," says Judy Dempsey, a senior associate at Carnegie Europe. She cites the rise of euro-skepticism and the far-right throughout Europe, which makes it difficult for governments to pursue pan-European policies.

Nonetheless, the EU did officially agree earlier this month to give the [ECB](#) supervisory powers over euro-zone banks, the first step in developing a so-called [banking](#) union. While a banking union is a vital component of further European integration, EU leaders have yet to agree on a number of important elements that would make such a union truly effectual: first and foremost, a joint resolution mechanism for addressing weak euro-zone banks. EU leaders used the summit to "congratulate themselves on the banking union, but did not progress in other fields," says Lannoo.

Still, while scant, progress was made on moving forward with the banking union, Darvas argues. "There was an agreement to reach an agreement on the resolution mechanism by the end of the year at the finance ministry level," he says. Following recent pressure by the ECB and warnings that some euro banks will likely fail upcoming stress tests, a compromise could be on the horizon. Even Germany, which has resisted a scheme that would force national governments to guarantee loans to struggling euro zone lenders, "might be willing" to shift its stance, says Darvas.

Ultimately, the summit was overshadowed by allegations that US intelligence agencies had monitored German Chancellor Angela Merkel's cell phone. Goals to develop a European digital economy and a solution to the issue of migration -- one of the most politically controversial issues in the EU -- were addressed rhetorically, but little was achieved substantively.

The main public takeaway of the gathering, says Dempsey, was a commitment by Germany and France to hold talks with the United States over its spying practices. Following the summit, Merkel and French President Francois Hollande called for the development of a new transatlantic agreement over intelligence gathering.

10/25/2013 04:13 PM

Reality Check

Germany's Defective Green Energy Game Plan

A Commentary By Alexander Neubacher

88,60



Germany pretends to be a pioneer in the green revolution. But its massively expensive *Energiewende* has done nothing to make the environment cleaner or encourage genuine efficiency. One writer argues: Either do it right, or don't do it at all.

So, perhaps you've heard about Germany's heroic [green revolution](#), about how it's overhauling its entire energy infrastructure to embrace renewable energy sources? Well, in reality, our chimney stacks are spewing out more than ever, and [coal](#) consumption jumped 8 percent in the first half of 2013. Germans are pumping more climate-killing CO2 into the air than they have in years. And people are surprised.

Why coal, you might ask? Aren't Germans installing rooftop [solar](#) panels and [wind turbines](#) everywhere? What's being done with the billions of euros from the renewable energy surcharge, which is tacked onto Germans' power bills to subsidize green energy and due to rise again soon? This is certainly not how we imagined the *Energiewende*, Germany's push to abandon nuclear energy and promote [renewable sources](#), which Chancellor Angela Merkel's government launched in 2011 in the wake of the Fukushima disaster.

This same government acts as if this coal fever were merely a growing pain or transitional problem. But that's not true. Instead, it stems from structural flaws in the *Energiewende*. Renewable energy and the coal boom are causally linked. The insane system to promote renewable energy sources ensures that, with each new rooftop solar panel and each additional wind turbine, more coal is automatically burned and more CO2 released into the [atmosphere](#).

Counterincentives Galore

Indeed, Merkel's *Energiewende* is morphing into an environment killer. It burdens the climate, accelerates the greenhouse effect and causes irreversible damage.

Take the **fluctuation/storage problem**: Sun and wind sometimes provide an abundance of electricity, and then nothing at all -- depending on the time of day and the weather. When they are pumping out lots of power, however, very little of the surplus can be stored because there is a lack of appropriate technology and the incentives to develop it.

German law stipulates that renewable energy always has priority in the grid. When gaps emerge in the electricity supply, though, they have to be bridged by conventional power plants. Unfortunately, these are

usually not gas plants, but ones burning cheaper coal. As long as there are no storage facilities for green electricity, every wind turbine and every rooftop solar panel will cast a dark shadow.

And then there is the **brake on investments**: The price of electricity at noon used to be particularly high due to the large demand. Today, it's often particularly low because large amounts of solar power are flowing into the grid. Subsidized and privileged solar electricity is forcing other power plants out of the market. Only cheap coal can compete on price. Nearly all plans for the construction of new, better and more efficient power plants have been shelved. Nobody invests in facilities that don't pay off. Instead, the energy companies are drawing as much electricity as possible from their power plants that are slated to be phased out.

Likewise, there is the dilemma over **the right to pollute**: Germany's efforts to promote green energy are colliding with the European emissions trading system. Every kilowatt hour of renewable energy frees up emissions allowances.

These allowances are regrettably not discarded, but are instead sold and used elsewhere to offset pollution by the Spanish cement industry, Polish lignite plants and German steel mills, for example. All of the wind turbines, rooftop solar panels, hydroelectric and biogas plants in Germany have not reduced CO2 emissions in Europe by a single gram. On the contrary, they have helped lower the price of emissions allowances on the European carbon market -- much to the delight of Europe's dirtiest industries.

And let's not forget the **bureaucracy monster**: German bureaucrats have come up with over 4,000 different subsidy categories for renewable energy, apparently adhering to the principle that what is particularly expensive has to be lavishly subsidized. As a result, a large proportion of the subsidies are used to support highly inefficient technology, such as solar parks in regions of eastern Germany that receive relatively little sunlight and wind turbines far off Germany's North Sea coast.

The bureaucratic system also puts the brakes on innovation. Little research is conducted in areas in which no subsidies beckon. Technical progress is hobbled by the ploddingly predictable imagination of civil servants.

Change It, or Ditch It

Unfortunately, the debate on the *Energiewende* revolves almost entirely around costs. Germany is about to get a new coalition government -- and one without the business-friendly Free Democrats. But the future government has to do much more than just continue to squabble over the financial details. It has to remedy the fundamental design flaws; and, if it doesn't, the *Energiewende* will lose its legitimacy.

Granted, it's annoying that switching to renewable energies is driving up the price of electricity. But it can't be avoided. Still, if the *Energiewende* turns out to be a climate killer, it would be better to call the whole thing off.

Translated from the German by Paul Cohen

EU Leaders Diverge on Migration Policy

Draft Statement Indicates Little Progress to Be Made at Summit

By MATINA STEVIS Updated Oct. 25, 2013 9:46 a.m. ET

88,62

BRUSSELS—European Union leaders failed to make any concrete progress Friday to [reform the bloc's migration policy](#), following several deadly shipwrecks in the Mediterranean in recent weeks.

While expressing deep sadness for the lives lost and agreeing to "principles" on how to improve migration policy in the EU, they said that short-term solutions to manage the refugee crisis building in the Mediterranean would be discussed in December. A more in-depth discussion wouldn't come until June next year.

Hundreds of migrants and refugees from Africa and Syria have drowned in the shipwrecks in the Mediterranean over the past few weeks, with the worst claiming some 370 lives two weeks ago off the coast of the Italian island of Lampedusa.

"Confronted with such suffering we are all upset, yet we also know migration flows are complex phenomena," Herman Van Rompuy, the president of the European Council, said after the second day of a regular EU leaders' meeting in Brussels.

As had been expected, he said EU leaders had asked a newly formed "task force for the Mediterranean" to make specific recommendations on how to better tackle migration flows and save lives in southern and eastern sea borders of the EU, but didn't commit additional funding.

Mr. van Rompuy said he wanted the task force, made up of specialists from the European Commission, the EU's executive, and the European External Action Service, the EU diplomatic agency, to deliver "concrete proposals for more efficient use of existing funds."

Leaders attending the talks in Brussels offered divergent views on how to deal with arriving migrants. Their statement at the end of the meeting made it clear that they were in no hurry to radically change the system, which has strained the relationship between Mediterranean countries such as Italy, Spain and Greece—the first port of arrival for many migrants—and Northern countries reluctant to take in more refugees.



A group of migrants from the Maghreb region wave after being rescued by the Spanish navy, at the harbor of Almeria, Andalusia region, Spain, on Oct. 17. *European Pressphoto Agency*

Even though the EU has abolished border controls between most of its 28 member countries, it doesn't have a universal, shared migration policy. Instead, countries at the bloc's external borders deal with the vast majority of migration flows and aren't allowed to send migrants to countries further inland to share the burden more evenly.

Finland's Prime Minister Jyrki Katainen said the EU's existing migration policy was "very good," but that the bloc should work closely with other countries to crack down on human trafficking. He said more needs to be done to [avoid tragedies involving migrants at sea](#).

"We have to work more to avoid a similar situation as we saw in Lampedusa," he said.

"Human trafficking is the most severe problem," Mr. Katainen said, urging the EU to focus on that through cooperation with non-EU countries.

Austrian Chancellor Werner Faymann signaled more openness to an overhaul of the current system. The EU should put together a system of quotas for the allocation of refugees across member states, he said, and extra financial aid to countries at the EU's external borders was just a temporary solution.

But Mr. Faymann said that coming up with a common EU policy on migration would take "a long time and a lot of discussions."

The idea of quotas based on EU countries' relative sizes and ability to cope with migrants has been floated in the past but never won broad support.

"We didn't make—or discuss in detail—any qualitative changes to the current refugee rules today. This question of quotas comes up from time to time. I believe that we have to discuss this in peace and I can't give a positive comment on this today," German Chancellor [Angela Merkel](#) told reporters after the meeting ended. She added that the focus should be on "short-term measures that can actually help now off Lampedusa."

Migration isn't just a matter for the Southern European countries at the EU's external borders, but one for the whole EU, said Lithuanian President Dalia Grybauskaitė. But she also stressed that accepting refugees and migrants "cannot be in collision with our social-security" system, echoing complaints by other EU leaders about the impact of migration on national budgets already strained by Europe's financial crisis.

Migration was the final item on the agenda of the summit, which has been dominated by [allegations that the U.S. tapped the cellphone of German Chancellor Angela Merkel](#).

—Frances Robinson and Gabriele Steinhauser contributed to this article.

An der Basis wächst die Verzweiflung

26.10.2013 · Ein halbes Jahr vor den Kommunalwahlen treten immer mehr sozialistische Bürgermeister aus der Partei Hollandes aus. Sie wollen nicht mit dem Namen des Präsidenten in Verbindung gebracht werden.

Von MICHAELA WIEGEL, PARIS

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88,64



© AP Ein republikanischer Monarch? François Hollande

„François Hollande benimmt sich wie ein republikanischer Monarch“, schreibt der Bürgermeister der Pariser Vorstadt Fleury-Merogis am Freitag zum Abschied. „Ich verlasse die Sozialistische Partei!“ Ein knappes halbes Jahr vor den Kommunalwahlen macht sich Panik unter den sozialistischen Bürgermeistern breit. Die Unzufriedenheit über Hollandes Führungsstil ist so groß, dass die Bürgermeister fortan fürchten, mit dem Namen des Präsidenten in Verbindung gebracht zu werden.

Kurz vor David Derrouet am Freitag hat der Bürgermeister von Conflans-Saint-Honorine, einer sozialistischen Hochburg bei Paris, Philippe Esnol, seinen Parteaustritt bekanntgegeben. „Tod den Verrückten!“, twitterte Esnol den Parteifreunden. Gemeint war Hollande und seine Führungsclique, die nach dem Empfinden des Lokalpolitikers jeglichen Kontakt zur Realität verloren haben.

Schon lange gärt es in der Sozialistischen Partei, klagen Abgeordnete und Kommunalpolitiker über den Zickzackkurs ihres Präsidenten, der den Wählern nicht zu vermitteln sei. Aber seit dem blamablen Fernsehauftritt Hollandes vergangene Woche hat die Verzweiflung einen Höhepunkt erreicht. Ein Berater aus dem Elysée-Palast fordert eine „kopernikanische Wende“. Der sozialistische Fraktionsvorsitzende Bruno Le Roux jammert, ganz allein könne er die Präsidentenmehrheit nicht zusammenhalten. Premierminister Jean-Marc Ayrault hat versucht „ein Machtwort“ zu sprechen, über das sich die Anwesenden schon über Twitter lustig machten, als er noch redete. Präsident Hollande hat nach einer Woche immerhin ausgemacht, worauf das Fiasko der Leonarda-Affäre zurückzuführen ist. Er hat nicht etwa zerknirscht zugegeben, dass es besser gewesen wäre, hätte er auf die Fernsehansprache verzichtet.

„Der Präsident hört auf niemanden“

Stattdessen hat er über Berater mitteilen lassen, wie erzürnt er über die privaten Informationssender sei. Die hätten die Wirkung seiner salomonisch gemeinten Worte verpuffen lassen, indem sie eine Liveschaltung nach Mitrovica organisiert hätten – ohne den Präsidenten darüber zu informieren. Insbesondere den Nachrichtenkanal BFM Info macht Hollande dafür verantwortlich, dass seine Ansprache nicht die erhoffte Wirkung erzielte. BFM hatte nämlich das 15 Jahre alte Roma-Mädchen Leonarda direkt nach der Übertragung aus dem Elysée-Palast um eine Stellungnahme gebeten. Das keinesfalls scheue Mädchen schleuderte dem Präsidenten dann sofort eine wütende Absage entgegen, sie komme keinesfalls ohne ihre Familie nach Frankreich zurück. Der Präsident habe kein Herz, fügte Leonardas Vater hinzu. Die Franzosen sahen dem Spektakel des „Live-Schlag austauschs“ zwischen dem Roma-Mädchen

und dem Staatspräsidenten ungläubig zu. Hollande habe nicht damit gerechnet, dass Leonarda interviewt werden würde, heißt es dazu aus dem Elysée-Palast.

Von Hollandes „Medienberater“ Claude Sérillon, der gern auch „das Phantom vom Elysée“ genannt wird, ist bislang kein Kommentar zu dem Fiasko bekannt. Unklar ist, ob der Berater den Präsidenten überhaupt beraten hat. „Der Präsident hört auf niemanden“, stöhnte ein anderer Berater. Noch einen zweiten Schuldigen hat Hollande ausgemacht: den sozialistischen Parteivorsitzenden Harlem Désir. Désir hatte dem Präsidenten gleich nach dessen Ansprache widersprochen und die Rückkehr der gesamten Familie bis auf den Vater nach Frankreich gefordert. „Das hat es noch nie gegeben, dass ein Parteichef dem Staatschef widerspricht“, empörte sich Minister Stephane Le Foll. Seither lassen führende Sozialisten durchsickern, dass Désir nach den Europawahlen an der Parteispitze ausgewechselt werden solle. Eigentlich steht die Wahl des Parteivorsitzenden erst 2016 an.

Aber im stillen hoffen viele Sozialisten, dass Désir bei den Europawahlen ein schlechtes Ergebnis erzielt. Der Parteichef tritt im Großraum Paris an. Eine Wahlblamage wäre der passende Vorwand für einen Personalwechsel, sagte ein Abgeordneter. In der Fraktion wächst der Ruf nach einer inhaltlichen Klärung. „Soweit ich mich erinnern kann, haben wir vor der Präsidentenwahl kein einziges Mal über unsere Einwanderungspolitik diskutiert“, sagte der Abgeordnete Jean-Jacques Urvoas. Es sei an der Zeit, eine klare Linie für die Präsidentenmehrheit festzulegen. „Unser Problem ist, dass wir nicht wissen, wohin wir steuern“, sagte der Abgeordnete Malek Boutih.

Jörg Asmussen

Deutscher EZB-Direktor: Das Schicksal des Euro entscheidet sich in Rom

26.10.2013 · Nicht in Berlin, Paris, Brüssel oder Frankfurt werde sich entscheiden, was aus dem Euro wird, sondern in Rom, sagt der deutsche EZB-Direktor Asmussen. Er setzt auch auf ein neues politisches System in dem Land.

[Artikel](#) [Bilder](#) (1) [Lesermeinungen](#) (9)

88,66



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Jörg Asmussen

Der deutsche Direktor der Europäischen Zentralbank, Jörg Asmussen, hat Italien aufgerufen, selbst mehr für Wirtschaftswachstum zu tun und dabei vor allem weitere Strukturreformen durchzuführen. Höhere Wachstumskräfte entstünden nicht, „indem man abwartet, bis sich das Blatt wirtschaftlich wendet“, sagte er als Preisträger „Alumnus des Jahres“ an der Universität Bocconi in Mailand. Dort hatte Asmussen im Jahr 1992 seinen Master-Titel in Business Administration erworben.

Zugleich betonte Asmussen allerdings, ihm sei um die Zukunft der drittgrößten Volkswirtschaft der Europäischen Währungsunion nicht bange. „Reformen werden zu Wachstum führen und das Wachstum zu Nachhaltigkeit bei den Schulden“. Ein lebendiges Unternehmertum und „womöglich auch das Entstehen eines neuen politischen Systems“ seien vielversprechend.

Er erinnerte aber auch daran, dass das Land seit der Jahrtausendwende wirtschaftlich vor sich hin dümpelt. Und merkte an, Italien sei schlicht „zu groß, um von außen gerettet zu werden“. Es müsse die Wende selber schaffen.

Er setze darauf, dass das italienische Volk bei den Reformen mitziehe. Das Schicksal des Euro sei in diesem Sinne eng an das Schicksal Italiens gekoppelt. „So gesehen entscheidet sich nicht in Paris, Berlin, Frankfurt oder Brüssel die Zukunft des Euro. Sie entscheidet sich in Rom.“

10/29/2013 11:51 AM

France's 'Leftist Sarko'

Popular Minister Rankles Ailing Socialists

By Mathieu von Rohr

88,67

While President Hollande's authority crumbles, his interior minister, Manuel Valls, has become France's most popular politician -- much to the chagrin of his own party.

It's not a good Monday morning for Manuel Valls, France's interior minister and star of its Socialist government. He looks tense as he sits in the studio of the Europe 1 radio station. His suit is perfectly tailored, as always, but his handsome face seems tired. He is frowning and looks irritated.

Valls has come to the station to defend his boss, French President **François Hollande**, who has damaged his own reputation in an absurd way in recent days. Hollande has few enthusiastic supporters anymore. The **French economy** is ailing, and the president is seen as indecisive. And now even the little authority he still has is in jeopardy, all because of a **Roma** girl named Leonarda Dibrani.

The 15-year-old was **deported to Kosovo** in early October after her family's **asylum** application was rejected. The police had picked up Leonarda from a school outing, which triggered outrage among the left. Valls, on the other hand, defended the police's actions.

Once again, Hollande was forced to resolve a deep conflict within his government: His choice was to either allow the family to return and not support Valls, or to confirm the legality of the deportation and arouse the ire of his party's left wing.

The president managed to choose a third -- and even worse -- option. In a televised address from the Elysée Palace, of the sort normally reserved for important affairs of state, he declared that Leonarda, "and only she alone," would be allowed to return to France. The family, however, would be denied re-entry.

After airing Hollande's statement, the TV stations went live to Leonarda in Mitrovica, as if the whole thing were a giant reality show. She responded that the president was "heartless" and that she wasn't a "female dog." Once again, in trying to satisfy all parties involved, Hollande had only infuriated everyone.

The only person Hollande could send before the media last Monday was Valls. Paradoxically, the country's most popular politician was being forced to defend France's highest-ranking and most unpopular man, while hiding the fact that he does not approve of Hollande's decision either.

The interior minister sits out his 12 minutes in the studio, praises Hollande's "generous gesture" to the girl and says: "I think the criticism of the president is very unfair." If he weren't visible on camera, and if the audience could only hear his deep, reassuring voice, he would almost sound believable. Valls is a professional who was in charge of communication in Hollande's election campaign. At a certain point, the show's host says: "You're really doing great here today."

On the Far-Right of the Left

The story of Manuel Valls is one of a rapid ascent. In a country whose political class is now despised, the interior minister still manages to garner high approval ratings, most recently at 56 percent. Hollande is stagnating at a historical low of 23 percent, while Prime Minister Jean-Marc Ayrault and the rest of Hollande's government aren't faring much better.

For months, Valls' fellow cabinet ministers have had to endure positive media stories about him. The weekly news magazine *Le Nouvel Observateur* once dubbed him the "vice president" on its cover, though France's parliamentary system has no such office. According to a new poll, Valls stands a better chance of winning the 2017 election than Hollande does. This is the kind of news that arouses envy among his fellow Socialists.

They are suspicious of Valls because one source of his popularity is his general disregard for the traditionalist mainstream of the French left. Many Socialists doubt that he is even one of them in spirit. In Germany, Valls stances would make him one of the many conservative members of the country's center-left Social Democratic Party (SPD). But, in France's Socialist Party, he is viewed as a right-winger in disguise.

In 2008, a collection of interviews with Valls was published under the title "Enough With the Old Socialism. It's Time to Finally Be a Leftist!" When he ran in the Socialist Party presidential primary in 2011, he proposed removing the word "socialist" from the party's name, abolishing the 35-hour workweek and lowering labor costs. The result: He only captured 6 percent of the vote.

When the party came into power in May 2012, it had spent years in the opposition, and yet the renewal of the party Valls had championed largely failed to materialize. This is one of the reasons the Socialist Party is struggling so much in the government today. "The problem with the left is that once it is in power, it starts theorizing over what it should do," Valls once said. "I wish it had done that beforehand."

Valls, on the other hand, sees himself as a hands-on politician, especially when it comes to dealing with immigration, which is naturally part of his job as interior minister. Indeed, with his tough stance on immigrants, he often sparks disagreements within the government. In many respects, he differs only slightly from his conservative predecessors. "Security is neither left nor right," he says.

His uncompromising approach to the Roma is especially controversial. Although there are only 15,000 to 20,000 Roma living in France, they are a perennial issue in domestic politics. Like the government under former President [Nicolas Sarkozy](#) did, Valls has had the authorities destroy illegal Roma camps and expel their residents, a policy for which the European Court of Human Rights recently condemned France. In September, Valls said that "only a minority of Roma want to integrate," and that their lifestyle conflicts with that of the French population. According to a survey, 77 percent of the French agreed with Valls.

Minister of Territorial Equality and Housing Cécile Duflot, a member of Europe Ecology - The Greens, promptly accused him of jeopardizing "the republican pact." As is always the case when there is strife, Hollande chose not to comment on the spat within the left, which went on for days.

Hollande knows that he cannot do without his only minister still capable of mustering enthusiasm. He needs Valls to fend off the right-wing populist National Front, which could become the strongest force in the 2014 European and communal elections. And this explains why Valls is currently spending so much time on the road.

Charisma through Seriousness

It's early October in a gray suburb of Chambéry, in the Alpine foothills of the Savoy region. As Valls walks along a street lined with concrete blocks and concrete towers, women wave to him enthusiastically from balconies, while men shake his hand below. A woman in a headscarf forces her way through the crowd and shouts: "I voted for you!"

The minister holds his folded hands in front of him like a shield. He is surrounded by dozens of reporters and members of his delegation, and is protected by beefy bodyguards. It's the kind of commotion that only a president usually generates.

Valls isn't a tall man, but he looks significantly younger than 51. With his black hair, penetrating gaze and strong chin, he exudes the virility of a police officer. In the kind of survey that can only exist in France, the magazine *Elle* asked its female readers in July which minister they would like to sleep with. Valls emerged victorious, with a 20 percent lead over Arnaud Montebourg, the flamboyant minister of industrial renewal.

Although he rarely smiles, Valls exudes the air of a reliable father and family man. He has four children, is divorced and has been married to the attractive violinist Anna Gravoine for three years. In August, a photo of the attractive couple kissing appeared on a spread in *Paris Match*.

The minister can be gruff in his interactions with others and isn't particularly outgoing. When he was working as the press spokesman of former presidential candidate Ségolène Royal, he sometimes pushed aside photographers as forcefully as if he were Royal's bodyguard.

A Divisive Mayor

Valls never seems entirely relaxed in his interactions with the public. On this day in Chambéry, he wants to demonstrate that security is one of his priorities. He visits a police station and then a shopping arcade, where he shakes hands with a woman who runs a kiosk, a barber and an Arab butcher. "How are you?" he asks. "Good, until now," says the butcher. Then Valls walks over to the pharmacist, who complains about the fact that there are too few customers and too many foreigners.

"You can't lose touch with the reality of people's lives," Valls says.

A year ago, he installed a "priority security zone" in Chambéry, where police officers are now patrolling with video cameras on their chests. In a nearby administrative building, citizens dutifully give the visitor from Paris their accounts of local successes on such issues as integration, vandalism and Islamism.

But then a woman blurts out that there is still great insecurity in the city, and that the drug trade and vandalism have actually not subsided. The city representatives try to stop her, but she is undeterred. "And Mr. Minister, what you said about the Roma was right." Valls thanks the woman for speaking her mind. And then he says to the group: "You don't have to claim that everything is going well just because the minister is here!"

Before becoming a cabinet minister, Valls was mayor of Évry, a city on the outskirts of Paris. It has a large population of young people, immigrants and blue-collar workers. A video from his days as mayor shows Valls walking through the local flea market. There are many dark-skinned people in the picture, and Valls says: "Now this is a nice picture of Évry. Come on, give me a few whites, a few blancs, a few blancs."

The video caused a stir, but Valls didn't apologize. Instead, he said that he was opposed to ghettoization, that the population had to be mixed, and that there should also be blacks living in white upper-class neighborhoods. Indeed, Valls describes himself as "one of those leftists who speaks the truth," or part of the "efficient left." He earned a reputation as a law-and-order politician in Évry, where he doubled the size of the police force. He also fought plans to build a supermarket offering halal products.

The 'Leftist Sarko'

Perhaps one reason Valls is so uncompromising toward immigrants is that he is one himself. He was born in Barcelona to a Catalan father and a Swiss mother from the Italian-speaking canton of Ticino, and he only became a French citizen at 20. He grew up in France, he notes, at a time when it "wasn't as hip to be Spanish as it is today." This is the furthest he'll go in talking about difficulties. He is not a man who likes to offer insights into his own feelings.

Thanks to his parents and the French republican school system, he learned to be a Frenchman, and he doesn't stop declaring his love for his adopted country. "You have to be proud to be a Frenchman, to be part of this nation, with its great history," he says. As mayor, he introduced ceremonies for new citizens in which the French national anthem, "La Marseillaise," was sung.

Despite his patriotism, Valls is proud of his origins and doesn't try to hide them. Unlike other French ministers, he also gives interviews in Spanish and Catalan. When he was recently asked on a Barcelona radio station whether a Catalan could become France's president, he replied that "it is possible" although the question isn't being raised. He did note, however, that Nicolas Sarkozy "was of Hungarian origin."

Valls is often compared with Sarkozy, and some even call him the "leftist Sarko."

They both have foreign roots and a penchant for law and order in common. But they also share another important trait: Both launched their careers without having attended France's elite École Nationale d'Administration (ENA). When Valls was once asked what he and Sarkozy had in common, he replied: "Energy."

At the moment, Valls is doing his best to veil his big ambitions. But it's quite possible that Hollande will appoint him prime minister soon if one day he tries to embark on a new beginning. Hardly anyone doubts that Valls will run for the presidency again in the future. But if Hollande runs again, which is widely expected, Valls will have to wait until 2022.

At the end of the day in Savoy, Valls visits a national firefighters' convention, where he is greeted with great enthusiasm. The men demonstrate their skills, using a helicopter to simulate a rescue from the roof of a building. When he walks into a concession stand, they don't let him leave without a beer in his hand. The interior minister seems at ease in this world.

When he arrives in front of the convention building, the firefighters stand at attention for him, there is marching music and he inspects the rows of firefighters like a commander in chief. He looks a little like someone practicing for a future role.

10/28/2013 01:23 PM

European Reform

Merkel's Surprising New Ally in Brussels

By Peter Müller, Christoph Pauly, Christian Reiermann, Michael Sauga and Christoph Schult 88,71

In her third term, Chancellor Angela Merkel hopes to shape her legacy -- by reforming the European Union and reinvigorating the Continent's economy. Now she's found an unexpected ally in Social Democrat Martin Schulz, but the two have a long road ahead of them.

It happened over dessert at a recent dinner in the European Council building in Brussels. Just before midnight, German Chancellor Angela Merkel did what European leaders have wanted her to do for months: She showed leadership. The chancellor said the euro countries must become more competitive, and argued the European Commission's controls have been insufficient, that "a stronger commitment" is needed. Furthermore, the "social dimension" could not be ignored, she said. Europe needs a "qualitative leap."

In her third term, Merkel -- who is also the head of Germany's center-right Christian Democratic Union (CDU) and will soon rule her country in a coalition with Germany's second-biggest party, the Social Democrats (SPD) -- is determined to become the chancellor of Europe. In the recent German elections, more Germans voted for her party than ever before. The *Economist* has called her "Europe's dominant politician." Merkel is convinced that she is now favorably positioned to advance the project that she hopes will become her political legacy: the reform of the European Union.

For the time being, the threat of the euro's collapse has been averted and, for the first time in years, the economy in the euro zone is showing new signs of life. But Merkel also knows the crisis could reignite at any time -- from France to Italy, parties skeptical of the euro are gaining ground; reforms are faltering in many debt-ridden countries; banks are hesitant to lend money.

This has prompted the chancellor to prepare a European reform offensive, and she already knows how to achieve her goal. Together with her likely new coalition partners, the SPD, she now intends to tackle more social issues with her European policy. There is talk of programs to address issues ranging from youth unemployment to tax evasion, and of the creation of a separate euro-zone budget to promote growth. In return, Brussels would receive more rights and thus greater control over the fiscal and economic policies of member states. Merkel intends to carry on with her controversial doctrine of demanding reforms in exchange for money, albeit with a Social Democratic -- ie. progressive -- tint.

An Unexpected New Ally

She has already set her sights on who will be her most important ally in this project: European Parliament President Martin Schulz. Schulz who is a member of the SPD, is now carrying out coalition negotiations on European policy with an eye to both SPD interests and his next career move. First, Schulz wants to become the socialists' top candidate in the European elections next May. And if he secures enough votes, he plans to seek the powerful position of European Commission president.

If this happens, Merkel would finally be rid of the current, unpopular Commission President José Manuel Barroso, whom she formerly supported. At the same time, she and Schulz could then jointly initiate reforms aimed at promoting growth and competition.

The reforms are urgently needed. At an early October preparatory meeting for the Brussels summit, Nikolaus Meyer-Landrut, Merkel's European policy advisor, made it clear that things must change in Europe. A representative of the European Central Bank (ECB) presented a series of charts showing a significant decline in

the competitiveness of many EU countries in the last seven years. Crisis-ridden countries like Greece, Cyprus and Portugal are among those who have dropped down, whereas, in the same period, Germany advanced from eighth to fourth place, putting it just behind Switzerland, Singapore and Finland.

A total of 131 recommendations for improving economic dynamism were made to the member states of the monetary union last year. But, as ECB Director Jörg Asmussen said at a meeting of top officials from the member states in early June, implementation has been lacking. "Last year, only 10 percent of the European Commission's country-specific recommendations were implemented," Asmussen now says publicly.

The European Commission, on the other hand, is defending the current system. "It works," says EU Monetary Affairs Commissioner Olli Rehn, noting the euro zone has achieved "an unparalleled deepening of economic integration." He adds, "In the last three years, we have made a quantum leap toward more coordination of economic policy."

Cash to Encourage Cooperation

The German government does not agree with the ECB and Asmussen says the lack of implementation shows "the processes of economic policy coordination, which are correct in principle, aren't working properly." Europe needs more coordination and better implementation, Asmussen argues. "It makes little sense to constantly come up with new ways to coordinate economic policy if the existing ones aren't being applied."

Chancellor Merkel now intends to use financial incentives to encourage member states to follow the recommendations. Under a proposal she and French President François Hollande unveiled last May, countries that signed agreements to implement extensive programs would be enticed with fresh money from a new fund.

Officials at the German Finance Ministry are working feverishly on finding ways to ensure the new "solidarity mechanism" could work. The aid payments would be tied to strict conditions while also being "limited and depressive." In other words, payments would decline as the reforms become increasingly successful.

Where Does the Money Come From?

The experts are considering two monetary sources for the new fund. Revenues from a planned tax on financial transactions could be sent to Brussels, and a portion of the EU's own funds could also be diverted.

No decisions have been reached yet on the proposal, or on the amount of money in the new fund. However, Finance Ministry officials are aware such far-reaching resolutions could lead to a separate budget for the euro zone -- a step which, for Merkel, was long a taboo.

That could now change, partly because it will make the SPD more compliant in the upcoming coalition negotiations. Given recent policy papers by the two sides of the negotiations, the new Berlin coalition government's policy will likely involve no euro bonds -- proposed government bonds jointly issued by euro zone nations -- but more money for growth programs and additional powers for Brussels.

Two Secret Friends

And thus Merkel -- affectionately known in her ranks as *Mutti* (Mommy) -- has chosen European Parliament President Schulz as a new favorite. Openly, the SPD politician claims "Angela Merkel is not by best friend." But when the microphones are switched off, the two politicians speak with one another with great respect.

Schulz meets the chancellor regularly in Berlin, and they exchange text messages, hammering out compromises, most recently over the EU supplementary budget. They are even in general agreement over the path to a stronger monetary and economic union.

Last Wednesday, Schulz met with Finance Minister Wolfgang Schäuble in Berlin. The CDU politician advocated expediting cooperation among the euro countries in economic policy and changing the Lisbon Treaty -- an agreement which amended the constitutional treaties of the EU and was implemented in 2009 -- to do so.

Schäuble wants to give the European Commission more power and appoint a European finance minister with the power to intervene in nation budget decisions. He also favors the establishment of a euro parliament in which representatives from the countries of the monetary union and members of the national parliaments monitor the decisions of the European Commission, making a time-consuming constitutional convention and referendums unnecessary.

An Important Connection

As European Commission president, Schulz would be an important connection for the grand coalition. He is a close friend of SPD Chairman Sigmar Gabriel, but could also benefit Merkel. Next year's European Parliament election will be the first held under the terms of the Lisbon Treaty, meaning its outcome must be taken into account when nominating the Commission president from among the member states' 28 heads of government.

Having assiduously collected allies, the 57-year-old Schulz is a favorite for the position. He expects broad support in the European Parliament and the European Council, well beyond the ranks of the family of social democratic parties. Merkel knows this and, given that Schulz has the confidence of French President François Hollande, hopes he could help restart the stuttering German-French relationship.

Complicated Politics

Merkel has only one problem: As head of the CDU, she cannot openly support the SPD politician. Although they are future coalition partners, the CDU/CSU and the SPD will still campaign separately in the European elections.

The leaders of the conservative European People's Party met last Thursday to discuss the upcoming European election and many advocated sending their own conservative candidate into the race against Schulz. But Merkel, together with European Council President Herman Van Rompuy, expressed reservations over this approach. She wants to leave the door open to deciding who will be her favorite for the influential Commission post.

It is clear that Merkel will need the help of German Social Democrats to achieve her agenda in Europe. At the EU summit last week, European leaders debated for more than an hour over which economic and social criteria will figure in the planned agreements to foster competition.

But many politicians from the European left are unhappy with the overall direction of the debate. As Austrian Chancellor Werner Faymann put it, "The Austrian parliament will not agree to an oppressive contract, merely because of the prospect of a reward."

Le droit du sang n'est pas sanguinaire ... mais le droit du sol automatique est suicidaire

88,74

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À l'occasion du débat sur la réforme du “droit du sol”, “le pacte républicain” et “les acquis révolutionnaires” ont de nouveau été érigés en rempart contre la montée des périls. Car, comme chacun sait, bien que la réforme du droit du sol soit soutenue par 72% des français et 48% des sympathisants de gauche¹, les dernières propositions « nauséabondes » de Jean-François Copé font le triste jeu du FN. Élémentaire chers concitoyens.

“*Le droit du sang, ça, ça n'est pas la République*” s'est étranglé Jean-Marc Ayrault le 23 octobre à l'Assemblée. Quant à Noël Mamère, il avait du mal à digérer une soupe aussi rance : “*Remettre en cause le droit du sol, c'est une forme de barbarie moderne*“. Mais c'est Patrick Devedjian qui a remporté la palme du contre-sens historique: “*Le droit du sol est un acquis de la Révolution française, un fondement du pacte républicain*“.

En réalité, le “jus sanguinis”, qui semble faire si peur à nos élites, est un héritage du droit romain qui permet, encore aujourd'hui, à l'écrasante majorité des Français d'acquérir leur nationalité sans considération de leur lieu de naissance. Rien d'antirépublicain ou de républicain à cela. Quant au “jus soli”, il apparaît dans la constitution du 3 septembre 1791 (sous la monarchie constitutionnelle), mais la “qualité” de français était déjà reconnue sous l'Ancien régime à tout individu né en France. C'est sous le Consulat, dans le code civil, que Bonaparte a restreint le droit du sol. Louis-Napoléon Bonaparte est d'ailleurs revenu sur la décision de son oncle en 1851, non pas parce que la France est une terre d'accueil mais parce que, selon le spécialiste de la question Patrick Weil, cela permettait à beaucoup d'immigrés d'échapper au service militaire.

Difficile dans ces conditions d'invoquer la République pour imposer une chape de plomb au débat sur la réforme du droit du sol. La plupart des médias qui n'en veulent pas vont dès lors appliquer, tout en sous-entendu, un petit bijou de *reductio ad hitlerum* en trois étapes:

1. La réforme du droit du sol équivaut à un retour au droit du sang.
2. Or le droit du sang est une spécificité de l'Allemagne (qui y a en fait renoncé en 2000) et du programme du FN.

3. Donc il ne faut pas réformer le droit du sol.

Conclusion imparable pour ceux qui n'auraient pas compris : l'UMP fait le jeu du Front national, les français préféreront toujours l'original à la copie. Et hop on passe au sujet suivant!

Il y a dans cette conclusion deux énormités reprises par Jean-Marie Le Pen en personne : le FN serait forcément "l'original", et les français voteraient toujours pour l'original. Frappé par cet interdit au cours de la campagne de 2007, Nicolas Sarkozy avait trouvé la formule pour y échapper : *"Si Le Pen dit "le soleil est jaune", devrais-je dire qu'il est bleu ?"* Lui aussi en campagne, son rival François Fillon n'a pas dit pas autre chose cette semaine au *Parisien* : *"On a une intégration un peu trop homogène qui pose des problèmes considérables (...) si on ne lance pas le débat sur le droit du sol, on aura un FN à 23-25% (...) L'immigration est un vrai problème qu'il serait fou d'exclure du débat public."*

Autrement dit, discuter des modalités d'acquisition de la nationalité française, ce n'est pas faire le jeu du FN, c'est au contraire le priver du monopole qu'il a sur cette question. Malheureusement, c'est seulement une fois toutes ces précautions oratoires prises qu'il devient possible d'aborder le fond du débat: donner une carte d'identité à un enfant né en France de parents étrangers suffit-il pour l'insérer (ou l'intégrer) dans le système socio-politique français ? Sans doute, mais au même titre qu'une carte Vitale permet de s'insérer dans le système de sécurité sociale. Mais une carte d'identité ne suffit plus pour assimiler la culture française. S'approprier l'identité française, c'est avant tout "vouloir vivre ensemble" (Renan), participer à un plébiscite qui "s'acquiert par la langue" (Lévinas) se transmet par l'école et par l'armée. Connaissant l'état de ces deux institutions, Guillaume Peltier, vice-président de l'UMP, a proposé, non pas un retour au droit du sang intégral, mais l'instauration d'un "droit du choix" qui remettrait en cause l'automatisme de la nationalité française à 18 ans. Un peu sur le modèle du "serment civique" inscrit dans la constitution de 1791. N'en déplaise à Patrick Devedjian...

**Photo ; FAYOLLE PASCAL/SIPA. 00657021_*

October 30, 2013

Italy: The Nation That Crushes Its Young

By BEPPE SEVERGNINI



88,76

My son Antonio just turned 21 years old, and I'm worried. Not only is his generation of young Italians grappling with the longest economic slump in modern times, but they also have to deal with us, their fathers and mothers.

I've taken to calling us the *Generazione Pitone*, the Python Generation. We refuse to give ground, and instead slither forward and ingest everything in our path. We have stamina. We are selfish. We have a soundtrack (that's why Bruce Springsteen is still touring). And now that we're getting old and retiring, we cost plenty.

America's baby boomers are not alone in the world. Every Western country produced a substantial postwar generation that has no intention of stepping aside.

But Italy is special. Old-age pensions swallow 14 percent of the country's gross domestic product and 57 percent of all social spending. No other country in Europe spends so much on making its past comfortable.

And the future? Unemployment among people ages 15 to 24 is a record 40.1 percent, while the number of people 55 or over who are still working has ballooned to 3.5 million from 2.8 million in just five years. Italy is no country for young men, apparently.

Italy is still one of the world's most attractive countries, a land graced by the arts and blessed by the weather; it is sumptuous at table and abounding in elegance. But clearly this is not enough. Many young Italians have begun to flee their iconic, pythonic homeland.

It would be sad if Italy's emigration went back to the way it was in the 1950s, when people had to leave for Northern Europe, the United States or Australia to feed their families. And yet that seems increasingly likely. About 60,000 move abroad every year, seven out of 10 taking a college degree with them.

Almost 400,000 graduates have left Italy in the past decade, and only 50,000 similarly qualified foreigners have arrived. This is not the healthy, free movement of people that the European Union was set up to encourage. This is a nation on the run.

Young Italians who leave to find a job sometimes do so at great risk. Joele Leotta was a 20-year-old waiter who had relocated from Lecco, in Lombardy, to the British town of Maidstone, southeast of London. He was kicked and punched to death by a gang of Lithuanian immigrants who accused him of stealing their jobs.

Even getting into the job market is challenging. Many simply give up. According to government figures, three million Italians — half of them young — have stopped looking for employment. That's a third more than the European Union average.

Part of the problem lies in the Italian legal framework. The Biagi law, a well-intended piece of legislation, has made the labor market more flexible. But the system it has created is based on short-term contracts, which undermines the market for stable, long-term jobs.

Internships, supposedly a way for businesses to help young people, have turned out to be a system in which young people help business by providing skilled, poorly paid labor. And then there's the paperwork: To hire an *apprendista*, or trainee, an employer must apply to 12 separate offices.

As a result, even those young people with jobs are hurting. The average salary for an Italian born in the 1980s is about €1,000 a month, or about \$1,375 — hence the media nickname *Generazione Mille Euro*. Not the sort of money that will get you a bank loan for your first home.

The previous and current governments — under the prime ministers Mario Monti and Enrico Letta — tried to sort this out. But economic stagnation is making a difficult task harder. Only two economies have grown less than Italy's between 2001 and 2011. One was Haiti, which continues to suffer from its 2010 earthquake, and the other was Zimbabwe, which continues to suffer from Robert Mugabe.

Silvio Berlusconi, who was Italy's prime minister for most of that time, had his own views on what young people could do to get ahead. When a 24-year-old woman named Perla Pavoncello asked him in 2008 on national television how she could start a family without a job, Mr. Berlusconi, the country's illusionist in chief, answered, "You should look to marry a millionaire, like my son, or someone who doesn't have such problems." He then added, "With that smile of yours, you could even get away with it."

But the real problem is the stranglehold of the Python Generation. "La classe dirigente" — the Italian ruling class — is Europe's oldest: the average bank chief executive is 69 years old; court presidents, 65; and university professors are on average 63.

We have all the good jobs, and we're not giving them away, even as we get old enough to move into a well-pensioned retirement. The intergenerational contract, the thread that binds society, needs to be re-knotted.

One of the 77-year-old Mr. Berlusconi's nicknames is "The Caiman," a creature not known for its delicacy. We pythons are younger and subtler. By applying and maintaining sufficient pressure, pythons eventually cause their prey to succumb from asphyxiation.

Thirty years ago we were finishing our education, settling into jobs and sniffing out the future. Back then, we wanted to achieve a better world. Today, it's a better car. We can call that progress, but it isn't. Just ask our children.

Beppe Severgnini is a writer and columnist for Corriere della Sera.

INTERNATIONAL NEW YORK TIMES

Herdentrieb: So funktioniert Kapitalismus. Ein Blog



Die Euro-Krise muss nicht immer weitergehen

VON Dieter Wermuth 30. OKTOBER 2013 UM 12:50 UHR

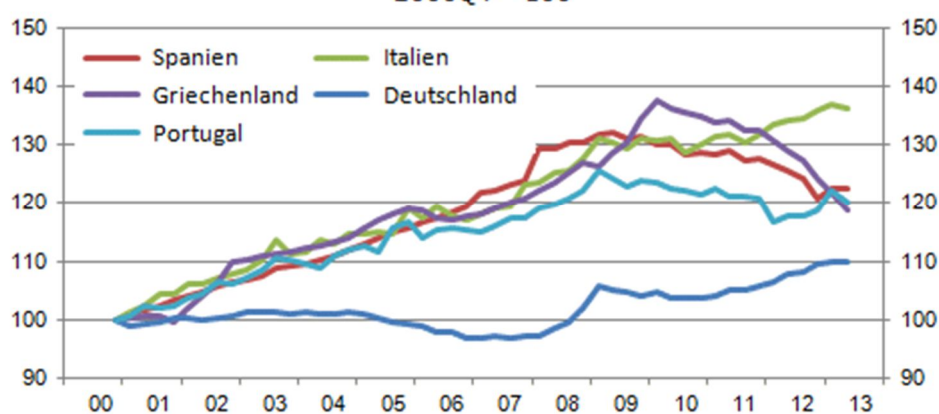
88,79

Am Montag hatte Wolfgang Münchau in der *Financial Times* die These aufgestellt, dass die Euro-Krise nicht beendet werden kann, wenn sich die Rahmenbedingungen nicht ändern. Den Krisenländern werde es nicht gleichzeitig gelingen, die Wettbewerbsfähigkeit nachhaltig zu verbessern – indem sie Ressourcen von den Binnensektoren in die Außensektoren umlenken und gegenüber den Handelspartnern real abwerten – und die staatlichen Schulden auf ein erträgliches Niveau zu reduzieren. Da es keinen Plan gebe, mit dem das bewerkstelligt werden kann, wird die Euro-Krise weitergehen. Die Marktteilnehmer, die in letzter Zeit eine Liebesaffäre mit dem Euro angefangen haben, machten daher einen Fehler.

Finde ich nicht. Die Umlenkung der Ressourcen läuft inzwischen auf Hochtouren. Vereinfacht gesagt, die Löhne und Gewinne in den Sektoren, die mit dem Ausland konkurrieren (die für den Export produzieren oder Importe ersetzen) steigen rascher als in den Binnensektoren, etwa der Bauwirtschaft. Zudem nehmen die Löhne, bereinigt um Produktivitätseffekte, also die sogenannten Lohnstückkosten, in der Gesamtwirtschaft langsamer zu – oder sinken seit einigen Jahren sogar – als in den anderen Euro-Ländern. Die relativen Preise verändern sich sowohl im Inland als auch gegenüber dem Ausland. So muss es sein.

Entwicklung der Lohnstückkosten in der Währungsunion seit 2000

2000Q4 = 100



*) saisonbereinigte Quartalswerte; für Griechenland berechnet aus gleitenden 4-Quartalsdurchschnitten der nicht-saisonbereinigten Werte

Quelle: Eurostat; eigene Berechnungen

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Der Erfolg dieser Strategien zeigt sich unter anderem daran, dass sich die Leistungsbilanzen von Italien und Spanien, den Ländern, auf die es wegen ihrer Größe letztlich ankommt, stark verbessert haben. Gab es vor der Krise, im Jahr 2008, noch Defizite in Höhe von 2,9 und 9,6 Prozent des BIP, rechnet der Internationale Währungsfonds in diesem Jahr für Italien mit einer ausgeglichenen Bilanz und für Spanien mit einem Überschuss von 1,4 Prozent. Griechenland hat sein Defizit im selben Zeitraum von 14,9 (!) auf ein Prozent reduziert, Portugal konnte sein Defizit von 12,6 in einen Überschuss von 0,9 Prozent verwandeln. In Irland gibt

es ebenfalls inzwischen einen positiven Saldo (2,3 Prozent). Nur in Frankreich will es nicht so recht klappen – aber das ist offiziell ja auch kein Krisenland. Für die Folgejahre rechnet der IWF durchweg mit zunehmenden Überschüssen.

| Leistungsbilanzsalden ausgewählter Länder der Währungsunion^{*)} | | | | |
|---|-------|------|------|------|
| <i>in Prozent des BIP</i> | | | | |
| | 2008 | 2013 | 2014 | 2018 |
| Griechenland | -14,9 | -1,0 | -0,5 | 1,1 |
| Irland | -5,6 | 2,3 | 3,1 | 3,5 |
| Italien | -2,9 | 0,0 | 0,2 | -1,1 |
| Spanien | -9,6 | 1,4 | 2,6 | 6,0 |
| Portugal | -12,6 | 0,9 | 0,9 | 2,3 |
| Deutschland | 6,2 | 6,0 | 5,7 | 4,6 |
| Frankreich | -1,7 | -1,6 | -1,6 | 0,0 |
| Belgien | -1,3 | -0,7 | -0,3 | 0,8 |
| Niederlande | 4,3 | 10,9 | 11,0 | 10,8 |
| Österreich | 4,9 | 2,8 | 2,4 | 2,4 |
| Finnland | 2,6 | -1,6 | -1,8 | -1,4 |
| Euroland | -0,7 | 2,3 | 2,5 | 2,7 |

*) 2013, 2014, 2018 Prognose des IWF
Quelle: Internationaler Währungsfonds

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Münchau moniert, dass sich Euroland auf Kosten der übrigen Welt saniere. Aber nichts ist normaler als das, wenn die Wachstumsunterschiede so groß sind, wie sie sind: Das reale BIP der Welt expandiert laut IWF 2013 im Vorjahresvergleich mit einer Rate von 2,9 Prozent, Eurolands BIP aber schrumpft um 0,4 Prozent. Die Weltwirtschaft wird verkraften, was sich bei den Leistungsbilanzen tut. Zudem vermindert sich ja auch das Risiko, dass ein Euro-Crash die globale Wirtschaft eines Tages aus der Bahn wirft. Ich habe im Übrigen noch nie gehört, dass sich die US-Regierung bei ihrer Wirtschaftspolitik um die Interessen der übrigen Welt Gedanken macht.

Ein positiver Saldo in der Leistungsbilanz bedeutet im Übrigen, dass ein Land netto ein Kapitalexporteur ist und damit seine Auslandsschulden abbaut (das gilt für die Krisenländer) oder sein Auslandsvermögen weiter erhöht (Deutschland, Niederlande). Gläubiger freuen sich bekanntlich, wenn Schuldner gesund sind. Wie wir am Beispiel Japans sehen, nehmen Anleger auch gewaltige Staatsdefizite hin, wenn ein Land nicht auf Nettokapitalimporte aus dem Rest der Welt angewiesen ist: Obwohl die Bruttoschulden dort in diesem Jahr 244 Prozent des BIP erreichen, liegen die Renditen zehnjähriger Papiere (“JGBs”) zur Zeit bei nur 0,6 Prozent. Der Rückgang der zehnjährigen italienischen und spanischen Renditen von über sieben Prozent vor nicht allzu langer Zeit auf etwas über vier Prozent heute ist für mich ein Zeichen, dass den Regierungen Italiens und Spaniens zugetraut wird, dass sie ihre Schulden bedienen können.

Es fällt ihnen natürlich nicht leicht. Noch steigen die Schuldenquoten, weil das nominale Sozialprodukt entweder nur langsam zunimmt oder sogar zurückgeht, während die staatlichen Defizite einfach nicht verschwinden wollen. Die Regierungen der Krisenländer verfolgen teilweise eine extrem pro-zyklische Finanzpolitik: Sie versuchen die Ausgaben einzuschränken und gleichzeitig die Einnahmen zu steigern. Damit bremsen sie die Konjunktur. Tendenziell führt langsames Wirtschaftswachstum bekanntlich zu steigenden Defiziten im Staatshaushalt.

Spanien liefert für diesen Zusammenhang ein besonders dramatisches Beispiel: 2012 war das Sozialprodukt gegenüber 2011 um 1,7 Prozent gesunken, das staatliche Defizit belief sich 2012 auf 10,6 Prozent – es hatte gegenüber dem Vorjahr weiter zugenommen. Von 2011 auf 2012 erhöhte sich dadurch die Schuldenquote des Staates von 70,4 auf 85,9 Prozent des Sozialprodukts und hatte damit ein gefährliches Niveau erreicht. Vor der

Krise lag die spanische Quote weit unter der Marke von 60 Prozent, der Schuldenobergrenze im Maastricht-Vertrag, und das Land galt als wirtschaftspolitischer Musterschüler.

| Staatl. Schuldenquoten in ausgew. Ländern der Währungsunion^{*)} | | | | | | |
|---|-------|-------|-------|-------|-------|-------|
| <i>Bruttoschulden des Staates in Prozent des BIP</i> | | | | | | |
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Deutschland | 74,5 | 82,4 | 80,4 | 81,9 | 80,4 | 78,1 |
| Frankreich | 79,2 | 82,4 | 85,8 | 90,2 | 93,5 | 94,8 |
| Italien | 116,4 | 119,3 | 120,8 | 127,0 | 132,3 | 133,1 |
| Spanien | 54,0 | 61,7 | 70,4 | 85,9 | 93,7 | 99,1 |
| Griechenland | 129,7 | 148,3 | 170,3 | 156,9 | 175,7 | 174,0 |
| Portugal | 83,7 | 94,0 | 108,4 | 123,8 | 123,6 | 125,3 |
| Irland | 64,4 | 91,2 | 104,1 | 117,4 | 123,3 | 121,0 |
| Euroland | 80,1 | 85,7 | 88,2 | 93,0 | 95,7 | 96,1 |

*) 2013, 2014 Prognose des IWF
Quelle: Internationaler Währungsfonds

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Die Krisenländer helfen sich angesichts ihrer Schuldenberge damit, dass sie die Laufzeit der neuen Verbindlichkeiten stark verkürzen, teilweise auf bis zu drei Monaten. Damit profitieren sie von der Niedrigzinspolitik der EZB. Selbst Griechenland als schlechtester Schuldner kann sich Geld auf drei Monate zu rund vier Prozent leihen. Auch bei den europäischen Rettungsmechanismen – mit ihrer guten Bonität – sind Mittel preiswert zu bekommen, vorausgesetzt natürlich, dass sie die finanz- und strukturpolitischen Auflagen der Kreditgeber erfüllen – oder versprechen, sie zu erfüllen.

Für den Moment ist der Schuldendienst daher ein nicht so großes Problem, aber mit solider Haushaltsführung hat das nichts zu tun. Ebenso wenig kann man darüber glücklich sein, dass die EZB vermutlich auf Jahre hinaus nicht in der Lage sein wird, die Zinsen zu erhöhen. Die Staatsschuldenkrise wäre sofort zurück. Die Zinsen dürfen erst dann steigen, wenn die Konjunktur so gut läuft, dass die Haushaltsdefizite von allein verschwinden. Die EZB ist daher nicht so unabhängig, wie wir uns das wünschen. Sie ist de facto zu einem sogenannten Fiscal Agent geworden – sie muss, gewollt oder ungewollt – den europäischen Finanzpolitikern Flankenschutz geben.

Insofern hat Münchau recht: Es muss noch etwas Grundlegendes geschehen, damit die Euro-Krise endlich überwunden wird. Die institutionellen Rahmenbedingungen müssen nachhaltig gestärkt werden, damit aus dem jetzigen, nach wie vor anfälligen Währungssystem eine echte Währungsunion werden kann. Dazu gehören eine Vereinbarung über die Lastenverteilung bei der Abwicklung von Banken, eine eurolandweite Einlagensicherung, für die Rettungsfonds belastbare Durchgriffsmöglichkeiten auf die Finanz- und Strukturpolitik der Schuldnerländer, größere Schritte in Richtung Transfers von den reichen an die armen und/oder überschuldeten Länder, das teilweise Streichen von Staatsschulden – wenn auch nur in Form einer Streckung des Zins- und Tilgungsdienstes.

Es ist ein ziemliches Programm, und ich muss zugeben, dass auch mir, als ausgewiesenem Eurofan, bänglich wird, wenn ich mir die Liste der Probleme ansehe, die noch gelöst werden müssen. Ich kann nur hoffen, dass es schnell zu Fortschritten kommt. Euro- und fremdenfeindliche Parteien sind in Straßburg, Brüssel und in zahlreichen nationalen Hauptstädten auf dem Vormarsch. Für Manche sind die 19 Millionen Arbeitslosen ein Argument, dass der Euro abgeschafft werden sollte.

Optimism about an end to the euro crisis is wrong

88,82



By Wolfgang Münchau

The scale of the required adjustment is enormous and the IMF does not believe it will happen

Adjustment is the key to ending the eurozone crisis. The optimists are saying that this process of regaining competitiveness is now taking place. Look at the success of [the Spanish export sector](#) or the fall in Greek wages. And, in any case, the eurozone economy is rebounding, which helps further.

This judgment is profoundly wrong. It is true that the crisis countries have brought down their current account deficits. Italy and Spain are now running surpluses. Since Germany and the Netherlands have not brought down their current account surpluses, the [eurozone as a whole](#) has moved from an almost balanced current account in 2009 to a surplus this year of 2.3 per cent of gross domestic product, according to the International Monetary Fund's most recent estimates. The IMF puts the 2014 current account surplus at 2.5 per cent. **In other words, the eurozone is adjusting at the expense of the rest of the world.**

But while the eurozone is a fixed-currency regime internally, it is nothing of the sort externally. The currency does exactly what textbooks say it should: it keeps on rising, thus offsetting the improvements in the current account. **Last week the euro rose to more than \$1.38 against the dollar.**

You could put this rise down to the US budget crisis, or the Federal Reserve's [postponement of the tapering of its quantitative easing programme](#). And, sure enough, if the [eurozone's acute financial crisis](#) were to return, the euro would no doubt fall again as investors pull out. But if things continue as they are, I would expect the currency to remain strong, possibly even to overshoot. An overshooting euro would take care of the eurozone's current account surplus by raising the prices of its goods on global markets.

The rise in the exchange rate may persuade the European Central Bank to respond by cutting interest rates to negative levels and providing more liquidity to banks. This is generally a good thing. The main problem with the rise in the euro's external value is that it makes the internal adjustment harder. The crisis countries need to lower their export prices but the higher value of the euro raises the prices of exports to outside the eurozone. (The exchange rate does not, of course, affect intra-eurozone trade.)

Judging the progress the eurozone has made on internal adjustments is hard as you must disentangle effects happening concurrently. You cannot arrive at a firm conclusion by just looking at the improvement in Spanish export performance, for example. The latest IMF [World Economic Outlook](#) included such an analysis, suggesting the internal adjustment was mostly cyclical, not structural. This is an important observation, buried in a subsection, itself hidden deep in the report. It essentially says internal adjustment is not really happening. The rise in the exchange rate ends the scenario whereby the eurozone pulls itself out of trouble by running large and persistent current account surpluses against the rest of the world.

The IMF notes that eurozone internal adjustment requires two types of price change in crisis countries. First, the prices of non-tradeable goods – a haircut in Madrid – will have to fall relative to those of tradeable goods such as a Seat car. Second, the prices of Spanish tradeable goods would have to fall against those of non-Spanish tradeable goods elsewhere in the eurozone.

Different countries had different adjustment paths and most managed a relative improvement in their competitiveness. But the IMF asks whether this will continue. Probably not. **Adjustment was driven by the end of capital inflows. When cyclical conditions improve, which they will, current account deficits will return.**

Not only that. The IMF reckons that reducing net external liabilities to levels that would be considered healthy elsewhere would need "much larger relative price adjustments than implied by the need to reverse past unit

labour cost appreciation or to achieve current account surpluses”. **Put bluntly: the scale of necessary adjustment is absolutely enormous. The IMF does not believe that this is going to happen.** Its baseline 2018 forecast for Greece, Ireland, Portugal and Spain has the net foreign asset position – the gap between the assets they own abroad, and the assets foreigners own in their country – at less than minus 80 per cent of GDP. This is a level generally not considered sustainable.

Adjustment remains possible in theory, but a scenario in which the eurozone adjusts is inconsistent with stated policy. [Germany](#)’s new grand coalition will be fiscally less austere, but I see scenario under which Berlin reduces its current account surpluses over the next four years. Reform fatigue has befallen the crisis states. Adjustment on the scale the IMF is talking about is just not going to happen, not even with stronger than expected growth.

In a monetary union adjustment is hard without any transfers and without a fiscal union. I know of no plausible plan how the eurozone can manage the dual feat of economic adjustment and debt sustainability within the straitjacket of official policy. And as long as such a plan does not exist, the crisis is not over.

Santelli Stunned As Nobel Winner Fama Explains Fed Unwind "Is No Big Deal"



88,84

Submitted by [Tyler Durden](#) on 10/29/2013 22:52 -0400

If ever there was a few minutes of television to confirm the **deep-seated disconnect between reality and the ivory-tower academics pulling the levers behind the curtain**, CNBC's Rick Santelli just exposed it. For once, simple questions were enough to allow none other than Nobel-Prize-winning economist Eugene Fama to show Santelli (who did his best not to explode in incredulity) that *the "smartest people in the room" just don't get it (just as they didn't get it in 2007)*. Santelli was gracious and polite as he asked what the great professor's thoughts were on QE... *(and the entire brief clip is worth watching in its entirety)* but his conclusion is perhaps the most stunning (and left Santelli almost silent)... **when asked the impact of the Fed 'Tapering' or even selling down its \$4 trillion in assets, Fama calmly says "it's basically a neutral event... It's No Big Deal!"**Indeed, professor, that is so clear...

"What the Fed is doing now... is kind of a nothing activity."

VIDEO

Or the Hollywood version...

Average:

.83871

Your rating: None Average: 4.8 (31 votes)

"Evil, Populist" Nigel Farage Blasts Barroso: "We Don't Want Political Union"



VIDEO

Submitted by [Tyler Durden](#) on 10/29/2013 15:18 -0400

88,85

There is a fear stalking the corridors of European politics. It is not the surging unemployment in France, or record delinquencies in Spain, or all-time low credit creation across the region; it is the growing concern that the powers that be have from the **rise of Euroskepticism**. As UKIP's Nigel Farage exclaims to Barroso and his brood, "years ago, you were less worried... but **now we are "evil", "populists", we are "dangerous" and are going to bring down Western Civilization.**" As the outspoken Brit implores in this brief clip, there is nothing extreme in his views. "The real European debate is about identity," he notes, "what we are saying, large numbers of us from every single EU member state is: we don't want that flag, we don't want the anthem that you all stood so ram-rod straight for yesterday, we don't want EU passports, **we don't want political union.**" As Greece faces down its 3rd bailout and deflationary threats loom across the region, we suspect top-down and bottom-up angst will bubble back to the surface soon enough.

And here, [from El Pais](#), is a very enlightening graphic showing the considerable growth in "Extreme Right" parties across the entire European region:



Whether, as Farage has warned in the past, we remain on the verge of social unrest is unclear but for sure this is not the political union that Barroso pitches it to have become...

<http://www.slate.fr/story/79424/francois-hollande-tournant-social-democrate>

L'heure H: le moment clé de François Hollande est arrivé

88,87

Hollande, comme De Gaulle en son temps, doit aller à l'encontre de ce pour quoi il a été élu. Sa tâche? Répondre enfin à la conversion du socialisme français à la social-démocratie. Il doit démarxiser la gauche.

Publié le 29/10/2013

Mis à jour le 29/10/2013 à 13h33



- Bruxelles, le 25 octobre 2013. REUTERS/Laurent Dubrule -

Nous y sommes. C'est le moment clé du mouvement stratégique engagé par François Hollande. Il est sous les tirs croisés venus de son camp et de la droite. Peut-il s'en tirer?

Jean-Claude Casanova, le directeur de la [revue Commentaire](#), compare dans son dernier numéro François Hollande et le général de Gaulle avec l'Algérie. En 1958, le héros de la Libération revient au pouvoir porté par les partisans de l'Algérie française. Il dira «je vous ai compris», mais fera le contraire. Celui qui a le sens de l'Histoire en majuscule et connaît l'art de la manœuvre se résoudra vite à la décolonisation, il donnera son «autodétermination», c'est-à-dire son indépendance, à l'Algérie. Il allumera une rage parmi ses partisans, une révolte d'une partie de l'armée et un début de guerre civile avec l'OAS.

Hollande n'est pas de Gaulle. Bien sûr! J'entends les cris offusqués de certains lecteurs... Mais la conversion est la même: le sixième successeur du Général doit exécuter la même manœuvre: aller à l'opposé de ce pour quoi l'ont élu ses partisans à lui.

Jean-Claude Casanova nomme le mouvement: l'«ambiguïté pédagogique». C'est une expression douce, conforme au président actuel. L'Histoire lui commande, en effet, d'emmener en douceur le peuple de gauche vers la démocratie-sociale. Comme François Mitterrand, dira-t-on: la gauche de gouvernement a toujours dû agir plus au centre que ne l'est sa doctrine. C'est vrai. Mais pour Mitterrand, dans les années 1980, c'était surtout un choix corolaire: le «socialisme» ou l'Europe. François Mitterrand, contemporain de la Guerre,

a choisi l'Europe mais ce choix lui évitera de répondre à la question de la modernisation de la doctrine socialiste.

Le PS est reparti au XIX^e siècle, il faut le ramener au XXI^e

Peut-être que je le grandis, mais je crois que François Hollande a pour tâche de le faire, de répondre enfin à la conversion du socialisme français à la social-démocratie. Il doit démarxiser la gauche. Or, il hérite d'un parti qui, la faute en revient à tous les leaders socialistes –dont lui–, fait une analyse inverse de la crise: elle appelle au retour de la lutte des classes! Le travail «contre» le capital! Le PS était parti non vers le XXI^e siècle mais s'était réfugié dans le XIX^e siècle. La question centrale est, pour lui, celle des inégalités: il faut taxer les riches. Hollande élu est encombré de conseillers et de ministres qui pensent cela. Il a un Parlement où nombre de députés pensent cela.

Candidat, il a compris que la crise était sans doute plus complexe que ces raisonnements paresseux. Il promet peu. Il ose dire que le début du quinquennat sera dur et que les fruits ne pourront être distribués qu'après, dans la seconde partie. Il est prudent, certains diront déjà hésitant.

Le problème de François Hollande est qu'il n'est pas un intellectuel. C'est son drame fondamental. Il manque d'une vision. Comme il est réaliste et pragmatique, il comprend vite que le logiciel socialiste est mort. Mais il n'a rien à mettre à la place, que des tâtonnements et son goût des compromis. Il va au jugé des rapports de force. Homme des petites synthèses, il manque d'une grande Synthèse entre le socialisme et la modernité.

C'est ce manque qui explique que, malgré son programme prudent, il soit parti dans deux mauvaises directions. Entouré par un appareil socialiste vociférant contre les inégalités, les banques et le CAC40, il n'a d'abord pas vu que le problème principal de la France était sa faible compétitivité. Les entreprises gagnent non pas trop d'argent mais pas assez!

Il a toutefois vite corrigé le tir, dès l'été 2013, avec [le rapport Gallois](#). Le PS a fait glub! Beaucoup ne s'en sont pas remis qui voient encore dans cette «politique de l'offre», un «cadeau» au patronat. Ils accusent le social-traître Hollande d'avoir «cédé au lobby du Medef». Un vocabulaire XIX^e siècle.

L'autre erreur est budgétaire. Au départ, le même logiciel PS pousse à augmenter les impôts, ceux des riches, pour réduire le déficit. Taxer les riches, donnez aux autres et tout ira mieux! En outre, sur la réduction des dépenses, l'autre possibilité d'une politique de [rigueur](#), le président est sur les freins. Socialiste, il ne veut pas affecter ses électeurs fonctionnaires. Et puis les économistes lui conseillent d'y aller mollo. Avec la croissance nulle en 2012, des considérations keynésiennes justifiées demandent de ne pas trop réduire les dépenses publiques. La France risquait, comme l'Italie, de plonger dans la récession. La demande d'un délai à Bruxelles pour revenir dans les clous de Maastricht était légitime, elle a d'ailleurs été acceptée.

Cette politique où se mélange un fond de parti-pris contre les riches, une idéologie keynésienne et de l'électoratisme a donné le «[choc fiscal](#)» de 2012: 30 milliards d'impôts. Mais dans un pays record de taxes et de prélèvements, la mèche d'une révolte fiscale est allumée. En 2013, un tiers de l'effort a porté sur une réduction des dépenses, mais deux tiers restent du prélèvement et, cette fois, plus seulement sur les riches mais bien sur tout le monde, y compris la classe moyenne.

En 2014, le gouvernement espère que la reprise sera là, les considérations keynésiennes seront moins lourdes, et 80% de l'effort sera porté sur les économies, 20% sur les impôts. En 2015, a promis Hollande, 100% de la rigueur budgétaire sera sur la dépense.

Pourquoi attendre?

Le virage aura été total en trois ans, c'est trop long.

François Hollande va aboutir finalement sur une ligne de politique économique saine: la compétitivité et les réductions structurelles de dépenses. Mais l'«ambiguïté» aura été trop longue et la «pédagogie» absente. Nous avons d'un côté une majorité qui renâcle et peste matin et soir sur les TV contre un président social-démocrate, et de l'autre un climat de ras-le-bol fiscal qui frise l'insurrection.

Que peut faire François Hollande? Regagner une année et exiger que la «pause» soit pour 2014, comme il l'avait dit, avant d'être [incroyablement démenti par son Premier ministre](#). Quitte à avoir pris à revers le PS et sa majorité, il devrait accélérer dans la direction nouvellement prise. La compétitivité française n'est pas rétablie, loin de là, il faut aller plus loin. La réduction des dépenses devrait être l'occasion de faire des gains d'efficacité dans les services publics.

Il voulait être social-démocrate? Qu'il le soit franchement.

Une ligne économique claire (et sécuritaire, car [l'affaire Leonard](#) provoque le même schisme entre le réalisme et le gauchisme) a pour conséquence de demander un éclaircissement politique. François Hollande doit faire taire les oppositions permanentes qui maintiennent l'ambiguïté et font désordre.

Il est temps de donner des consignes fermes à cette trentaine de jeunes députés socialistes qui font les malins devant les caméras. Idem pour les élus écologistes qui ne doivent leur siège qu'à la grâce de Martine Aubry. Enfin, un gouvernement plus serré et idéologiquement uni bouclerait le dispositif.

François Hollande doit-il agir après les élections municipales? Pourquoi attendre? Le corps politique et le corps contribuable sont à vif.

Openess or revolt, Hollande must choose

30 October 2013

SLATE.FR PARIS

88,90



Alex Ballaman

Sagging in the polls, battered from both left and right and up against a surging wave of social protest, the French president has his back to the wall. His only way out is finally to “de-Marxify” the left, writes a columnist. Excerpts.

Eric Le Boucher

So, here we are. This is the key moment in the strategic manoeuvre that François Hollande started, and he is caught in the crossfire from his own camp and the right. Can he emerge from it still standing?

I believe that François Hollande’s task is to finally convert French socialism into social democracy: that he must de-Marxify the left. He has inherited a party that – and this is the fault of all socialist leaders including himself – has come up with a topsy-turvy analysis of the crisis, calling for a return of class struggle! The struggle “against” capital!

The Socialist Party (PS) has not entered the 21st century. Instead, seeking refuge, it has crawled back into the 19th. For it, the central question is inequality: the rich must be taxed. Following his election Hollande has been hobbled by advisers and ministers who believe this. He presides over a parliament filled with politicians who believe this.

As a candidate, Hollande understood that the crisis was undoubtedly more complex than this lazy reasoning would have it. He didn’t promise a lot. He dared to say that the start of the five-year term would be hard, and that the fruits would not ripen until the second half. He is prudent – some would say [a ditherer](#).

Lack of intellectual clout

The problem with François Hollande is that he is not an intellectual, and it is his fundamental weakness. He lacks a vision

The problem with François Hollande is that he is not an intellectual, and it is his fundamental weakness. He lacks a vision. Realistic and pragmatic, he was quick to grasp that the socialist software had become obsolete, but he has nothing to put in its place, except trial-and-error and a taste for compromise. He makes guess-timates on the balance of power. A man of small cobbled-together compromises, he has no grand compromise to offer between socialism and modernity.

It is this absence that explains why, despite his cautious programme, he has headed off in two wrong directions. Surrounded by a Socialist machinery that rails against inequalities, the banks and the CAC 40 [a benchmark stock market index in France], he did not at first grasp that France’s main problem has been its low competitiveness. It’s not that companies earn too much money in France, it’s that they don’t earn enough.

Hollande quickly set things right from the summer of 2013, with the [Gallois Report](#) [written by the former boss of EADS, Louis Gallois, on the competitiveness of French industry]. The PS was severely rocked [by the report’s tax cutting recommendations]. Many PS members still view this “supply-side policy” as a gift to the bosses, and cannot get over that; their vocabulary harks back to the 19th century.

The other error was with the budget. The same Socialist thinking has pushed for a hike in taxes on the rich to cut the deficit: tax the rich, hand it out all round, and everything will be fine. What's more, when it comes to slashing expenditure – the other option austerity policy can turn to – the president is putting on the brakes. As a socialist, he is little inclined to hit his civil-service constituency.

Then the economists advised him to tread more softly. With growth at zero in 2012, Keynesian considerations justifiably demand that public spending not be cut. France, like Italy, risks plunging into recession. The request to Brussels for a little breathing space to get back on track with the conditions set out in the Maastricht Treaty was legitimate, and it has also been accepted.

In 2013, one third of the effort went on cutting expenditures, but two-thirds went on taxes

This policy – a blend of the simmering and perpetual bias against the rich, Keynesian ideology and electioneering tactics – led to the “fiscal shock” of 2012: €30bn in taxes. But in a country of record-breaking taxes and levies, the fuse of a [tax revolt](#) had been lit. In 2013, one third of the effort went on cutting expenditures, but two-thirds went on taxes – which, this time, were imposed not just on the rich but on everybody, including the middle class.

Cross-your-fingers economics

The government hopes that in 2014 the recovery will have started, Keynesian considerations will be less severe, and 80 percent of the effort will be covered by cost-savings and 20 percent by taxes. In 2015, Hollande has promised, 100 percent of the budgetary austerity will clamp down on spending.

The shift will be completed in three years. That's too long. François Hollande will eventually get around to a sound economic policy line: urging competitiveness and structural spending cuts. The “ambivalence”, however, will have stretched out for too long, and the “educational methods” will have been absent. We have on one side a majority that snorts and fumes morning and night on TV against a social-democratic president, and on the other a mood of fiscal discontent that verges on taking to the barricades.

What can François Hollande do? Even if it means delivering an unpleasant surprise to the PS and its majority, he should speed up in the direction he has recently struck out on. French competitiveness has not been restored; far from it, it must go further. The cuts in expenditure should be an occasion to make efficiency savings in public services.

Does he want to become a [social democrat](#)? Frankly, he should be one. The nerves of the body politic and the taxpayer have been rubbed raw.

Translated from the French by **Anton Baer**

Aufbruch gegen Hollande

Frankreich unregierbar

30.10.2013 · Den regierenden Sozialisten gelingt es nicht mehr, ihre Entscheidungen durchzusetzen. In Frankreich riecht es nach Revolte.

Von GÜNTHER NONNENMACHER

Artikel [Lesermeinungen](#) (44)

88,92

Frankreich steht am Rand eines Aufbruchs. Den in Paris regierenden Sozialisten gelingt es nicht mehr, ihre Entscheidungen durchzusetzen: Ob es um die Einführung einer Öko-Steuer geht, ob Lebensversicherungen und Bausparverträge (rückwirkend) mit höheren Abgaben belastet werden sollen, ob es um Steuererhöhungen für Unternehmen geht – gleich rollt eine Protestwelle durch das Land und die Regierung nimmt nach wenigen Tagen ihre Maßnahmen wieder zurück.

So gesellt sich zum Vorwurf der Inkompetenz auch noch der Eindruck der Schwäche. Und der ist berechtigt: In der Sozialistischen Partei kämpfen die verschiedenen Strömungen gegeneinander; die Koalitionspartner von den Grünen setzen sich jeden Tag einen Schritt weiter von der Regierungspartei ab. Minister streiten sich auf offener Bühne, es gibt keine Disziplin im Kabinett, eine politische Linie ist nicht zu erkennen. Präsident Hollande ist so unpopulär wie noch nie ein Staatschef vor ihm; sein Premierminister Ayrault hat jegliche Autorität verloren. Hollande hatte einen Austausch des Regierungschefs für die Zeit nach den Wahlen des Jahres 2014 erwogen. Doch es ist zweifelhaft, ob er damit noch so lange warten kann.

Völlig utopisches Programm Hollandes

Von den Wahlen 2014 wird erwartet, dass sie in einem Fiasko enden. In den Kommunen könnten die Sozialisten, die in den meisten großen Städten den Bürgermeister stellen, schwer geschlagen werden. Bei der Europawahl rechnen die Wahlforscher damit, dass der Front National von Marine Le Pen stärkste Kraft wird, vor der bürgerlichen Oppositionspartei UMP; erst danach folgen nach den derzeitigen Projektionen die Sozialisten.

Jetzt rächt es sich, dass Hollande mit einem völlig utopischen Programm die Präsidentenwahl gewonnen hat, nämlich mit dem Versprechen, Frankreich werde die Finanz- und Wirtschaftskrise ohne Opfer für die Bürger und ohne durchgreifende Reformen, etwa im öffentlichen Dienst, überwinden können – durch ein vom Staat unterstütztes Wachstum, das mit höheren Steuern für die Reichen finanziert werden sollte.

Vom Wachstum ist immer noch nichts zu spüren, doch Steuern und Abgaben sind kräftig gestiegen – auch und gerade für Normalverdiener. Ökonomen und Soziologen warnen bereits vor einem Steuerstreik. Die protestierenden Bauern und LKW-Fahrer in der Bretagne hatten Jakobinermützen aufgesetzt. Es riecht nach Revolte.

A climate of revolt

France "is on the brink of revolt," says [German daily Frankfurter Allgemeine Zeitung](#), adding that the country is "ungovernable": The Socialists in power in Paris are unable to impose their decisions. A wave of dissent sweeps the country. Whether it is a question of introducing an environmental tax, the taxation of financial products or an increase in the corporate tax, within a few days the government backs down. Thus, to the charge of incompetence is now added the impression of weakness. The paper says that French president François "Hollande today is paying the price of a victory in the presidential election based on a utopian platform promising to overcome the financial and economic crisis without demanding sacrifices from the people. The risk, stresses *FAZ*, is that – the Socialists, who hold the councils in most of the large cities, could be severely beaten [in local elections next spring]. And the European elections could see the [far-right] National Front headed by Marine Le Pen lead the race, ahead of the conservative UMP opposition party. The Socialists would lag behind, according to current forecasts.

Paris gives in to the Bretons

88,94

After the [protests in Brittany](#) on the weekend, the French Prime Minister Jean-Marc Ayrault announced on Tuesday that the introduction of the "ecotax" on heavy traffic planned for January 1, 2014 would be postponed. A mistake, the regional daily La République des Pyrénées writes: "The government's last-minute about-face on the ecotax isn't the first time it's backed down on fiscal issues, but it's the worst to date. Because with the move it is clearly accepting that an angry, violent and anti-republican minority can impose its will on parliament. Worse still: the prime minister has renounced one of the few sources of tax revenues meant to accompany the energy transformation. ... To a certain extent the ecotax is an incentive to transform agriculture in Brittany, which is characterised by an unbridled production-oriented mentality that results in pork and poultry being shipped by truck to Germany for processing before they're brought back to France and sold." (30/10/2013)

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

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All available articles from » [Jean-Michel Helvig](#)

EMISSIONS REDUCTION: **Europe is united in failure**

24 October 2013

[IL SOLE-24 ORE](#) MILAN

88,95

• [Comment](#) 25



No European country will achieve the EU's 2020 environmental goals aimed at increasing the production of renewable energy and at lowering CO2 emissions, warns the European Environment Agency. While some argue that the benchmarks were unrealistic, others claim that even limited progress is a step forward.

[Federico Rendina](#)

Granted, we have underperformed. But who in Europe hasn't? Granted, this is but a slight consolation because it means the continent will have a lot of trouble meeting the EU's [environmental and energy commitments](#) (the two, we now know, are related) defined in the famous [20-20-20 protocol](#). This 2008 agreement stipulates that, by the end of the decade, member states must reduce CO2 emissions by 20 per cent of their 1990 level while simultaneously reducing energy consumption by 20 per cent and increasing the share of renewable sources in the total production mix to 20 per cent.

Europe as a whole will not achieve these goals, neither is any EU country on track to meet the three requirements of the 2008 road map but neither is any country underperforming in all three areas, according to [Trends and Projections in Europe 2013 – Tracking progress towards Europe's climate and energy targets until 2020](#), a recently published European Environment Agency (EEA) report.

Reducing energy consumption by 20 per cent is the most difficult criteria to meet in all the European countries. Today, according to EEA estimates, out of the 26 countries that signed the agreement (Slovenia and Croatia are not signatories) only four countries – France, Germany, Bulgaria and Denmark – are getting close to the target. In these countries fiscal policy and industrial enticements operated properly.

Out of reach

The agency warns that whatever happens, crisis or no crisis, European primary energy consumption will reach 1.5 billion tonnes of oil equivalent in 2020 thus placing the goal of reducing consumption totally out of reach.

Half of the states, 14 out of 28, are on course and could perhaps meet the terms of the agreement

Globally, Europe is approaching the target of reducing CO2 emissions by 20 per cent (the agency indicates a fall of 18 per cent) thanks to the crisis which has slowed economic growth and development. But in this also, each country has followed a different path. Half of the states, 14 out of 28, are on course and could perhaps meet the terms of the agreement. But Spain, Belgium, Ireland, Luxemburg, Austria, Estonia and even "green" Finland are off track. As for the other countries, they will only succeed, Italy included, if they reinforce existing measures.

In the attempt to achieve 20 per cent of renewable energy in total production, it's everyone for themselves. The data for the whole of Europe are a little dated: in 2011 renewables accounted for 13 per cent of consumption. This raised hopes that the goal could be achieved in 2020. But here again, everyone is moving at a different pace. France (this will not please those that call, in vain, for nuclear power to be included as an environmentally-sound energy source), but also Belgium, the United Kingdom, the Netherlands, Malta and Latvia remain below the minimum level.

The question is: who is right? Those that, from the onset, said that the climate change plan was both unrealistic and over-ambitious? Or those that argue that any attempt, even unfinished, towards this goal is already a success?

Glissement

22 OCTOBRE 2013 À 21:06

88,97



L'AUTEUR

FABRICE ROUSSELET EDITORIAL

Personne ne peut s'étonner de voir la droite exploiter à outrance l'affaire Léonarda. A coups de harangues hypocrites et de fausse indignation, l'UMP donne chaque jour un peu plus dans la surenchère. Aidée il est vrai par les couacs de l'exécutif, entre l'intervention télévision ratée de François Hollande samedi et les divisions évidentes de son parti. On pourrait presque considérer que l'opposition est dans son rôle, depuis la campagne de Nicolas Sarkozy et l'instrumentalisation revendiquée de l'immigration comme outil de conquête d'un électorat marqué à l'extrême. Mais c'est bien à un nouveau glissement que l'on assiste aujourd'hui, alors que Jean-François Copé et François Fillon, pour ne citer qu'eux, chassent désormais ouvertement sur les terres du Front national. Copé, le premier, n'hésite plus, par exemple, à remettre en cause le droit du sol, fondement du pacte républicain que Sarkozy, lui-même, n'avait pas voulu égratigner. L'air de rien, la droite évoque aussi la sortie de l'espace Schengen et s'attaque au regroupement familial. A quelques mois des élections municipales et européennes, il convient de dénoncer ces dérives inquiétantes, qui fragilisent la notion même d'intégration. Surtout, il est impératif que la gauche ne se laisse pas entraîner sur ce débat-là et campe sur ses valeurs en matière migratoire.

Libération - France

French UMP drifts to the far right

Immediately after the debate over the deportation of secondary school student [Leonarda](#), the president of the conservative UMP, [Jean-François Copé](#), announced on Tuesday that his party would work out a proposal to reform the French immigration laws so that children born in France to immigrant parents without residence permits no longer automatically receive French citizenship. The left-liberal daily Libération is shocked: "Today we are witnesses to a shift to the right as Jean-François Copé and François Fillon open hunting on the terrain of the Front National. ... Copé is the first to question the 'jus soli', the right of territorial affiliation that forms the foundation of the republican pact that even Sarkozy hadn't wanted to touch. As if it were perfectly normal, the French right is also evoking the possibility of leaving the Schengen Area and attacking the right to family reunification. Just a few months before the municipal and European elections, it's time to denounce this worrying trend that is undermining the very notion of integration." (23/10/2013)

31.10.2013 · In scharfen Worten werfen die Vereinigten Staaten Deutschland vor, mit einer „blutarmen Binnennachfrage“ und dem Exporterfolg deflationäre Verzerrungen im Euroraum und der Weltwirtschaft hervorzurufen.

Von PATRICK WELTER, WASHINGTON

Artikel [Bilder](#) (2) [Lesermeinungen](#) (43)



© REUTERS Amerikas Finanzminister Jack Lew: Blutarmes Wachstum in Deutschland

In ungewöhnlich deutlichen Worten haben die Vereinigten Staaten Deutschland vorgeworfen, zu wenig für die Stärkung der Binnennachfrage zu tun und die wirtschaftliche Anpassung und Erholung im Euroraum und in der Welt zu behindern. Das Finanzministerium in Washington kritisiert in seinem halbjährlichen Währungsbericht ein „blutarmes Wachstum der Binnennachfrage“ in Deutschland und eine „Abhängigkeit vom Export“. Deutschland behindere eine Anpassung im Euroraum in einer Zeit, in der viele andere Länder unter Druck ständen, ihre Nachfrage und Einfuhr zu drosseln. „Das Nettoergebnis ist eine deflationäre Verzerrung im Euroraum wie auch in der Weltwirtschaft“, heißt es in dem Bericht.

Im Kern läuft die scharfe Kritik der Amerikaner darauf heraus, dass Deutschland mit seinen steten Exportüberschüssen die Anpassungslast in der Eurokrise auf die Krisenländer in der Peripherie abgeschoben habe. Das habe dort die Arbeitslosigkeit gerade unter Jugendlichen erhöht, heißt es in dem Bericht. Zugleich setze der Euroraum insgesamt in seiner Erholung auf Nachfrage aus dem Ausland, anstatt die Defizite in der eigenen Binnennachfrage anzugehen.

Als Beleg verweist das amerikanische Finanzministerium darauf, dass Deutschland im ersten Halbjahr seinen Leistungsbilanzüberschuss auf mehr als 7 Prozent des Bruttoinlandsprodukts (BIP) gesteigert habe, während zugleich Länder wie Irland, Italien, Portugal und Spanien nun alle Leistungsbilanzüberschüsse erzielten. Damit weise auch die Leistungsbilanz des Euroraums, die von 2009 bis 2011 nahezu ausgeglichen war, nun einen Überschuss von 2,3 Prozent des BIP aus.

Deutschland in einer Reihe mit China, Japan und Südkorea

Deutschland steht damit in der Kritik der Amerikaner in einer Reihe mit China, Japan und Südkorea. In der Kurzzusammenfassung des Berichts greift das Finanzministerium Deutschland sogar als erstes Land auf. Der deutsche Leistungsbilanzüberschuss, im Kern der Überschuss von Export über Import, sei im vergangenen Jahr größer als der Chinas gewesen, bemerkt das Ministerium mit Missfallen.

Nach Daten des Internationalen Währungsfonds (IWF) erreichte der deutsche Leistungsbilanzüberschuss 239 Milliarden Dollar gegenüber 193 Milliarden Dollar für China. Gemessen am Bruttoinlandsprodukt hatte Deutschland einen Leistungsbilanzüberschuss im vergangenen Jahr von 6,9 Prozent des BIP gegenüber 2,4 Prozent in China.

Die Vereinigten Staaten kritisieren in dem Bericht neben Deutschland wie immer China für eine zu langsame Aufwertung des Renminbi, der deutlich unterbewertet sei. China habe entgegen internationaler Verpflichtungen wieder Interventionen in großem Stil aufgenommen. An Japan richtet das Finanzministerium die Mahnung, die Geldpolitik – wie zugesagt – nicht als Mittel der Wechselkurspolitik einzusetzen. Washington will das genau

beobachten. Südkorea wird ermuntert, die Interventionen am Devisenmarkt auf außergewöhnliche Fälle zu beschränken.

Größeres Selbstbewusstsein in Washington

Mit der deutlichen Wortwahl in dem „Bericht zur Internationalen Wirtschafts- und Wechselkurspolitik“ verlassen die Vereinigten Staaten die in den vergangenen Jahren gepflegte Linie, Deutschland öffentlich nicht zu sehr anzuprangern. Die Kritik an der geringen deutschen Binnennachfrage war oft eher verhalten. So gaben Vertreter des Finanzministeriums auf Nachfrage von Journalisten nie eine klare Antwort, was Deutschland genau zur Förderung der Binnennachfrage denn tun sollte. Vereinzelt gab es Hinweise, dass die Amerikaner höhere Lohnsteigerungen in Deutschland wünschten. Hinter verschlossener Tür soll es bei internationalen Treffen etwa im Rahmen der G-20-Gruppe nach Angaben von Teilnehmern aber teils hart zur Sache gegangen sein.

Neben Amerika hatte auch der IWF Deutschland in den vergangenen Jahren immer wieder bedrängt, mehr zur Stärkung der Binnennachfrage zu tun, auch um die Euro-Krise zu lindern. Die Forderungen des Fonds aber klangen zuletzt weitaus dünner, nachdem eine eigene Untersuchung schon im vergangenen Jahr gezeigt hatte, dass die Krisenländer im Süden Europas von einer verstärkten deutschen Importnachfrage kaum profitieren würden.

Die Verschärfung des amerikanischen Tonfalls kommt zu einer Zeit, in der die Bundesregierung in Washington auf Aufklärung über und Unterlassung von amerikanischen Spionageaktivitäten dringt. Die Mahnung an Deutschland spiegelt die Sorge in Washington über die Abschwächung in der Weltwirtschaft wider, aber auch erstarktes amerikanisches Selbstbewusstsein. Während der Euroraum nur mühsam aus der Rezession findet, schicken die Amerikaner sich an, im kommenden Jahr nach IWF-Prognose mit 2,9 Prozent wieder die Wachstumsführerschaft im Kreis der Siebenergruppe der großen Industriestaaten zu übernehmen.

Amerika halbiert sein Haushaltsdefizit

Im ständigen wirtschaftspolitischen Zwist mit Deutschland über Defizitrückführung versus keynesianischer Konjunkturstimuli verweisen die Amerikaner zugleich stolz darauf, dass sie ihr Haushaltsdefizit seit 2009 mehr als halbiert haben. Damit haben sie die 2010 in Toronto im Kreis der G20 getroffene Absprache eingehalten – entgegen ständiger Zweifel und Kritik aus dem Umfeld der deutschen Bundesregierung.

In der am Mittwoch veröffentlichten Abrechnung des im September geendeten Haushaltsjahres 2012/13 lag die Neuverschuldung des Bundes bei 4,1 Prozent der Wirtschaftsleistung, gegenüber 10,1 Prozent im Jahr 2009. Selbst unter Einbezug der Verschuldung der Bundesstaaten und Kommunen habe die Amerikaner das Defizit mehr als halbiert. Der IWF nennt Defizitquoten von 12,9 Prozent des BIP für 2009 und von 5,8 Prozent für 2013.

"Impensable abandon du droit du sol !"

88,100

LE MONDE | 25.10.2013 à 09h37 • Mis à jour le 25.10.2013 à 18h09 | Par Yves Roucaute (Philosophe, écrivain, professeur à l'université Paris-X Ouest, auteur d'"Eloge du mode de vie à la française", Ed. du Rocher)

Yves Roucaute, plume de Claude Guéant, a écrit cette tribune à la suite des déclarations de Jean-François Copé, sur France Inter, le 21 octobre : "Est-il normal qu'un enfant né en France de parents venus en France irrégulièrement puisse devenir automatiquement français ? Ma réponse est non." Le parti doit par ailleurs présenter vendredi une proposition de loi prévoyant la fin de l'acquisition automatique de la nationalité pour les enfants nés en France de parents étrangers.

Les deux poids lourds de l'UMP, François Fillon et Jean-François Copé ont, enfin, trouvé un point d'accord : "Sus au droit du sol !" A l'unanimité, la direction de l'UMP a applaudi. Fiscalité ? Chômage ?

Nenni. Supprimer le droit du sol pour les enfants d'étrangers nés en France, tel serait le programme commun de rentrée. Un œil sur son ego, un autre sur les bataillons du FN, la garde de l'UMP ne meurt pas, elle se rend.

Curieux. La puissance du FN ? La faute au droit du sol ? Pourquoi les Etats-Unis, qui ont une immigration clandestine plus forte encore et un droit du sol plus généreux, ne voient-ils pas un Front national émerger ? Pourquoi l'Autriche, qui est une nation excluant le droit du sol, voit-elle un courant néofasciste à plus de 22 % des voix ?

Certes, la gauche ne semble guère plus lucide, tétanisée, elle aussi, par le FN. La molle réaction du président François Hollande face à l'ignominieuse arrestation d'une collégienne lors d'une sortie scolaire laisse pantois. Mais que dire, pour les rares intellectuels, dont je suis, qui lui furent fidèles dans les pires moments, du silence de Nicolas Sarkozy face à la débandade culturelle de l'UMP ? Et des profondes brisures entre la droite intellectuelle et la droite politique produites par cette unanimité digne des soviets ?

LA NATION CIVIQUE FRANÇAISE

Car ce droit du sol n'est pas négociable. Il porte l'histoire et reste la clef de la cohésion et de la puissance française tout comme celle de la construction d'une identité européenne.

Incroyable révolution portée par ce droit du sol ! Contre la conception de la nation ethnique, fondée sur le sang, qui régnait sur le globe, la France a inventé la nation civique, fondée sur des valeurs, indépendamment de toute origine ethnique.

Révolution qui a ensemencé le monde : Etats-Unis, Canada, Royaume-Uni, Irlande, Italie, Portugal, jusqu'en Amérique latine, du Mexique à l'Argentine. Et qui le nourrit encore. L'Allemagne elle-même, qui avait vu naître le nationalisme ethnique radical sous la plume du poète Friedrich von Schiller (1759-1805), a commencé, depuis 2000, à accepter ce droit du sol.

Cette révolution commença avec Clovis (466-511), même si les tribus gauloises admettaient déjà les mélanges ethniques, tels ces Gaulois saliens du sud, mix de Gaulois et de Ligures, ou ces Tarbelli celtes et basques. Clovis va plus loin. Il refuse la coupure entre Francs et Gaulois. Il interdit les mariages claniques, contraignant l'aristocratie à l'hybridation ethnique. Il assoit la France sur les valeurs universelles d'origine judéo-chrétiennes, franques du bien commun, locales des « pays » et le respect des devoirs envers institutions, maîtres et parents.

Lui-même donne l'exemple : il se marie avec Clotilde, burgonde. Et le processus d'hybridation de la lignée mérovingienne est lancé, à l'exception de Clotaire Ier. Francs, Wisigoths, Burgondes, Alamans, Gallo-romains, Armoricaains vont sefondre. Ces aristocrates ressemblent à Chilpéric Ier qui épouse la gauloise Frédégonde. Les

Carolingiens poursuivent cette entreprise entre Flamands, Alamans, Saxons, inventant le grand récit des "Français", devenus plus tard celui de "*nos ancêtres les Gaulois*", tous "*sujets du roi*".

Logiquement, l'édit de Louis X en 1315 indique : "*Selon le droit de nature, chacun doit naitre franc*", donc libre, avec la première interdiction de l'esclavage sur le sol. Charles VIII évoquera bientôt formellement cette nation lors de sa victoire de 1495. Et, en 1515, par un arrêt, le droit du sol fut formalisé : il suffisait de naitre et dérésider en France pour être libre et égal sujet.

La France, soudée éthiquement, malgré bien des soubresauts, avait construit le premier Etat du monde sur une unité civique. Nation civique réaffirmée par le droit du sol en 1790, lors de la Révolution française.

LA FORCE DE LA VERTU ÉTHIQUE

Et telle fut la clef de la puissance quand le "*Vive la nation !*" du général Kellermann, tombé de cheval, qui tenait son chapeau au bout de son sabre, fut repris en chœur par les troupes pluriethniques, ouvrant la victoire de Valmy en 1792 et la porte de la liberté aux populations d'Europe centrale.

Comment s'étonner si le général de Gaulle promulgua, le 10 octobre 1945, un code de la nationalité rétablissant le droit du sol, abolissant les décrets ethniques de Vichy, dont le FN semble nostalgique ? Il n'avait pas oublié la Résistance où combattirent les Français de toutes origines : les racines basques et arméniennes, cévenoles et italiennes, auvergnates et arabo-berbères, juives et chrétiennes, musulmanes et bouddhistes s'étaient mêlées pour assurer la victoire de la France libre et généreuse, unie non par le sang mais par les valeurs.

Mais si la vertu éthique est la force de telles nations civiques, elle est aussi leur talon d'Achille. Le ciment éthique s'acquiert, et cela ne peut se faire sans volonté. Et c'est bien la volonté qui manque dans cette droite désemparée qui ne sait plus où elle va, qui ne sait plus d'où elle vient.

Surveiller les frontières, certes, il le faut. Plus et mieux. Mais si quelques téméraires passent, la France ne changera pas de nature en les accueillant.

A l'inverse, quand les habitants ne partagent plus les valeurs communes, la République se meurt. Les petites incivilités annoncent les grands crimes. La générosité devient elle-même un songe-creux et s'efface devant l'égoïsme. Et le temps arrive où le philosophe meurtri ne peut plus regarder son ancienne nation civique qu'avec nostalgie. Il songe à ce temps où, nourrie aux valeurs universelles et civiques, la France accueillait deux illustres révolutionnaires, l'Américain Thomas Paine (1737-1809) et le Prussien Anacharsis Cloots (1755-1794) qui chantaient *La Marseillaise* en tant que députés, avant de célébrer le mariage de la République et de Jean Valjean, lequel, pour sauver Cosette, ne se préoccupait pas de savoir si ses papiers étaient en règle.

La responsabilité des élites politiques ? Rétablir les valeurs fondatrices, réinterpréter les symboles et réécrire le grand récit des origines. Par séduction et sanction. Si elles ne le peuvent ? Il leur faut partir. Et si elles restent quand même ? Alors, il faut leur faire quitter un navire sur lequel flotte en majesté l'oriflamme non de la nation ethnique mais de la nation civique.

Yves Roucaute (Philosophe, écrivain, professeur à l'université Paris-X Ouest, auteur d'"Eloge du mode de vie à la française", Ed. du Rocher)

October 30, 2013

88,102

U.S. Accuses Germany of Causing Instability

By SARAH WHEATON

WASHINGTON — The United States Treasury singled out Germany for criticism in a report released on Wednesday that said Berlin's reliance on exports was holding back its struggling partners in the European Union.

The criticism echoes longstanding complaints from European economists and international banks. But it was notable because it was included in an unusual forum: a semiannual report that usually focuses on currency manipulation. The timing may reflect the United States' wish to influence German economic policy as Chancellor Angela Merkel forms her new government after recent elections.

The document, [the Report to Congress on International Economic and Exchange Rate Policies](#), outlines the practices of America's top trading partners over the first half of 2013, concluding that none "met the standard of manipulating the rate of exchange between their currency and the United States dollar" in order to gain an unfair trade advantage.

But it noted, as it often does, that China's currency, the renminbi, is not appreciating "as fast or by as much as needed." The report said that Chinese efforts to intervene in foreign exchange markets seem to have again escalated as concerns about the worldwide economy recede.

Yet Germany was a focus of particular — and unusual — scolding from the Obama administration, which said that Berlin's "anemic pace of domestic demand growth and dependence on exports have hampered rebalancing" and hurt its ailing European Union partners. For decades, Germany's manufacturers have produced more than its residents demand, sending more of its relatively low-cost goods into the international market than what it imports. Weaker economies like those in Spain, Portugal and Greece struggle to compete.

German policy making — and that of Europe as a whole — has been virtually halted since before the elections in late September, and Ms. Merkel has been in negotiations to form a new government. The Obama administration needed to weigh in now, said Jacob F. Kirkegaard, a senior fellow at the Peterson Institute for International Economics, to "have an impact on German economic policy going forward."

Germany's policies have also driven export surpluses in the European Union as a whole, to the detriment of the United States and other major exporters, Mr. Kirkegaard said. He said he doubted that German officials "will pay the least attention to this finger-pointing."

The Treasury report also suggested that after a long pause during the economic downturn, "official intervention" by China to keep its currency undervalued "resumed on a large scale" over the last year.

While China does not disclose its intervention actions, the report said, figures show that its financial institutions collectively bought “a record \$110 billion in foreign exchange in both January and September 2013,” even though it has “\$3.6 trillion in reserves, which are more than sufficient by any measure.”

The renminbi’s low value makes Chinese goods cheaper for Americans to buy but raises the prices of American products in China. Still, for nearly two decades, the United States has stopped short of accusing China of “currency manipulation.” Such a designation, policy makers fear, could set off a trade war.

The report also signaled that the United States was concerned about currency policies in Japan and South Korea.

October 28, 2013

How to Level Euro Zone's Mountains of Debt 88,104

By PAUL TAYLOR | REUTERS

PARIS — As the euro zone's weakest members crawl out of their longest recession in modern history, their prospects of recovery are weighed down by a crushing mountain of debt far heavier than what they were carrying before four years of financial crisis.

Italy, Greece, Ireland and Portugal all have public debt well in excess of their annual economic output and risk a Japanese-style "lost decade" of grindingly low growth and high unemployment as they slowly repay their way out of trouble.

The average ratio of debt to gross domestic product in the 17 members of the European Union that use the euro stands at 95 percent — lower than in the United States and far less than in Japan, but dangerously high for aging societies that cannot individually print money or devalue.

The official European Union line is that each bailed-out country must clean up its own mess and grow its way back to health without debt relief or mutualization, except perhaps for Greece, which has long been declared a special case.

"As Margaret Thatcher used to say: TINA — There Is No Alternative," said Graham Bishop, an economic consultant. Fiscal discipline and pro-market changes to liberalize labor contracts, break union wage bargaining power and curb welfare and pensions are the only road to salvation, he argued.

Yet other economists — and a closet minority of E.U. officials unwilling to break ranks publicly with the orthodox line — say that policy prescription is politically and socially untenable and that Europe will have to consider some form of broader debt relief, perhaps via the European Central Bank.

"Ideally, the euro zone would combine a symmetrical budget policy with debt monetization by the E.C.B.," Paul De Grauwe, a Belgian economist at the London School of Economics, wrote in an essay for the Center for European Reform.

Under such a policy, low-deficit countries like Germany with room to maneuver would run a more expansionary budget to balance out spending curbs in states on the periphery of the euro zone, while the central bank would buy up and retire weaker states' bonds.

Neither option is likely, given Germany's fear of inflation and the vehement resistance across northern Europe to any perceived sharing of the burden of other euro countries' debts.

Mr. De Grauwe said the alternative was that countries like Greece and Portugal would default sooner or later. Yet default remains taboo in the euro area even after Greece's imposition of losses on private bondholders in 2012.

Two economists who analyzed the options in a paper on the economic Web site VoxEU in August concluded that the only realistic and effective choice would be for such countries to default by selling monetized debt to the E.C.B.

Arguing that [Europe's debt crisis](#) was still getting worse, despite appearances to the contrary, Charles Wyplosz, professor of international economics at the Graduate Institute in Geneva, and Pierre Pâris, chief executive of Banque Pâris Bertrand Sturdza, said this would amount to “burying the debt forever.”

Under their strategy, the E.C.B. would buy €1.2 trillion, or about \$1.7 trillion, in bonds of the most indebted countries and exchange them for perpetual interest-free loans that would never be repaid unless the central bank were liquidated, effectively eliminating the debt.

Such moves have sometimes caused runaway inflation in the past, but the authors argue that it would be unlikely to do so now because credit markets are so weak that increases in the monetary base do not actually expand money in circulation. Their plan would go far beyond the E.C.B.'s current policy of offering to buy up short-maturity bonds of states that apply for a precautionary loan from the euro zone's rescue fund and accept heavily monitored austerity from the European Union and International Monetary Fund.

The authors examine other avenues for debt reduction, like running big budget surpluses, selling off public assets, making creditors take losses on bond holdings or debt forgiveness by creditor governments.

Even taken together, those options would be insufficient or politically unacceptable or would merely shift the burden to weak banks and “forgiving nations” like Germany, whose debt ratio would soar to perhaps 110 percent of gross domestic product, they say.

Historians who have studied past episodes of very high debt in the last three centuries say inflation, devaluation, roaring economic growth or selective default have often reduced the burden without severe pain.

Nicholas Crafts, professor of economic history at Warwick University in England, said the orthodox fiscal approach of running a big budget surplus enabled Britain to reduce its debt over the century after the Napoleonic wars from 200 percent of G.D.P. to 25 percent in 1913, on the eve of World War I.

Another tactic, used successfully by the United States and Britain after World War II, was “financial repression” — forcing real interest rates down to very low levels through the capture of holders of government debt. Banks and investors were constrained by capital controls and reserve requirements, paying an effective “inflation tax” that helped reduce the public debt ratio.

Roaring economic growth fueled by productivity gains and a baby boom helped ease the burden in the 1950s and 1960s. Yet neither looks likely in the near future, given aging societies, chronic unemployment, depressed demand and high savings.

Mr. Crafts said 20th century defaults had included the Bolsheviks' total repudiation of Russia's debts after the Soviet revolution and partial or long payment deferments and debt moratoriums in Latin America in the 1930s.

Western powers had tried to postpone or prevent defaults in Latin America in the 1980s because of the exposure of their own banks — as is the case in the euro zone — leading to prolonged phases of “muddling through.”

“In the 1930s, devaluation and default would undoubtedly have been the choice in response to the euro zone's current problems, because countries still had their own currencies,” Mr. Crafts said. “But for the euro zone, what seems more likely is 1980s-style muddling through.”

Euro zone policy makers say “financial repression” is the least politically difficult option to ease debt while trying to encourage growth and productivity through economic changes.

Mr. Bishop, the economic consultant, said the effect would effectively be to make savers and retirees pay over time for debt reduction by denying them any real return on government bonds held by their pension funds and savings instruments.

“Since bondholders have historically got a 2 percent real return on government bonds and are getting virtually none now, that's equivalent to giving them a 2 percent haircut a year, and it will go on for a long time,” he said. “Over a decade, that amounts to a 20 percent cut in the debt.”

But the windfall is unevenly shared. Havens like Germany and France will reap more benefit than states whose debt is perceived as riskier, like Portugal or Italy.

Paul Taylor is a Reuters correspondent.

Why the hostile reactions to my Telegraph article highlight France's deep divisions

Left-wing commentators have criticised an article in the Telegraph about the exodus of French entrepreneurial talent 88,107



Photo: Lucas Schifres

By Anne-Elisabeth Moutet

7:00AM GMT 27 Oct 2013

283 Comments

Since last week, when my Sunday Telegraph [report](#) outraged [France](#) (“British propaganda!” was a recurring theme) by suggesting that my demoralised compatriots were leaving in droves, fleeing an economy overburdened by regulations and levies, François Hollande’s government has added three new taxes to the 84 that had been created in the past two years.

Not only will capital gains on a series of popular savings plans be now subject to a 15.5 per cent flat tax, but also the measure is retroactive all the way to 1997 – coincidentally (perhaps) the last time France elected a Socialist government before this one.

It would be unfair to say that the irony went unremarked. The dozens of reactions I heard – as well as the thousands of internet comments and Twitter and Facebook shares of my story – mirrored the state of deep division in which France finds itself.

Entrepreneurs are “really hunted away from the country”, wrote one correspondent, and specifically targeted by “many stupid decisions. One example: I created a business seven years ago; if I sell it now, I will have to pay 60 per cent of the value I’ve created. Unfair and discouraging.”

Another correspondent wrote: “Would not change a word: we are now in decline, and may never be able to regain the place of fourth-largest economy in the world.”

“The people who really drive the French economy and keep the country afloat are those in managerial roles or the professions, who know little or no job security or social protection, working in those highly competitive parts of the economy comparable to Britain or the United States,” said another commenter. “But they are tiring of supporting the unproductive masses.”

Last week, the ministry of finance, prompted by opposition MPs, released official emigration figures for 2011 (they assure you nothing more recent is available) showing that departures had doubled from the previous year to nearly 40,000. Professor Jacques Régniez of the Sorbonne, himself a statistician, predicts that these should have climbed to 60,000 by the time we get this year’s figures.

In the November-December issue of the foreign-policy journal *The National Interest*, the US economist Milton Ezrati published a damning, comprehensive study of the downfall of the French economy. “Whereas 10 years ago it rivalled Germany’s,” he wrote, “today, France produces only half the value added. France’s share of global exports has fallen from 7 per cent in 1999 to only 3 per cent today. During this time, its share of the eurozone’s exports has fallen from 17 per cent to merely 12 per cent.” France, Ezrati explains, is now outperformed even by Italy.

Like others, Ezrati blamed over-regulation: there are now so many complex and protective labour laws, the Code du travail (labour code) exceeds 3,200 pages. He also quoted a recent authoritative OECD study that identified “French failings in almost every major category: economic regulation, product regulation,

impositions by local policies, state control of the details of business operations and barriers to entrepreneurship”.

The only area in which France didn't blatantly underperform was, unsurprisingly, red tape: French bureaucracy barely reaches the OECD efficiency median.

You would think something of this would filter up to Hollande in his Elysée bunker – he might disagree on the diagnosis, yet worry on the souring of the public mood. You would be wrong: “Perception is reality”, the mantra of spin doctors around the Western world, leaves the President cold. Increasingly, his entourage reports that Hollande, despite hiring a communications team headed by a popular former France 2 prime-time news presenter, Claude Sérillon, believes he knows best how to speak to the French. “This may have worked for de Gaulle,” says Philippe Moreau-Chevrolet, a political communications expert. “Not for Hollande.”

The beleaguered president, whose unpopularity figures scale new heights seemingly every week, still enjoys a vocal, if ever-diminishing, constituency, who, when they do oppose Hollande, reproach him for not being tougher on “the rich”.

Many of these work in the media, and as I defended my story on various radio and TV panels all week, I encountered an interesting assortment of them. (I have become something of a rent-a-reactionary in the French media, where a “balanced” panel means three Left-wingers et moi.)

There was the France Inter (think Radio 4) hour-long programme in which Sibylle Vincendon, a senior editor of the newspaper Libération, called all critics of the economic and political situation “grumpies”. (She has a book out on this theme, *Pour en finir avec les grincheux*. By the third page of the introduction, the despicable “Anglo-Saxons” and their “free-trade” model have been introduced. Vincendon believes that anyone, especially an economist forecasting France's decline, is evidencing a deep schadenfreude and dark motives. The French, she says, need to “share more, not less”.)

There was the debate on Arte, the French-German cultural public channel, in which the right (by which I mean Left) kind of economist, Prof Benjamin Coriat, explained that instead of the 75 per cent supertax hitting “only” a few privileged citizens, national income tax should be raised well above the current 45 per cent marginal rate, so that “everyone will pay”. Prof Coriat is shocked that some people dare to oppose new taxes. “They'll justify anything not to cough up!” he thundered. He deplores the kind of movements now emerging, such as Les Pigeons (a group of young entrepreneurs who oppose over-taxation of start-ups), and the fact that some politicians listen to these “bad citizens”.

Elsewhere, I was told that French emigration to Britain was “a myth”, the figures “too low to even consider”. In an online chat, I was asked why I wrote in English, implying that I was some sort of traitor. (“Because it's more fun?” didn't seem to cut it as an answer.)

Many went on the attack: “Stories like yours are nothing but a massive swindle,” a *Le Monde Diplomatique* editor told me. “For people leaving France, how many come back after experiencing the lack of public services in Britain, the inefficient Tube, the expensive, slow and badly maintained trains, the threadbare NHS? It's France that is bearing up best in the crisis, not Britain: why do you think the richer of the English come to French doctors and hospitals for proper treatment when they're ill? Britain has no industrial base to speak of: it only exists because of tax-rate dumping, the City of London, and those nice, honest financiers operating there. Britain is a terrible place to live except for the super-rich.”

France has remained in a thrall to Marxism to a degree that is rarely matched elsewhere in Europe. While Germany, Italy and, in Britain, New Labour, swore off it, Hollande's Socialist Party never officially renounced it, in good part not to offend its Leftist frenemies, of which there are many, who still Believe.

In addition to the rump of its once-powerful Communist Party, France has three Trotskyite mini-parties, a Green nebula, and one upstart radicalised splinter from the Socialists, led by a charismatic philosophy teacher, Jean-Luc Mélenchon, who ran for president against Hollande in the first 2012 round, and scored a very respectable 11 per cent, coming fourth behind Hollande, Sarkozy and Marine Le Pen.

Because, for years, any Socialist candidate has needed all of the extreme Left votes to win, the language of economic realism has never gained traction on the Left in France. In private, the prime minister, Jean-Marc Ayrault, will describe himself as a social democrat. Ask him to repeat it on the record and you are faced with a

stony glare, lest you create a political crisis for him and his boss. As a result, the political tone on the Left has remained frozen in a kind of Seventies radical aspic, a hoary kind of time travel in which every capitalist, every entrepreneur, every high-net-worth individual is guilty of starving the downtrodden masses.

“I left because I was tired of being considered little better than a criminal,” says a French banker who is now happily ensconced in a Soho loft with his family. “At a pinch, I could have paid the silly taxes; but it was the constant sniping, the feeling that I had to apologise for everything I achieved, the jealousy, the unremitting gloom, the guilt heaped upon you at every turn; and the idea that my children would have to grow up in a country where, at best, they could hope to become top civil servants, and duplicate the system with no deviation from the norm.

“This president has no idea that there is a wide world outside France; he has hardly travelled abroad; he speaks no other language; and he has no curiosity. Eventually, you get tired of waiting for our rulers to wake up.”

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The Decline and Fall of France

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[Milton Ezrati](#)

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FRANCE's ECONOMY is not just doing badly. It is in profound decline. The slide has proceeded far enough now that businesspeople and politicians across the Continent increasingly refer to France as the “sick man of Europe”—quite a distinction at a moment when Greece, Portugal, Spain and Italy share the hospital ward. For decades, European Union structures were strong enough to allow Paris to ignore the country's economic shortcomings. No longer. Unless Paris reforms its economic policies and practices, it could have a disastrous effect. Further economic woes may undermine the Franco-German cooperation on which the EU has relied, confronting the union with either dissolution or, more likely, an increasingly Germanic future.

Though recent economic reports show some slight improvement in the French economy, the underlying picture is nothing if not bleak. A monthly uptick in industrial production this spring prompted President François Hollande to declare the recession over. He was wrong. To be sure, he can now point, if he wishes, to a modest spring expansion in France's gross domestic product (GDP). He would do well, however, to resist declaring victory over a few data points. His optimistic response to seeming industrial strength was quickly rebutted by subsequent indicators of renewed decline. He should have known that the preponderance of economic evidence remains grim and is unlikely to change anytime soon.

More than one thousand factories have closed in France since 2009. And not a week goes by without another announcement of relocations to Eastern Europe or Asia. Rates of new business formation today remain 13.3 percent lower than at the end of 2009, while business failures are 7 percent higher. The pace of home sales, though it seems to have stopped declining, shows no sign of improvement and remains 16 percent below 2008 levels. Residential real-estate prices continue to decline. Unemployment rolls have grown without interruption, recently averaging some 10.5 percent of the nation's workforce. Youth unemployment averages over 26 percent. Real wages in France, having stagnated for some time, have declined for the last four consecutive quarters. The country's balance of international payments continues to sink deeper into the red, with the shortfall of exports to imports almost doubling in just the past year to almost 3 percent of GDP. Government finances, too, continue in deficit, far exceeding the EU's mandated maximum of 3 percent of the economy. Budget shortfalls over the years have brought public debt outstanding to fully 90 percent of France's GDP.

French authorities mostly have either denied the situation's severity or blamed it on Germany's push for budget austerity throughout the euro zone. There is no shortage of critical remarks to make about the German approach, but it can hardly explain France's economic problems. France, after all, hardly has imposed much austerity. It has promised to do so but otherwise has asked of itself none of the sharp government spending cuts evident elsewhere in Europe's periphery. On the contrary, French government spending has continued to grow, rising almost 4 percent during the last two years. Government in France now constitutes some 57 percent of the entire economy, well above the euro zone's average. Meanwhile, Paris recently sidestepped the need for more strictures, receiving permission from the EU bureaucracy to continue wider budget deficits than EU rules allow until 2015 at the earliest. Nor can French officials honestly blame German austerity when their nation's economic slide has beginnings long before the current crisis or Berlin's response to it. France, quite simply, has been underperforming the rest of Europe for over a decade.

It is this longer-term erosion that speaks to France's economic failure. Germany offers a useful counterpoint. Whereas ten years ago the French economy rivaled Germany's, today France produces only half the value added. French exports, having fallen more than 20 percent since 2005, are lower today than anytime during the last twenty years. In contrast, Germany has enjoyed an export surge in the past few years, pushing the country up from recession lows to its all-time high. France has even begun to trail Europe's troubled periphery. While it has 10 percent fewer exporting firms than it had thirteen years ago, troubled Italy has 8.7 percent more. France's share of global exports has fallen from 7 percent in 1999 to only 3 percent today. During this time, its share of the euro zone's exports has fallen from 17 percent to merely 12 percent. Real per capita incomes in France have grown at barely half Germany's rate, while profits in French industry have fallen from highs approaching 9 percent of GDP to barely over 6 percent today, only half the euro zone's average and hardly sufficient for French industry to finance itself.

This daunting record has accordingly sapped any enthusiasm about France's economic prospects. Major rating agencies—Standard & Poor's, Moody's and Fitch—have all downgraded the country and characterized its economy and its credit as having a “negative outlook.” The government's own official forecast looks for tepid growth at best going forward into 2014 and 2015. The International Monetary Fund (IMF) expects negligible real growth of less than 1 percent in 2014 and not much better over the longer run. This modest projected growth is, in the grand sweep of economic history, little more than a technical difference from recession. Indeed, the basic picture is so bad that Fitch, the last agency to downgrade France, felt obliged to explain why it had not gone further, weakly citing France's agricultural and demographic strengths. Unsurprisingly, business and consumer confidence in France have fallen to their lowest levels in years.

Rather than Berlin-imposed austerity, something clearly more fundamental is at work. As is usually the case with economic fundamentals, good or bad, the root is domestic. In France's case, the trouble is largely of Paris's making. Successive governments, socialist and conservative, have layered onto the economy a complex of ill-conceived policies that have hamstrung business with oppressive taxes, stultifying labor regulations, and a raft of product and production controls. These have fed on each other to sap the nation's economic vitality, thwart efficiency, depress productivity and effort, and generally destroy the economy's ability to compete. Compounding these problems, the country's lavish social services seem to serve neither the taxpayers who support them nor labor's interests—wasting a significant part of the country's human resources.

Taxes are the most straightforward and immediate economic burden. Payroll levies in France amount to 38.8 percent, and with the added burden of business income taxes and the value-added tax (VAT), employers in France pay the government the equivalent of almost 64 percent of their payrolls. This is a much heavier weight than firms in other countries must bear. Germany, for instance, imposes a tax wedge on its business of about 53 percent, high compared to the 38.5 percent imposed by the United States, but still more than 10 full percentage points less than France. Harder to quantify but no less a burden on French business is the notorious complexity of the French tax code, which, business surveys indicate, rivals even that of the United States. Its myriad loopholes, set against the high statutory tax rates, tempt managers to divert time to tax planning that they might better dedicate to production and sales.

High individual taxes sap France's economic dynamism in their own, less direct way. Hollande lost on his plan to tax high incomes (over €1 million a year) at an astronomical rate of 75 percent, but he still managed to drive a number of extremely productive people out of the country and sour many more. Meanwhile, Paris still imposes a 1 percent tax on certain assets, in addition to especially high taxes on dividend, interest and rent income. For those who cannot navigate the code's complexities to find a way through one of its many loopholes, the combination of high statutory income taxes and the asset tax creates a remarkably heavy burden. The Center for Economic and Policy Research calculates that these levies rise to almost 200 percent on interest and rent income and close to 223 percent on dividend income. This is hardly a way to encourage the investment and innovation so critical to a developed economy's competitive edge.

IF THIS tax regime were not destructive enough, France has long-standing labor rules that seem almost designed to destroy economic dynamism and efficiency. These complex regulations, itemized in the government's 3,200-page Code du Travail, apply to any company with fifty or more workers. It speaks to the burden they impose that France today has 2.4 times the number of firms with forty-nine employees than with fifty.

The most well known of these rules is the thirty-five-hour workweek, imposed on all, however much they may want to produce. The code also imposes a minimum of five weeks paid leave, compared with three in Germany and no minimum in the United States. It requires 156 weeks parental leave, about the same as in Germany but huge compared with twelve in the United States. It limits management's ability to alter wages and hours, and obligates companies of one thousand or more employees to place laid-off workers in new positions and train them, at the firm's expense, for the transition, which can last between four and nine months. Until recently, employees had the right to challenge dismissal for up to five years. On average, one in four laid-off workers has done so—not a small burden on businesses. The code also imposes a mandatory retirement at age sixty—compared to an average of sixty-four in developed nations generally, according to the Organisation for Economic Co-operation and Development (OECD)—and mandates a minimum wage set at 60 percent of the median wage nationwide, high even by generous European standards.

Such regulations not only limit the flexibility and efficiency of French business, they also waste the nation's labor resources. While mandatory early retirements strain state and private pension plans, they also deny France a pool of trained workers that in other nations still contribute actively to their economies. Government statistics show less than 20 percent of those aged sixty to sixty-four work in France, compared with more than twice that percentage in the United States and elsewhere, even in Europe. France's shortened workweek denies the economy still more valuable labor talent, while the country's generous unemployment benefits encourage still more to stay out of active production. Little wonder, then, that in France some 54 percent of the working-age population holds themselves outside the workforce, compared with 42 percent in Germany and 32 percent in the United States. A popular index to combine all these effects shows that France, in terms of people working and the hours each works, uses 47.4 percent of its full potential. In Germany, the figure is 50 percent; in the United States, it is 68.2 percent.

This code further burdens business by interfering with its ability to manage its own production. The expense and difficulties involved in laying off workers, adjusting wages and setting work schedules often convinces French businesses simply to forgo responses to business fluctuations that would otherwise give them a competitive edge. Worse, they prompt French industry to deny itself talent. In order to avoid the potential cost of firing, managers resist hiring despite potential business advantages. Many firms try to sidestep this problem with short-term employment contracts, some only for a period of months, so much so that fully 82 percent of new hires in 2012 involved such contracts. But this management "solution" comes with its own cost. The uncertainties of short-term employment undermine employee effort. The lack of commitment involved also dissuades firms from training. On both counts, the French economy fails to develop the pool of skilled labor that has become the hallmark of developed and modern knowledge-based economies.

Seemingly not content with these anticompetitive measures, the government has also contrived to encumber business with onerous product and production rules. Through licensing, zoning and other administrative barriers in numbers that defy cataloging here, France has discouraged economic activity across a broad front. The Heritage Foundation, taking such regulations into account, characterizes France's business environment as only "modestly free" in its scoring of countries across the world. Nor is this all. A recent OECD study found France's regulatory structure to be more restrictive than those of most of the developed economies that constitute the organization's membership. France's failings, it noted, occur in almost every major category: economic regulation, product regulation, impositions by local policies, state control of the details of business operations and barriers to entrepreneurship. The best France did was in the area of administrative regulation, and there it only matched the OECD median.

Part of the problem lies in the sheer number of governmental units that have control in France. The country's smallest governmental unit, the commune, represents only 1,800 people on average. That compares with an EU average of 5,500 people in the smallest unit of government. This arrangement leaves France with thirty-six thousand governing entities, each setting rules and regulations, usually to suit the preferences of local business and labor interests. Thus, local shopkeepers were more successful in France than elsewhere in blocking large-scale retailers. That may have preserved a more attractive, certainly a more quaint, look to French towns and cities, but it also has denied France a trend that has become a major force for employment elsewhere in the world. It was Paris's cooperation with such local pressure that also blocked Amazon's effort to introduce online delivery service into the country and that thwarted attempts to allow supermarkets, as well as pharmacies, to sell over-the-counter drugs. The same sorts of interests have also steadfastly blocked efforts to increase the number of taxis in Paris, which to this day remains at the original 1924 quota.

Making matters even worse, the French government, for all the revenue it collects, seems to do less for its citizens than other countries do. The unemployed, though generously provided for, get much less help from the state finding new jobs or needed training. Paris spends only a third as much as Berlin on such direct help. In France, the average government employee assisting the unemployed with retraining and in their job search covers seventy-nine people. That compares with thirty-nine in Germany. Likewise, French schools do not prepare their charges for the job market as well as those of other countries. Recent OECD comparisons of high-school test scores show French students trailing their European and American counterparts in reading and science. The only place where the French students outscored many competitors was in math, and they still trailed the Germans. France, it would seem, is more inclined to warehouse people than help them apply themselves to economic effort.

This entire and varied weight of dysfunction has created a vicious cycle. Taxes, regulations and the loss of labor talent have so eroded profitability in French business that it has neglected its own upkeep. Again, Germany provides a handy counterpoint. During the last three years French industry has installed just over three thousand industrial robots, compared with the twenty thousand installed by German industry. Germany has spent almost 70 percent more on research and development than has France. The 2 percent of its GDP that France spends on technology investments is barely over half of the rate in Germany. This investment shortfall has interacted with France's waste of labor talent to erode worker productivity so that even though French and German wages have moved up in tandem, the labor cost per unit of output in France has risen by 28 percent over the past ten years, compared with only 8 percent in Germany.

This destructive interaction has not just thwarted growth, but it has also begun France's deindustrialization. Cost disadvantages have reduced industrial value added from 18 percent of the French economy in 2000 to only 12.5 percent recently, the lowest in the euro zone. French employment in manufacturing has dropped 20 percent since 2000. Meanwhile, the investment and talent shortfall has pushed what remains of the French industry increasingly toward less sophisticated products and processes. While overall manufacturing employment has dropped, employment in firms that produce unsophisticated goods and services has actually risen by 18 percent. The OECD notes that more than one-third of French manufacturing is medium- or low-tech, compared with only about one-quarter in Germany and slightly less than 25 percent in the United States. France, quite simply, is beginning to resemble a less developed economy.

FRANCE PROBABLY would have taken remedial action long ago were it not for the implicit support of the EU, the common currency and Germany. Surely it is not a coincidence that France's greatest deterioration has occurred in the thirteen years since the adoption of the euro and the formation of the euro zone. The country's balance of exports over imports, for instance, remained strongly positive through much of the 1990s and only began to slip into deficit in this new century. The decline in the profitability of French business also has become most evident since the inauguration of the euro, as have the slide in France's share of global and European exports, the deterioration in French productivity and the country's turn to less sophisticated products and processes. It is not that the currency union caused the problem. Rather, it blunted the pain France would otherwise have felt and so let matters go further than they might have otherwise.

Certainly, the EU's common agricultural policy (CAP) has helped France otherwise live well despite its economic failings. Under this scheme, the EU budgets substantial funds to sustain food prices and ensure the profitability of agriculture. Because France's economy has an especially large agricultural sector, the program effectively transfers funds to France from the more industrial members of the union, such as Germany. It is a major flow too. The CAP constitutes about 40 percent of the EU's budget and is scheduled to rise to some €100 billion over the next five years. The amount that accrues to France varies from year to year, depending on which crops require the greatest price support, but EU figures show that France gets about one-fifth of the total on average, the biggest share by far. The €8 billion that would accrue, according to the EU's latest long-term budgeting, would alone constitute almost a 0.5 percent injection into France's economy, and it would return to France a large portion of its entire contribution to the EU budget. It is hardly surprising, then, that Hollande so violently resisted calls by British prime minister David Cameron to cut the EU budget and, by implication, the CAP as well.

The euro has allowed France to continue its competitive failings in a different way. If there were no common currency and France operated under its old franc, the declines in exports and investment flows that would accompany its economy's competitive losses would quickly have undermined the currency's value. The falling franc would ultimately have helped French industry compete by reducing the prices of its product in other currencies. It also would have eroded the global purchasing power of French consumers, government and business, imposing a spending discipline throughout the economy. Further, the currency losses would have increased the cost of credit, as lenders, wary of losing still more on the falling franc, would have demanded a higher rate on any loan that paid them in francs. The unavoidable burden of higher credit costs would have constrained government budgets and forced Paris to reconsider the lavish benefits it provides. Meanwhile, the pain emerging from all these strains would surely have created a strong constituency to reform the practices that led to them, one Paris could not easily defy.

But under the common currency and the euro zone, France has felt none of these pressures. Even as policy there has destroyed the economy's competitiveness, the currency has stayed stable, supported by the greater economic prowess of Germany and other members. French industry has, consequently, received none of the pricing relief it would have from a falling franc. Because at the same time the euro's constancy has sustained the wealth and buying power of the French people and the French government, neither has the country felt any restraint. Instead, the balance of payments and budget have just gone deeper into deficit, as France and its government have drawn in goods and services from elsewhere in the euro zone that its own economy no longer produces. With no pain, no constituency for reform has developed, as it would have under the franc.

So, too, the euro zone has shielded Paris from the increased credit costs. Currently, longer-term French government bonds pay a low rate of near 2.5 percent, barely over inflation. Failing economies, like France, usually pay more. Clearly lenders today feel secure that the European Central Bank will protect the euro's value more effectively than the Bank of France would have the franc and that France, as a founding member of the EU and still its second-largest economy, is too big to fail. They believe that the rest of the union, most notably Germany, would see that its obligations are met. With lower

debt-servicing costs than it would have under the franc, Paris has felt less competition within the budget for its other spending priorities, and so there is no pressure for change from this front either.

EVEN IN this latest crisis, the structure of the union has helped disguise the country's economic failings. France's contributions to the stability funds for the rescue of Europe's beleaguered periphery are second only to Germany's. But in reality, France bears disproportionately less of the cost. For one, there is the ongoing inflow France gets from the CAP. But France also benefits more than Germany and others from the relief the euro zone gives Greece, Spain, Italy and the rest of Europe's periphery. As a proportion of total exports, France is more than twice as exposed as Germany to these countries. To the extent that EU aid supports these beleaguered economies, more of the funds loop back to France than to Germany. Meanwhile, because Germany sells almost 40 percent of its exports outside Europe altogether, it effectively provides the bulk of the outside funding for the rescue effort.

Germany's leadership is well aware of the situation. It can surely see how France has benefited disproportionately from the union. It can also see how France has leveraged its advantages within the union and its influence there to direct more economic power than it could produce for itself. Indeed, former French president François Mitterrand, when first moving for the common currency in the 1990s, made explicit his goal to bolster French influence globally by giving France an element of political control over economic power beyond its borders. Then, of course, France's economy stood on a par with the economy of the newly reunited Germany. As German economic power has increased and France's has ebbed, subsequent presidents and prime ministers have refrained from such explicit renderings of French objectives. But, as should be clear, France uses the union in general and Germany in particular to punch geopolitically above its economic weight, to live beyond its means, and to carry on with policies and practices that it otherwise could not have sustained. It is inevitable that Berlin will ultimately want to free itself from such a situation and assert an influence consistent with its relative economic power, something that can only happen at Paris's expense.

For much of the long time spent building the EU and under the euro, Berlin has resisted such an assertion. A lingering guilt from the Second World War has exerted an influence. But more fundamentally, Germany also gains from the currency union, differently than France, but significantly enough to prompt Berlin to avoid actions that might increase any centrifugal forces pulling the EU apart. There are at least two such considerations weighing on Berlin.

First, the euro has helped German industry compete globally. If the euro had never existed and Germany had continued with its deutsche mark, the huge flows of funds into Germany today would have pushed that currency's foreign exchange value to astronomical levels, effectively pricing much German product off global markets. But because the euro encompasses other, weaker economies, its value has stayed lower than a separate deutsche mark would have, leaving Germany with an outright global pricing edge. Second, the euro's structure has enshrined a special advantage for German business within Europe. Because Germany entered the union when its separate deutsche mark was weak relative to the country's impressive economic fundamentals, it gave German product a distinct pricing edge, especially compared to countries in Europe's periphery, which happened to enter the euro when their separate currencies were momentarily strong. IMF data indicate that this German pricing edge amounted to 6.0 percent when the euro was launched. Because Germany has since improved its economic fundamentals while these other countries (France and the shattered economies in Europe's periphery) have lagged in their improvements, that pricing edge has widened to double-digit levels.

However much such considerations have restrained Berlin to date, they will not do so indefinitely. Especially as French weakness forces Germany to shoulder an increasing portion of the union's support, Berlin should sense that it can retain the advantages of the union without having to make concessions to Paris. Indeed, the negotiations surrounding Europe's current crisis indicate that the change is already occurring. While German chancellor Angela Merkel has tried hard to accommodate Europe in its crisis, she, unlike past German leaders, has effectively vetoed French efforts to push measures that run counter to Berlin's interests. Germany, for instance, has steadfastly resisted French proposals for the euro zone to

issue bonds jointly to finance its rescue of the periphery. Not only can Berlin see that the rescue itself benefits France disproportionately, but it also realizes that only its economic power could guarantee such pools of debt, making the bonds effectively a blank check written on Germany for common use within the euro zone. Similarly, Germany has insisted on strict euro zone-wide banking regulations before even considering plans for zone-wide relief for banks outside Germany.

Evidence of the power shift has emerged in other matters as well. Officials in Berlin, unlike in the past, refused to ignore the Germanophobic rhetoric used in a French Socialist Party working paper. German finance minister Wolfgang Schäuble angrily refuted the paper's crass characterization of his countrymen, while Andreas Schockenhoff, a member of Germany's socialist opposition, took his French counterparts to task for their "inappropriate" behavior. Polish foreign minister Radek Sikorski acknowledged the power shift in 2011 by calling for German leadership. That Poland, of all nations, should make such a call speaks loudly to how far the change has already progressed. A recent strategy paper produced by the Polish Institute of International Affairs has reinforced this message, explicitly citing the need for Warsaw to court Berlin because of France's diminished ability to impact EU policies. Even Paris has all but admitted its ebbing power. By billing itself as spokesnation for the Mediterranean, it has all but admitted that acting on its own carries less weight than it once did.

Perhaps it is the recognition of this impending shift that has at last impelled France, even under the socialist Hollande, to consider policy reforms. Paris has no lack of blueprints for how to revitalize its industry and redress the political-economic balance with Germany. The most recent government-commissioned outline, authored by French business leader Louis Gallois, arrived in 2012. Last year the IMF also made explicit recommendations for French economic reform. As a sign of France's lost stature within the EU, even the bureaucracy in Brussels has made recommendations. Paris was outraged. The various proposals all say pretty much the same things, advocating tax relief for businesses and streamlining regulations to allow more flexibility in product and especially labor markets. Gallois, speaking in terms of a "competitiveness shock," claimed that only such measures would allow firms to adjust more effectively to market fluctuations, introduce new products and invest in new technologies to improve productivity, profitability and their competitive ability.

Remarkably, the socialist government appears to have begun to act on many of these recommendations, though matters remain horribly muddled. Under its "National Pact for Growth, Competitiveness and Employment," Paris has introduced several initiatives. A Competitiveness and Employment Tax Credit (CICE in the French) would offer €20 billion in tax relief to companies, financed by €10 billion in general spending cuts and an increase in the VAT. An Accord National Interprofessionnel (ANI) would discourage fixed-term employment contracts by placing a levy on them and help reduce youth unemployment by offering an exception to firms that hire people under twenty-six years old. The ANI would allow firms more flexibility in setting wages and hours, as well as make firing easier by allowing firms to settle their dismissal obligations with lump-sum payments and allowing only two years for employees to challenge layoffs. In return, however, it would demand that wage adjustments and changes in hours occur only to avoid layoffs and that when these occur firms help finance job mobility and training. To drive people back to work, the measure also would make extended unemployment benefits contingent on training and an active job search—what the French and other European reformers refer to as "flexicurity." The government has also established and funded three financial vehicles to invest in research and development, higher-technology firms and what the government calls "sectors of the future."

IF FRANCE were to build on such reform efforts, it could in time reestablish its own economic viability and competitive prowess and, consequently, reestablish something like the original Franco-German political-economic balance within the EU. This, obviously, is the more comfortable option for France, but also more generally. It would return the European scene to something familiar. If, however, France fails and its economy continues its relative slide—and especially if at the same time Italy, Spain and other nations in Europe's beleaguered periphery make effective economic reforms—then the power balance will shift and the EU could change into something very different, something much more Germanic. It is

too early in the game to handicap with any assurance, but probabilities at this initial stage would seem to favor the latter likelihood: less than sufficient reform in France and the more transformative future for Europe.

Certainly France cannot count on the reforms recently put in place. They are inadequate and leave many questions about Paris's direction. Positive as they may appear, they have arrived amid much contrary maneuvering. Paris, having relieved one tax burden, has at the same time raised others. The 75 percent maximum rate failed, of course, but it has nonetheless sent a mixed message about government emphasis. Paris, by financing some corporate tax relief with a VAT hike, only burdens the economy and the companies that operate in it in a different way. Even small points muddle the message. Former French president Nicolas Sarkozy had cut the restaurant tax from 18 percent to 5.5 percent. But Hollande raised it again to 7 percent last year and has scheduled an increase to 10 percent next year. Hollande's commitments to labor-market reform and revitalization also sound hollow given that he eagerly reversed his predecessor's small increase in the nation's retirement age, bringing it back from sixty-two years, still lower than the average of developed nations, to sixty years.

The reforms themselves carry a confused message. Their complexity and heavy conditions retain the heavy, top-down control of the old regulations. All the new financing vehicles set to modernize French businesses and pick "sectors of the future" are entirely controlled by the same Paris bureaucracy that created the moribund structure now in such need of reform. Even as all these new financing vehicles aim at higher technology and greater value added, the CICE gives companies tax relief only on lower-paid employees, implicitly encouraging firms to choose practices and products that favor less skilled people, and so necessarily continue the disappointing trend toward less sophisticated products and processes. In the ANI, firms get tax relief but only for some employees designated by the state in some circumstances. In order to manage their production, and so by necessity set hours and salaries, firms must commit to government-mandated employment objectives. The new rules only take from workers their old ability to question their wages because those wages are now set by a state-devised formula. Throughout, there seems to be no recognition that only a company's managers can make it efficient and competitive.

If the French, even with their reforms, cannot rid themselves of the compulsion for state control and the root, it seems, of their economic shortcomings, then the EU's future will have to accommodate the decline of French influence. Some associate a shrinking France with doom for the EU. Such sentiments are understandable. France, after all, was a founding member of the whole project of European unity and has been a leading light of the effort since.

But the union already has begun adjusting to a diminished French presence. Between the disproportionate returns France gets on the CAP and that accrue to it from the aid given to Europe's periphery, it is not apparent how much of a net contribution France actually makes. Germany may already be managing economically without France. Berlin's recent pursuit of trade agreements with China on its own speaks to its willingness to support the European experiment and, in the words of a recent Washington Post op-ed, unilaterally set an agenda for the euro zone as a whole. As indicated, Germany already has begun to veto French initiatives and write durable rules for dealing with the current fiscal-financial crisis. Others within Europe, it is evident, are accommodating themselves to Berlin's leadership. A simple incident from earlier this year captures the sense of what is already occurring. At a meeting of finance ministers during the Cyprus troubles, it was reported that French finance minister Pierre Moscovici fell asleep and that no one at the meeting noticed until IMF head Christine Lagarde woke him. He has since denied that he actually dozed off, but even if the story is inaccurate, it nonetheless captures the developing acceptance of France's waning role.

The change will develop slowly, certainly by the standards of the twenty-four-hour news cycle. No wars will be fought and no troops will march as in past European power shifts. The new leadership and emphasis will further avoid easy recognition by occurring entirely within the old EU forms and institutions. The greatest official violence will come from the occasional snub, as Sarkozy gave to Cameron when he refused to follow the French lead as he might have in the past

and voted against Sarkozy's proposals for Europe. Within these structures, the reality of power within the union, and certainly the euro zone, has already moved in a distinctly Germanic direction. Jacob Heilbrunn surely overstated when he wrote recently in these pages: "The past view that what was good for Germany was bad for the European Union is being supplanted by a new attitude that what is good for Germany is even better for its neighbors." Still, he did capture the direction in which things will continue unless France can get its act together and offer a viable counterbalance. So far, there is scant evidence that France will rouse itself from its socialist sickbed. Or that it even wants to.

Milton Ezrati is senior economist and market strategist for Lord, Abbett & Co. His forthcoming book, *Thirty Tomorrows* (Saint Martin's Press, 2014), links globalization to aging demographics.

France

As He Zigzags on Taxes, Hollande Backs Himself Into a Corner 88,119

By [Carol Matlack](#) October 29, 2013



French President François Hollande speaks in Berlin on July 3

Photograph by Maurizio Gambarini/AP Photo

Less than 18 months into his five-year term, French President François Hollande faces a [widening tax revolt](#) that could severely limit his ability to govern.

Following violent protests in Britany, the government confirmed on Tuesday that it would suspend collection of a planned levy on trucks carrying agricultural goods. It's only the latest in a series of backtracks on unpopular taxes that Hollande had introduced in an effort to narrow France's budget deficit.

Over the weekend, he abandoned plans for a retroactive tax on savings accounts that had drawn sharp criticism from within his own party. Earlier, he shelved plans to tax businesses' gross operating profits, and to raise taxes on capital gains generated by the sale of companies. For now, Hollande is sticking with a planned 75 percent income tax on incomes over €1 million (\$1.38 million), despite a planned [strike by the country's soccer clubs](#).

STORY: [France Finally Meets a Strike It Doesn't Like](#)

The zigzagging on taxes, along with persistently high unemployment and sluggish growth, has sent Hollande's popularity plummeting to 26 per cent, the lowest rating for any French President in modern times. "Criticisms are raining down from all sides, including from the Socialist Party," Bruno Cavalier, head of macroeconomic analysis at the Oddo Securities brokerage, wrote in a note to clients on Tuesday.

The big risk for Hollande is that his stumbles have ignited a populist movement that will effectively block him from taking steps to reduce budget deficits and control France's burgeoning debt, which now stands at 93.5 percent of gross domestic product.

Support for the far-right National Front (FN) has [surged](#) over the past few months, with roughly one-fourth of voters saying they'll support FN candidates in municipal elections and in European parliamentary elections during 2014. The center-right UMP party of former President Nicolas Sarkozy now polls in second place, with the Socialists third.

STORY: [For France's Rich, the Tax Pain Isn't Over](#)

As a member of the euro currency zone, France is under orders to bring its budget deficit below 3 percent of GDP by 2015, down from an expected 4.1 percent this year. Until now, Hollande's efforts to reach that goal have relied mostly on raising

taxes. His 2014 budget, though, envisions deep cuts in government spending. That puts him on a collision course with the FN, whose economic program is in many respects more leftist than that of the Socialists. FN leader Marine Le Pen has said that slashing government spending is “folly.”

It's true that Hollande's Socialists have a parliamentary majority. But as the recent tax protests have made clear, he can't always count on their backing for unpopular measures. “Even Hollande's own supporters question if he's up to the job,” Bruno Jeanbart, a director of Paris-based pollster OpinionWay, told Bloomberg News.

Growing anti-tax sentiment also could make it harder for the government to collect levies already on the books. “Tax uncertainty is greater than ever, and actions of tax resistance/avoidance, often anecdotal, are multiplying,” wrote Cavalier of Oddo Securities. “Despite France's solid political institutions, we are in the presence of an unhealthy and worrying situation.”

Bloomberg News

Hollande Lives Up to Pudding Moniker as His Authority Questioned 88,121

By Mark Deen October 30, 2013



Francois Hollande, France's president. "Hollande's problem is that his credibility has been dented," said Emmanuel Riviere, a pollster at TNS Sofres in Paris. "Now, even if his economic strategy produces results, he may not be given credit." Photographer: Vladimir Simicek/Isifa/Getty Images

French President Francois Hollande's nickname after a popular pudding is beginning to look like more than the stuff of satire.

A year and a half into his presidency, Hollande's authority has been undermined by flip-flops on issues from immigration to taxes. This week's decision to suspend a truck levy in the face of protests prompted headlines of "Government Runs Out of Steam" in *Le Parisien* and "Can He Still Govern?" in *Le Monde*.

The truck-tax reversal came two days after Hollande abandoned a budget measure to increase taxes on savings and a week after he tried to backpedal over the deportation of a 15-year-old Kosovar girl. The U-turns lend substance to Hollande's image for being soft and wobbly as he tries to please all -- one that earned him the moniker 'Flanby,' after a Nestle dessert brand, long before he became president.

STORY: [France Finally Meets a Strike It Doesn't Like](#)

"Hollande's problem is that his credibility has been dented," said Emmanuel Riviere, a pollster at TNS Sofres in Paris. "Now, even if his economic strategy produces results, he may not be given credit."

The Socialist president's popularity has extended a decline that was already the steepest for a French president. A BVA poll published two days ago showed Hollande's approval rating dropping six points in the past month to 26 percent, the lowest level under France's current constitution. Eighty-four percent of voters say Hollande's leadership is ineffective.

The setbacks may undermine Hollande's ability to press ahead with fixing France's stalled economy, which is showing signs of a nascent recovery after more than two years of close to no growth.

STORY: [As He Zigzags on Taxes, Hollande Backs Himself Into a Corner](#)

Divisive Issue

Among the about-faces, the expulsion of Leonarda Dibrani, whose family was living illegally in France, was among the most divisive, creating splits in Hollande's own party.

The issue caught public attention when police took custody of the Roma girl while on a school trip and deported her, with her family, to Kosovo. Thousands of students demonstrated in protest. Hollande sought to quell public criticism by inviting her to return -- without her family.

Hollande said in a television appearance on Oct. 19 that no law or rights had been violated while also criticizing the police for showing “lack of judgment” when they picked up a girl during a school outing. Socialist lawmakers said he spoke out too late and too timidly, while the girl herself refused an offer to return to France without her family.

STORY: [France's Big Brother Speed Trap](#)

“The debate on immigration once again gave the impression of a lack of preparation,” said Bruno Jeanbart, a pollster at OpinionWay in Paris. “Now Hollande is facing a debate on his competence.”

Taxing Retreats

Similarly, the decision to suspend the truck tax, originally part of the environment policy put in place by former President Nicolas Sarkozy, drew criticism from the government’s ecology allies, laying bare fissures. Senator Jean-Vincent Place from the Greens Party warned that dropping the tax would show Hollande “no longer had authority over anything.” The tax was suspended after farmers in Brittany protested against it.

“The presidential majority has publicly displayed its internal divisions on numerous occasions in recent weeks,” said Bruno Cavalier, an economist at Oddo Equities in Paris. “The president’s authority has generally been deemed diminished by this division. Criticism is raining down from all sides.”

STORY: [Why Euro-Skeptics Could Win Big in 2014](#)

To be sure, some Socialists have rallied to Hollande’s cause. Bruno Le Roux, head of the party in the National Assembly, said Hollande has managed to push through changes to labor laws, schools and pensions that the country needs.

‘Little Things’

The controversies need to be looked at against the backdrop of “everything we’ve done to reform this country,” Le Roux said yesterday on France Info radio.

This week’s controversies are “about little things” and I say “Hold firm Mr. President, with what we’ve been doing for the past year-and-a-half, we have every reason to hold our heads high.”

STORY: [Chevy Gets Spooked by Boston's Strong Backlash to Pickup Slogan](#)

Getting that message across at a time when the French population is coping with taxes that have risen by 70 billion euros over three years and unemployment at a 14-year high still represents a major challenge for Hollande and his party.

Tax, in particular, is a growing source of dissatisfaction in a country where the government collects more than 46 percent of gross domestic product to keep itself functioning. In 2011, when the portion was 2 points lower, France was already the third-highest taxed country in the world behind Belgium and Denmark, according to the Organization for Economic Cooperation and Development.

Soccer Clubs

Hollande meets today with representatives of France's soccer clubs who are threatening to strike during the last week in November in protest against a 75 percent tax on earnings of more than 1 million euros (\$1.38 million).

"Behind the problem of taxation you practically have a civil war," said Laurent Dubois, a professor at the Institute of Political Studies in Paris. "The French have the impression that they pay, pay, pay; that unemployment climbs, climbs and the rich are getting away."

For Mathieu Doiret of the Ipsos polling company, Hollande's situation is comparable to that of U.S. President Jimmy Carter before he was ejected from office in 1980 or British Prime Minister James Callaghan about a year earlier.

"Like Carter and Callaghan, Hollande isn't a very strong personality," Doiret said. "And like them, Hollande is coping with a situation where the state of his country's economy and morale have hit bottom."

U.S. Blasts Germany's Economic Policies 88,124

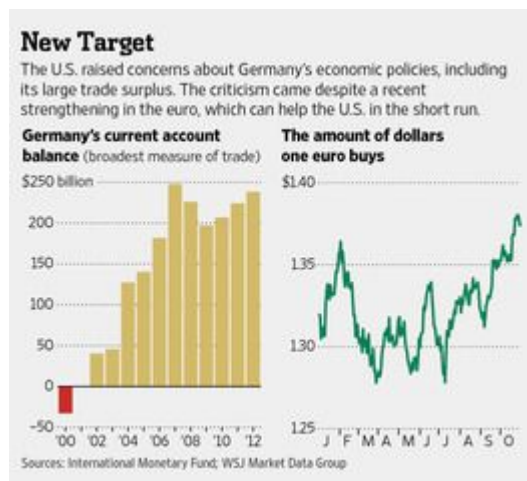
Updated Oct. 31, 2013 4:15 a.m. ET

Employing unusually sharp language, the U.S. on Wednesday openly criticized Germany's economic policies and blamed the euro-zone powerhouse for dragging down its neighbors and the rest of the global economy.

In its [semiannual currency report](#), the Treasury Department identified Germany's export-led growth model as a major factor responsible for the 17-nation currency bloc's weak recovery. The U.S. identified Germany ahead of its traditional target, China, and the most-recent perceived problem country, Japan, in the "key findings" section of the report.

The U.S. is itself dealing with persistently weak growth and has faced complaints from some countries about its attempts at reviving a sluggish economy, including the Federal Reserve's easy money policies. Finance leaders have also taken aim at the U.S. over the global economic impact of fiscal wrangling between the White House and Congress, including the government shutdown and debt-ceiling fight.

[Enlarge Image](#)



With the latest report, the Treasury Department has now criticized the world's three largest economies after the U.S. for their economic policies.

The focus on Germany represents a stark shift in the Obama administration's economic engagement with one of its most important allies. Since the early stages of the euro-zone debt crisis in 2010, U.S. officials often avoided public criticism of Germany given its central role in keeping the currency bloc intact. President Barack Obama and his top officials worked carefully behind the scenes to prod Germany without antagonizing it publicly.

The currency report comes at a time when officials in Berlin and Washington are already clashing over other issues including allegations about U.S. spying.

"Germany's anemic pace of domestic demand growth and dependence on exports have hampered rebalancing at a time when many other euro area countries have been under severe pressure to curb demand and compress imports in order to promote adjustment," Treasury said in its report. "The net result has been a deflationary bias for the euro area as well as for the world economy."

A spokesman for the German finance ministry said international organizations including the International Monetary Fund, Organization for Economic Cooperation and Development and European Commission have recently evaluated Germany's economic policies favorably. The IMF found no policy distortions, the spokesman said. Strong domestic demand is driving Germany's growth, he added.

The IMF, however, has consistently urged Germany to boost domestic demand, saying its large trade surplus came at the expense of its southern peers.

Some critics have called Treasury's assessments toothless, pointing to the fact that no major trading partner has been labeled a currency manipulator in nearly two decades. Still, the U.S. has employed the report as a diplomatic tool to sway countries over their economic and trade policies.

The complaints about Germany's economic model aired in the report are well-known and have been conveyed quietly by U.S. officials over the years. The latest venue for the comments were unusual, however, in a report that typically focuses on currencies rather than broader economic policies.

The euro, in fact, has strengthened 4% this year due to rising investor confidence in the currency union's recovery and signs that the Federal Reserve is on course to continue its extraordinary easy-money policies. The euro, which settled at \$1.3736 at 5 p.m. in New York, fell slightly in late trading after the Treasury released the report Wednesday evening.

A stronger euro helps the U.S. economy by making American products more competitive abroad. But U.S. officials appear to be more worried about German economic policies creating longer-run distortions in the global economy.

As Germany helps define economic policy for the rest of the euro zone, Washington wants to ensure the euro zone doesn't rely too heavily on exports—rather than domestic demand—to pull itself out of its economic doldrums.

The Obama administration heightened its criticism of Germany markedly from April, when the last currency report was released. At the time, the Treasury broadly noted that Germany and the Netherlands maintained large trade surpluses and briefly mentioned a shortfall in demand within Europe. Now, the Treasury pointedly noted that Germany's surplus now exceeds China's.

Jacob Kirkegaard, an expert on the euro zone at the Peterson Institute for International Economics, said the timing of the criticism is likely an attempt to influence economic policy in Germany while a new coalition government is being formed and is debating its agenda for the next several years.

The euro zone's reliance on exports makes it more difficult for the U.S. and other countries to address their own economic problems. "The euro area is sucking demand from the rest of the world rather than making up for the declining growth in emerging markets," Mr. Kirkegaard said.

Regardless of the blunt criticism from abroad, German politicians are discussing how to boost public and business investment in the country. But there is also a widespread consensus in Germany that the country's big trade surpluses are a sign of health and competitiveness.

The U.S. Treasury's semiannual currency report is designed to ensure major trading partners aren't using their currencies to gain a competitive edge over U.S. exports, undermining the American economy. By holding down the value of its currency, a country can make its manufactured products cheaper to sell internationally.

Treasury maintained its concerns over China, Japan and South Korea's currency policies. It didn't name any country a currency manipulator.

The U.S. reiterated its criticism of Beijing, saying the Chinese government needs to allow a "significantly undervalued" yuan to appreciate faster. Geng Shuang, a spokesman for the Chinese embassy in Washington, said "there is no evidence that the Chinese currency is significantly undervalued," pointing to a 34% appreciation of the yuan against the dollar since 2005.

And while the Treasury said Japan appeared to be abiding by recent international currency agreements, it said it would continue to "closely monitor" Tokyo's policies.

Treasury also warned South Korea to limit its intervention in the currency markets.

Representatives from the Japanese and Korean embassies in Washington didn't immediately return requests for comment.

Understanding Europe's Delusion, Dilemma, And Endgame In Under 9 Minutes



VIDEO

88,126

Submitted by [Tyler Durden](#) on 10/30/2013 21:11 -0400

- [Reality](#)

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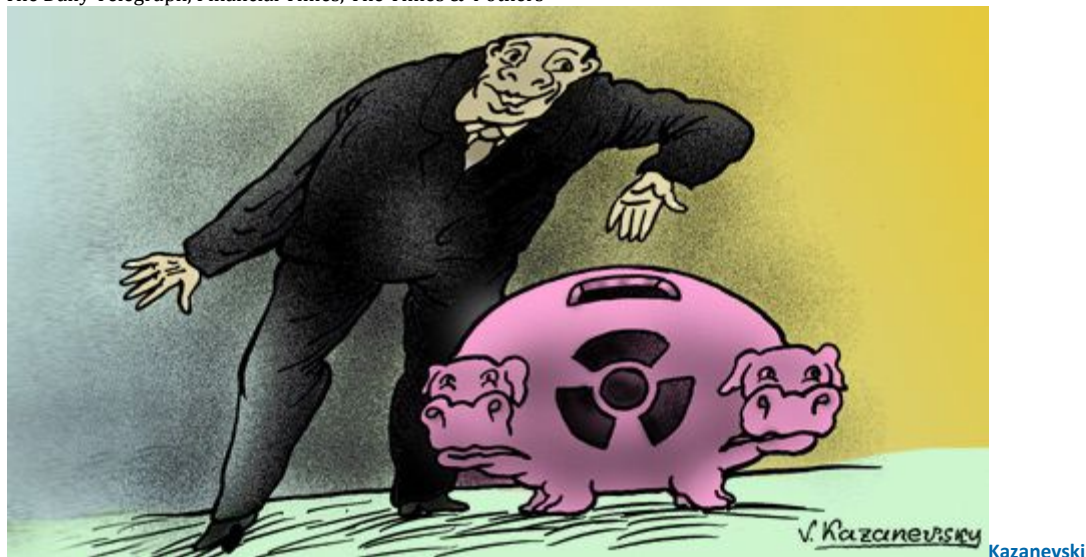
If one watches (or reads) any of the mainstream media, it might seem 'obvious' that Europe is doing well; it's recovering; and the crisis is over (almost over..). However, as [Punk Economic's](#) David McWilliams explains in this excellent overview of the European delusion and Merkel's dilemma, **there is a "wedge" of unreality between the so-called "markets" and the reality of economic progress**. From playing with Germany's money to moar bailouts, and from Merkel's enabling of Draghi's excess to the reality that nothing has changed across the European region, in under 9 minutes, McWilliams brief tour-de-force is a must-watch before you 'chase' more performance with the herd. McWilliams concludes, however, with a darker edge of the inevitable endgame of a **"slow trudge" to federalization (and loss of sovereignty)** that will likely see [Nigel Farage \(and many others\)](#) apoplectic.

UK finds ‘nuclear power is the cheapest way’ to reduce emissions 88,127

22 October 2013

Presseurop

The Daily Telegraph, Financial Times, The Times & 4 others



While Germany and France are trying to reduce their reliance on nuclear power, the UK has announced a deal to build its first new nuclear power plant in almost 20 years. A risky choice, but one for which the economic rationale is clear, writes the European press.

The controversial deal with French energy firms EDF and Areva and their Chinese partners CGN and CNNC to build a new nuclear power plant at Hinkley Point C in Somerset (south-west England) will create 25,000 much needed jobs, but comes at a high price: an electricity price guarantee that is twice the current wholesale price, concerns at the large scale Chinese investment in the project (30-40 per cent of the total amount), not to mention the environmental risks inherent with nuclear power.

“We may be paying over the odds for new nuclear power, but at least it provides the certainty that has been lacking for so long,” writes *The Daily Telegraph*, bemoaning the fact that “in order to attract state-owned French and Chinese firms, we have had to stuff their mouths with gold”. It continues –



How has a nation that once led the world in nuclear technology, one graced with bountiful resources in terms of coal, oil and gas, become dependent on France and China to keep its lights on? We are in this position because energy policy has, for decades, been a shambles. Even as our stock of power plants began to run down – a demise hastened by various British and European directives and targets – government made scandalously little provision for their replacement.

Meanwhile, an [editorial in the Financial Times](#) argues that the country is being forced to pursue the nuclear path because the [2008 Climate Change Act](#) set overly optimistic emissions reduction targets. The daily writes –



Yet if new nuclear plants are needed to keep the lights on, that is because the UK has ruled out other options by adopting targets for emissions reduction that are among the toughest in the world. If policy makers believe these commitments are defensible even now that their cost has been laid bare, they should make their case. If not, they should reverse course. That this would be embarrassing is no excuse for saddling Britain with costs it cannot afford. [...] The country should now ask whether it can afford to race ahead with emissions reduction while others drag their feet.

[For The Times](#), the agreement comes down to simple facts: "Britain needs nuclear power. The deal [...] is belated and welcome." However, the newspaper's editorial argues the government should have haggled harder, given EDF's financial position. It writes –



The Government ought to have fought harder for better terms from EDF. Britain needs new nuclear capacity but the deal is likewise critical for the company after its overrun at a plant in [Flamanville] Normandy. Britain is obliged under the 2008 Climate Change Act to meet certain targets for reducing greenhouse gas emissions. Despite its considerable expense, nuclear power is the cheapest way of doing this. The price of renewables such as offshore wind is substantially greater.

In France, [Mediapart](#) notes that it is "the first time since the Fukushima disaster in the spring of 2011 that a European state has placed an order for a new nuclear plant." The website warns –

MEDIAPART

The agreement between London and EDF must still pass the scrutiny of the European Commission, which must determine whether or not state aid is involved. The British government is expected to file its application with Brussels this week.

For its part, [La Croix](#) [considers](#) London's decision "spectacular, [even if it is a] decision that has gained sufficient consensus in the United Kingdom; [in France and Europe], though, it has amazed many." The daily noted that "nuclear power has become a major axis of cooperation" between London and Paris, "much like questions of defence and the big diplomatic issues". It also perceives a political choice on the part of the British government –



Great Britain is the ardent promoter of a European market without barriers. Having largely opened its doors to the French electricity champion, it can argue the cause of free trade even more vigorously.

In Germany, where the Fukushima disaster has [lent speed to the country's exit from nuclear power](#), [Die Welt](#) [understands](#) the decision of the British. The new plant "will be part of the new generation, producing energy in a safe manner by using less uranium than the earlier ones". In addition, the newspaper explains,



The British have fewer options [than the Germans]. Almost half of Britain's energy production is based on natural gas, but British North Sea gas is running out quickly. A return to coal is excluded because of the lofty ambitions to protect the climate. And an energy shift that relies on the charity of subsidies according to the German model is no longer an example for the British to copy [...] Building new power plants could [even] be profitable.

In contrast, *Die Tageszeitung* [takes a very critical view](#) –



The British decision is no victory for the nuclear business but a definitive admission of its failure, because the argument that nuclear power is not costly has been swept away by this deal once and for all: not only does the British government vouch for a large chunk of the investment into the new Hinkley Point reactor, but it also guarantees a fixed price of almost 11 [euro] cents per kWh to operators who provide the electricity – which is more than German consumers today pay for energy from large solar plants and wind farms.

2014 EUROPEAN ELECTIONS:

Europe's economic elite backs the euro

88,130

22 October 2013

[DE VOLKSKRANT](#) AMSTERDAM



The anti-euro parties may be stronger than ever in the next European Parliament. But unless they start working together, they will not be able to backtrack on the single currency, brought in by the economic elites of Europe in the pursuit of their own joint interests. Excerpts.

[Meindert Fennema](#)

Writing in *De Volkskrant* on October 2, 2013, [Frits Bolkestein](#) [former European commissioner and president of the Dutch liberal VVD party] declares his unhappiness with the euro:

“The monetary union is a failure. The euro has proved to be a sleeping pill that has induced the countries running deficits to indulge in a dream of *dolce far niente* instead of worrying about their own competitiveness. The result is a transfer union that is threatening to establish itself permanently. The monetary union was intended to foster friendship among the peoples of Europe. Instead, the German Chancellor, Angela Merkel, is being compared to Hitler in the countries running deficits. The Netherlands are caught in the trap and no longer know how to escape it.”

According to Bolkestein, the collapse of the euro is both inevitable and necessary. This prospect, though, is neither tempting nor likely. If I reach this conclusion, it is not just because that the rescue measures that reinforce the power of the European institutions are now being taken at dazzling speed – for example, the compliance test applied to budgets of member countries, or the strengthening and improvement of the Court of European Auditors, or even, of course, the creation of a permanent European Financial Stability Fund. These are all initiatives that would have been inconceivable just five years ago.

Corporations bet on a unified Europe long ago

If I believe that the European Union will continue to move forward on the path of political unification, as Helmut Kohl predicted back in 1991, it is also because a European economic elite has appeared on the scene. [Searches](#) that I carried out together with Eelke Heemskerk on the establishment of a European network by European “Captains of Industry” led us to conclude that businesses had put their money on a unified Europe a long time ago. This process has been evident since the end of the 1970s.

Relations between European companies increased sharply at that time, and the trend is getting stronger in the 21st Century. In addition to specially established consultative and round tables, we find, from 2005 to 2010, that the introduction of dual international functions (appointment to the supervisory boards of two companies in

two different European countries) is a growing phenomenon among major European companies (the 300 top rankings of the Eurofirst index). These double mandates have increased from almost 300 to nearly 400.

Europe is the only economic sphere in which the economic elite is increasingly merging

However, the international solidarity of companies from across the Atlantic, in contrast, is on the wane. Europe is the only economic sphere in which the economic elite is increasingly merging. No less than 42 per cent of large international corporations identify opportunities for growth and acquisitions in Europe. For nearly a third of these companies, western Europe will be the preferred destination for mergers and acquisitions in the next two years. On continental Europe, Germany is the favourite target (62 per cent), while France (22 per cent) and the Netherlands (21 per cent) lag much further behind.

The populist parties are split

Frits Bolkestein, still, is right in some ways. By relying on cheap loans within the Eurozone, the countries in southern Europe lived beyond their means for years. But these countries have been called to order by Germany and the Netherlands, followed, with some reluctance, by France. The reforms and austerity measures in Greece, Italy and Spain are draconian.

Spain, it seems, has found the road to economic recovery. "The Spanish economy is emerging cautiously from the crisis" [leads De Volkskrant](#) on October 10. The Spanish banking sector is now under European supervision, and the Spanish public sector also appears to be committed to a clean-up. What's more, if Spain does emerge from this crisis, Italy has every chance of doing so too. In this context, [the decline of Berlusconi](#) is also a promising sign.

The road back would mean the end of the euro, which is what the radical right and the radical left in many European countries want. The political elites of various countries have not ceased to run into difficulties raised by the powerful anti-European sentiment. In all the countries, this mood will translate into lasting electoral success for the anti-European parties. But the populists, who are highly divided, will remain powerless so long as the economic elite of Europe remains firmly united. [Greece](#) may yet be forced to leave the monetary union. As long as it remains, though, the euro is in no danger.

Hollande should follow Mitterrand's example

According to the polls [François Hollande's](#) popularity has dropped to a record low of just 26 percent this month. Only a political U-turn can change this trend, writes **the left-liberal daily The Independent** :

<http://www.independent.co.uk/voices/editorials/the-french-malady-8913604.html>

EDITORIAL

Wednesday 30 October 2013

The French malady

88,132

An unpopular President lacks the courage and capital to combat deeply entrenched problems

There are two types of political unpopularity, as President François Hollande is discovering. The first is the type endured when a political leader is taking “tough but necessary” decisions, especially mid-term. The pain is felt by the voters, who express their disapproval in polls, by-elections and the like. In a British context this might be termed the “Thatcher model”. Eventually the gains become apparent and popularity is revived. The second type is where a leader is simply incoherent, undertaking just enough reform to make themselves and their administration hated, but not sufficient to deliver much gain, or electoral dividend, by the time polling days arrives. One might term this the “Major model”.

Thus, the fact that he is the most unpopular president in the history of the Fifth Republic should not necessarily concern Mr Hollande unduly. He is a year in to a long (five-year) term of office and, were he pursuing the policies and reforms France so desperately needs, he would be assured that at least he was doing the right thing and that the nation, and his popularity, would benefit in due course, Thatcher-style.

The truth, of course, is that Mr Hollande is following the John Major model, trimming ineffectually at the edges of welfare and labour market reform, but time is running out for the floundering French economy. France’s economic problem is simply stated: it is uncompetitive and generates nowhere near enough jobs to provide its young people with a future. That is not new – the riots in the banlieues a decade ago attest to that. But the sluggish growth performance of the French economy is starting to erode the living standards of France’s spoiled middle classes (though not yet its farmers).

Mr Hollande, during his election campaign and after, soothed the voters with an essentially fraudulent manifesto: that taxing the rich and bashing the bankers was the answer to the malaise. It was never going to be, of course, and the real problems persist: a state that spends almost six in every 10 euros; dirigiste and chauvinistic policies from agriculture to cars that are protectionist (**this is a country that regards yoghurt making as a “strategic” national interest**); a sclerotic labour market; too-generous welfare payments; and an attachment to a way of life, a culture, a language and cuisine that critics describe as xenophobic. French is a beautiful language and the baguette a wonderful gift to mankind, but the obsession with resisting Anglo-Saxon conveniences, even as supermarket bread and McDonalds appeal to more and more customers, is symptomatic of a people less than at ease with itself.

So Mr Hollande follows Nicolas Sarkozy in falling victim to this malady; he reflects a national desire to restore France as a great economic power, but is unwilling to face down the vested interests that defeat any attempt to deliver the reforms upon which that power, and prosperity, depend. It may be that Mr Hollande will follow the example set by François Mitterrand in the 1980s. After a brief socialist experiment, crowned by the adoption of a 35-hour working week, Mr Mitterrand U-turned his way to fiscal conservatism, coupled with a “franc fort” that disciplined the economy and led to the single currency. **Thus far, Mr Hollande does not seem to be made of the same stuff.**

EDITORIAUX

Par *Daniel Fortin*

L'esprit de Maastricht

88,133

Par [Daniel Fortin](#) | 31/10 | 06:00 | [3 commentaires](#)

Les sondages sont unanimes : s'ils devaient voter aujourd'hui, nul doute qu'une majorité de Français se prononcerait contre le traité de Maastricht, dont l'on « fêtera » - si l'on peut oser ce terme - les vingt ans d'entrée en vigueur ce 1^{er} novembre. Et sans doute en irait-il de même dans la plupart des pays européens. Là se situe le principal échec de cette étape fondamentale de l'Union européenne, celle qui a notamment jeté les bases de l'euro. Ni sur la scène internationale ni dans le regard de ses citoyens, l'Europe n'incarne la puissance politique qui devrait être la sienne compte tenu de son poids dans l'économie mondiale. La marée montante du populisme sur tout le continent évoquerait même, si l'on se laissait aller au pessimisme, une terrible **régression** au profit du nationalisme le plus stérile. Dans ce contexte, où l'Europe est volontiers réduite à l'austérité et à son corollaire, la germanophobie, il paraît difficile aujourd'hui de défendre un traité au bilan en apparence si délétère. Mais les textes ne sont après tout que ce que les dirigeants en font. L'Allemagne puis la France ont été les premières à déchirer le pacte qu'elles avaient signé avec leur partenaire, en s'asseyant avec une désinvolture coupable sur l'interdiction faite à chaque Etat d'afficher un déficit supérieur à 3 % de son produit intérieur brut. Mais si elle n'a guère été respectée à la lettre, l'esprit de cette mesure demeure. Il est même assez extraordinaire d'observer que, malgré l'épouvantable crise traversée par la zone euro, ce principe continue à guider les politiques budgétaires des Etats. Les peuples du sud de l'Europe savent à quel point son respect est lourd de sacrifices. Au lieu de le dénigrer, **il faut au contraire s'accrocher à un traité qu'il suffirait de respecter strictement pour conduire l'Europe sur la voie d'une plus forte intégration. L'un des principaux enjeux de l'Europe aujourd'hui est de réduire les formidables écarts de compétitivité qui se sont creusés entre ses membres. Ce n'est pas en redonnant de la bride aux gouvernements nationaux que l'on y parviendra.**

Les Echos - France

Everyone must strictly adhere to Maastricht

The Treaty of Maastricht went into effect twenty years ago. Anticipating the anniversary on November 1, the liberal business paper Les Echos defends the [oft criticised set of rules](#): "Even if the treaty has not always been adhered to, its basic idea lives on. It's even quite exceptional that the budget policies of the states continue to comply with it despite the severe crisis the Eurozone is going through. The people in Southern Europe are well aware of the sacrifices that entails. Instead of denigrating it, the thing is to hold even more strongly to a treaty that - provided it's respected - could lead Europe down the path of greater integration. One of the principle challenges for Europe today is to reduce the immense differences in competitiveness that divide its members. That won't be achieved by giving greater freedom to the national governments." (31/10/2013)

GERMANY:

Employment is no guarantee of happiness

88,134

31 October 2013

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Die Welt, Handelsblatt, Frankfurter Allgemeine Zeitung



Die Welt, 31 October 2013

"Germany is a country of stressed out people," runs a headline in [German weekly Die Welt Kompakt](#).

"More than half of Germans feel they are under pressure – at work, within the family and because of financial woes," the newspaper continues. Women between 35 and 45 suffer because they are asking too much of themselves and are not able to accommodate both raising children and their careers, according to [an opinion poll by the Forsa Institute](#), published on October 30.

"Work is the number one stress factor," [explains Die Welt](#). As for German financial daily [Handelsblatt](#), it hails "the employment miracle" that provides jobs to 42.2 million Germans, the most since German reunification. In the past five years, 1.5 million jobs have been created and, according to a study by economic institute IFO, the boom is set to continue, adds the paper.

Given these figures, daily *Frankfurter Allgemeine Zeitung* is puzzled by German angst –

Trust the Germans! For the first time, 42 million people have a job in Germany, yet public opinion continues to rail against labour market conditions. There is no government on Earth that would not immediately swap these conditions for those in their own country. But while half of the world tries to copy the "German employment miracle," its creators are losing sight of it all.

Reaktionen auf Kritik an Deutschland

„Wir sind ein starkes Exportland und stolz darauf“

31.10.2013 · Amerika kritisiert die hohen deutschen Exportüberschüsse. In der Union stößt das auf Unverständnis. Die SPD argumentiert dagegen ähnlich wie Washington und will die Binnennachfrage in Deutschland stärken.

[Artikel](#) [Bilder](#) (2) [Lesermeinungen](#) (91)

88,135

Der Dauerstreit zwischen Washington und Berlin über die Exportstärke und Wirtschaftspolitik Deutschlands wird schärfer. Die Kritik an den andauernd hohen Exportüberschüssen Deutschlands stößt bei Unionspolitikern auf wenig Verständnis. Vorschläge, Deutschland solle beim Export auf die Bremse treten, könne er „auf gar keiner Weise nachvollziehen“, sagte Finanzstaatssekretär Steffen Kampeter am Donnerstag am Rande der Koalitionsverhandlungen. „Die Kritik ist nicht nachvollziehbar“, hieß es auch im Wirtschaftsministerium.

Das amerikanische Finanzministerium hatte zuvor in einem [Bericht für den amerikanischen Kongress](#) beklagt, Deutschland schade mit seiner übermäßigen Exportorientierung der wirtschaftlichen Stabilität in Europa in der Welt. Zudem wird darin gefordert, Deutschland müsse die Inlandsnachfrage ankurbeln.



© DPA

Während Ilse Aigner (CSU) die amerikanische Kritik ablehnt, zeigt Hubertus Heil (SPD) Verständnis: Die beiden sind Verhandlungsführer in der Koalitions-Arbeitsgruppe „Wirtschaft“

„Ich kenne diesen Bericht nicht, aber die Debatte ist auf internationaler Ebene bekannt“, sagte Kampeter. „Wahr ist, dass wir auf europäischer und auf globaler Ebene darauf drängen, dass diejenigen Staaten, die Ungleichgewichte beklagen, durch ein Mehr an Wettbewerbsfähigkeit einen Beitrag dazu leisten, dass der Euroraum insgesamt wettbewerbsfähiger ist und die weltwirtschaftliche Entwicklung insgesamt positiver läuft.“

Die Co-Vorsitzende der Koalitionsverhandlungsgruppe Wirtschaft, Ilse Aigner, forderte, jedes Land müsse versuchen, möglichst wettbewerbsstark zu sein. „Wir sind ein starkes Exportland schon immer gewesen und stolz darauf“, sagte die CSU-Politikerin. Die hohe Exportfähigkeit sei auch für viele Arbeitsplätze wichtig.

Dagegen plädierte der SPD-Politiker Hubertus Heil ähnlich wie das amerikanische Finanzministerium für mehr Wachstumsimpulse in Deutschland aus dem Inland. „Die Aufgabe, die wir national wahrnehmen müssen, ist die Binnennachfrage in Deutschland zu stärken“, sagte er. Das bedeute auch eine angemessene Lohnentwicklung.

Zudem müsse für mehr Investitionen im Inland gesorgt werden. Das ändere aber nichts daran, dass man eine hohe Wettbewerbsfähigkeit für deutsche Produkte und Dienste halten wolle und müsse, um in der Welt erfolgreich zu sein.

Holger Schmieding, Chefvolkswirt der Berenberg Bank, nennt die amerikanischen Vorwürfe Unsinn und falsch. Der Handelsüberschuss behindere keine Neuordnung in der Eurozone. Dort sei der deutsche Überschuss von fast 5 Prozent in der Zeit vor der Pleite der amerikanischen Bank Lehman auf zwei Prozent gesunken: „Das ist eine wesentliche Anpassung.“ Deutschland sei einfach ein wettbewerbsfähiger Standort, habe vor Jahren Reformen umgesetzt und verfüge heute über einen ausgeglichenen Haushalt.

Beim Industrieverband BDI hieß es: „Die Exportstärke Deutschlands ist das Ergebnis von innovativen Produkten, die in der ganzen Welt beliebt sind und gekauft werden.“ Auch die Industrie in den anderen EU-Staaten profitiere von deutschen Exporterfolgen. So steigen laut BDI die Vorleistungsexporte der EU-Partner um neun Prozent, wenn die gesamten deutschen Ausfuhren um zehn Prozent zulegen.

[Zur Homepage FAZ.NET](#)

The EU would be better led by Angela Merkel and Christine Lagarde 88,136

By Tony Barber

Second-best seems good enough when it comes to deciding on Europe's top jobs, says Tony Barber

Imagine an EU led, 12 months from now, by [Angela Merkel](#) and [Christine Lagarde](#). That would catch the world's attention. Is Europe at last getting its act together, the Americans and Asians might wonder.

Regrettably, it will not happen. Under the EU's eccentric methods of allocating its top jobs, it cannot happen. With their muddled and contradictory notions of Europe's international role, it is a fair bet [the EU](#)'s 28 national leaders would not even want it to happen.

What a wasted opportunity. In Ms Merkel, fresh from her victory in Germany's parliamentary elections, and relishing her responsibilities as the pivotal decision maker in the eurozone crisis, there is a supremely well-qualified candidate to replace Herman Van Rompuy as president of the European Council, which groups the EU's heads of government.

In Ms Lagarde, managing director of the International Monetary Fund and a former French finance minister, there is an excellent choice to fill the shoes of José Manuel Barroso as president of the [European Commission](#), the EU's executive arm.

Handing the EU's reins to this duo would be a masterstroke. It would entrust power to two of Europe's most internationally respected policy makers. It would make a bold statement about Europe's attitude to women in public life. Finally, it would constitute a symbol of the Franco-German partnership without which the EU is a riderless horse.

To understand why this is a pipe dream, consider the words of [Mr Van Rompuy](#). In an unguarded moment, he once said his charisma was "often underestimated". Floating back to earth, he provided the essential insight that the EU council president was never meant to be someone who aspires to overshadow the bloc's national leaders. They would eat him or her up before the third course of one of the EU's summit dinners. Instead the EU president must be "a seeker of solutions, of compromises, a facilitator, a bridge-builder".

On this subject Mr Van Rompuy, a philosophical Belgian Christian Democrat, knows what he is talking about. He is the only person to have held the full-time EU presidency, a post created in 2009. Europe's leaders appointed him because they wanted a chairman, not a chief executive. They also preferred someone from a mid-sized or small country who would not be too big for their boots. A globally recognised personality such as Tony Blair, the former British prime minister, was precisely what they did not have in mind. For the same reason Ms Merkel is out of the running – not that she has ever suggested she will throw her hat in the ring.

Questions of geographical, national, political and gender balance are paramount when the EU gets around, every five years or so, to distributing its highest posts. For example, with Italy's [Mario Draghi](#) occupying the European Central Bank presidency, it is difficult to see how Mario Monti, a former Italian prime minister and EU commissioner, could replace Mr Van Rompuy, or how Franco Frattini, a former Italian foreign minister and also a former commissioner, could replace Denmark's Anders Fogh Rasmussen as Nato's next secretary-general (another job that comes up for grabs next year and always goes to a European). In any case, would the EU really be wise to nominate Mr Monti, a brilliant bureaucrat whose short political career crashed in flames, or to press the cause of Mr Frattini, a former acolyte of the convicted criminal Silvio Berlusconi?

National leaders will control the selection process for Mr Van Rompuy's replacement, but they may find it harder to impose their choices for commission president and EU foreign policy supremo, a post to which the UK's Lady Ashton was appointed in 2009. In accordance with the EU's governing treaty, the leaders' nominations will require the approval of the European parliament. The leaders will therefore have to listen to the [parties represented after next May's elections](#).

This may look like a worthy nod to democratic accountability, but there will in practice be a serious risk of confusion and anticlimactic appointments. Each of the four biggest cross-national political parties – centre-right, centre-left, liberals and Greens – plans in coming weeks and months to field a candidate for the commission presidency. After the elections, the winning party will urge national leaders to accept its candidate. Under the EU's well-honed spoils system, the foreign policy job will then go to a personality from the party that came second, or possibly third. The presidency of the European parliament (the EU has an awful lot of presidents) will likewise be divvied up.

It is possible, of course, that national leaders will not want the winning party's candidate as commission president. The result would be an unedifying showdown between heads of government and the European parliament, a prospect sure to alienate Europeans from EU institutions already regarded as narcissistic and out of touch. It is equally possible that the candidate earmarked for the foreign policy post will turn it down because they have their eyes on supposedly bigger prizes in national politics. In 2009 the socialist group favoured David Miliband, the then UK foreign secretary. He would have been an admirable choice, but he said thanks but no thanks. In a caricature of thoughtful decision-making, EU leaders picked Lady Ashton, who had no foreign policy experience and had never remotely considered herself a candidate.

As long as national leaders crave the limelight and horse-trading defines the appointment process, the EU will continue to make strange choices for its top jobs. Perhaps the leaders prefer it that way. But as the old American cartoon put it, what a way to run a railroad.

Hollande spielt mit dem Feuer

88,138

01.11.2013 · Ohne Kompass, ohne Kraft, ohne Konzept – so präsentiert sich die französische Regierung. Hollandes Irrweg, die Staatsfinanzen über Steuererhöhungen zu sanieren, rächt sich nun bitter. Von CHRISTIAN SCHUBERT, PARIS

[Artikel](#) [Bilder](#) (1) [Lesermeinungen](#) (11)



© AP  Frankreichs Präsident Hollande hantiert weiter mit seinem „Werkzeugkasten“

Seit fast eineinhalb Jahren regieren die Sozialisten nun in Frankreich. Jede Schonfrist ist abgelaufen. Die Franzosen hatten genug Zeit, um sich mit dem Personal und dem Programm der politischen Führung vertraut zu machen. Doch mehr denn je fragen sie sich: Welche Führung und welches Programm? Ohne Kompass, ohne Kraft, ohne Konzept – so präsentieren sich der französische Präsident François Hollande und seine Regierung im Herbst 2013.

Zu Beginn der Regierungszeit konnten sich die Sozialisten noch auf die Erbschaft der konservativen Vorgänger berufen. Damit ist es vorbei. Die versuchte Sanierung der Staatsfinanzen über Steuererhöhungen statt Ausgabenkürzungen ist ein Irrweg, den eingeschlagen zu haben sich für Hollande nun bitter rächt. Die Franzosen drohen mit Steuerstreik und anderem Protest, der wie in der Bretagne mittlerweile auch gewalttätig wird. Die Regierung ist immer häufiger in Rückzugsgefechte verwickelt, die sie Autorität kosten. Die Franzosen honorieren diese Teilabkehr von einer falschen Politik nicht wirklich, sondern werfen ihrem Präsidenten fehlendes Stehvermögen vor. Dieser Widerspruch hat seinen Ursprung in der französischen Verfassung, die das Staatsoberhaupt zu einer politischen Überfigur macht. Der Präsident soll zwar auch „zuhören“ können, doch eben auch einen schlüssigen Entwurf haben, den er mit Überzeugungskraft durchsetzt. Zweifel an seiner Standhaftigkeit sind für einen französischen Präsidenten daher eines der schlimmsten Schicksale.

Die Regierung schützt die Insider mehr als die Outsider

Nach allem, was Hollande bisher gezeigt hat, ist in dieser Legislaturperiode auch keine Wende mehr zu erwarten. Mit seinem „Werkzeugkasten“, den er einmal selbst beschrieben hat, hantiert der Präsident weiter. Er setzt vor allem auf klassische linke Instrumente. Sie überwiegen die zaghaften Versuche, durch Liberalisierung

die Wettbewerbsfähigkeit der Wirtschaft zu erhöhen. Trotz der umfangreichen Steuererhöhungen steigen die Staatsschulden weiter, ein ökonomisches Lehrstück über die Kausalität von Staatseinnahmen und Steuern. Bei Überschreiten eines Siedepunktes kommt kein mehr Geld in die Kasse, weil die Wirtschaftsakteure deprimiert sind. Nicht wenige Franzosen verlassen ihre Heimat, weil sie im Ausland bessere Chancen sehen.

Opfer der internen Blockade Frankreichs sind in erster Linie die Arbeitslosen. Ökonomen sprechen vom „Insider-Outsider-Problem“, wenn sie die Konfrontation zwischen Besitzstandsverteidigern und Mittellosen beschreiben. Sie geht meistens zugunsten der Besitzenden aus. Die ganze französische Gesellschaft ist von diesem Frontkrieg durchzogen, am stärksten jedoch auf dem Arbeitsmarkt. Wer eine Stelle in einem stabilen Unternehmen hat, darf sich sicher fühlen, denn aufgrund eines Arbeitsrechts mit 4000 Artikeln kann er nur schwer entlassen werden. Ein hoher Mindestlohn schützt zudem vor dem Wettbewerb durch Geringqualifizierte, die sich ansonsten über einen niedrigen Lohn interessant machen könnten.

Die vielen Schulabbrecher Frankreichs laufen immer wieder gegen diese Mauer. Selbst innerhalb der Unternehmen gibt es Insider und Outsider. Die einen haben unbefristete Verträge, die anderen, vor allem die Jungen, hängen sich von einem Zeitvertrag zum nächsten. Solange sich am starren Arbeitsrecht einschließlich des engen Arbeitszeitkorsetts nichts ändert, wird die Arbeitslosigkeit hoch bleiben. Hollande hat bis Jahresende eine Senkung versprochen. Wenn ihm dies gelingt, wird das allenfalls auf seine staatlichen Arbeitsbeschaffungsmaßnahmen im ganzen Lande zurückzuführen sein. Frankreich habe bewusst die „Wahl hoher Arbeitslosigkeit“ getroffen, hat einmal ein französischer Unternehmer gesagt. Für diese These spricht viel, denn die Regierung schützt die Insider mehr als die Outsider.

Die internationalen Investoren haben viel Geduld

Neben einer Entlastung beim Arbeitsrecht müsste der Staat den Unternehmen auch mehr Früchte ihrer Leistung lassen. Doch bei Staatsausgaben von mehr als 57 Prozent des Bruttoinlandsproduktes ächzen die Betriebe unter den Abgaben. Symptomatisch für den Umgang mit den Staatsausgaben ist die Sozialschulden-Kasse Cades. Die 1996 gegründete Institution ist eine von mehreren Kassen, auf die Frankreichs Staatsschuld verteilt ist. Eine eigene Sozialabgabe wurde sogar eingeführt, um ihre Schulden zügig zu tilgen. Doch wechselnde Regierungen überwiesen immer neue Lasten, so dass der Schuldenberg der Cades auf 216 Milliarden Euro answoll. Die einst für 2009 vorgesehene Schließung der Kasse ist inzwischen frühestens für 2024 geplant – ein Symbol für das Laster der Politiker, die Augen vor unliebsamen Aufgaben zu verschließen.

Die Cades ist aber auch deshalb symbolträchtig für Frankreich, weil sie sich ohne Probleme auf dem internationalen Kapitalmarkt günstig finanziert. Selbst die Bundesbank kauft ihre Anleihen, weil der französische Staat als sicherer Schuldner gilt und gleichzeitig eine attraktive Rendite bietet. Die internationalen Investoren haben viel Geduld mit der französischen Politik. Hollande spielt aber mit dem Feuer, wenn er seine orientierungslose Politik fortsetzt.

October 31, 2013

Germany's Blind Spot

88,140

By *THE EDITORIAL BOARD*

The Treasury Department's semiannual report on the international economy and exchange rates usually makes for boring reading. But the *latest* edition, released this week, broke from that tradition by offering some blunt and much-needed *perspective* about the German economy: Its heavy reliance on exports is hurting weaker European countries that share the euro.

Germany, the biggest economy in the euro zone, has long been a major contributor to imbalances in the global economy. It exports far more than it imports and does too little to encourage the growth of domestic demand. That has made it hard for countries like Greece and France to increase their exports and revive their economies. Last year, Germany's current account surplus was 7 percent of its gross domestic product; by contrast, China, which is often criticized for pursuing an aggressive export policy, had a surplus of just 2.3 percent.

Not surprisingly, German officials said the Treasury's comments were "incomprehensible." The economics ministry argued that the surplus simply reflected "the strong competitiveness of the German economy and the international demand for quality products from Germany."

Germany makes things that the world wants to buy. The problem is that the country's obsession with exports comes at a high cost for its neighbors and its own economy. This year, Germany is expected to grow just 0.5 percent, *according* to the International Monetary Fund, in large part because consumer demand is growing slowly and investment is declining.

There is a lot Berlin could do to raise demand at home. For starters, the government can borrow and spend more to help boost investment. It could also cut taxes on lower-income Germans to increase consumer spending. And it could take more aggressive steps to reverse the *demographic trends* that are expected to shrink the country's population in coming years. The average German woman has 1.4 children, which is much lower than the replacement rate of 2.1. The government could encourage more births by improving access to child care and providing other benefits and services for parents. It is as much in the interest of Germans to have a more balanced economy as it is for the nation's partners in Europe and elsewhere.

Meet The New York Times's Editorial Board »

10/31/2013 06:26 PM

Raw Nerve

Germany Seethes at US Economic Criticism

88,141

By Christopher Alessi

German policymakers are striking back at the United States, after a US Treasury report blasted the country's massive trade surplus. Sensitivities in Berlin are still high over US spying on Chancellor Angela Merkel.

A day after a US Treasury Department report bluntly denounced Germany's economic model, accusing it of hampering the euro zone recovery and hurting global growth, Germany called the conclusions "incomprehensible" and challenged the US to "analyze its own economic situation."

The Treasury's semiannual currency report criticized Germany's overreliance on exports, a high current-account **surplus** and weak domestic demand. These factors "have hampered rebalancing at a time when many other euro-area countries have been under severe pressure," the report concluded, citing budget tightening in the euro-zone periphery. "The net result has been a deflationary bias for the euro area, as well as for the world economy."

The German Economics Ministry responded in a statement with equally harsh words, saying that Germany's surplus is "a sign of the competitiveness of the German economy and global demand for quality products from Germany."

Germany to Blame?

The report -- traditionally a forum for ridiculing alleged Chinese currency manipulation -- noted that **Germany's nominal current account surplus for 2012 was greater than that of China. Germany's surplus rose to \$238.5 billion in 2012, compared to China's \$193.1 billion, according to the World Bank.**

German experts largely agree with the Treasury's assessment of Germany's export-fueled economy, and suggest that increased investment could spur domestic demand. **But some question the emphasis on Germany's role in creating the euro zone's economic imbalances.**

"The point about the huge current account surplus is accurate. It's nothing new, but they are being a bit more aggressive," Simon Juncker, an economist at the German Institute for Economic Research, said of the Treasury report.

However Stormy-Annika Mildner, an expert on trans-Atlantic economic relations at the German Institute for International and Security Affairs, cautioned that the Treasury may be saddling Germany with too much of the blame. "The report could have been more balanced in pointing the finger," she said.

Germany's dependence on exports is only one piece of the puzzle, Mildner said. Structural problems in other European countries, including limited labor market flexibility in Mediterranean countries and the lack of fiscal union in the euro zone, also add to the continent's economic imbalances.

Still, Mildner acknowledged that limited German domestic demand in Germany continues to hamper overall euro-zone growth. She suggested that increased government investment in infrastructure could facilitate new production and services, thereby boosting consumer spending.

A Time for 'Tough Language'

"Increased public investment could be financed by deficits where interest rates are close to zero," said Guntram Wolff, director of Brussels-based think tank Bruegel. On the corporate side, he says, the government could provide tax credits to businesses to incentivize investment.

Despite rising wages over the past few years, German household consumption remains relatively weak. Demand is also strangled by a heavy tax burden. "High taxes, fees and social contributions are weighing on households' disposable income," said Juncker.

But a shift in German economic policy may be on the horizon, as the country's main political parties negotiate a new "grand coalition" government between the center-left Social Democrats and the center-right Christian Democrats. And this could be just the right moment in German politics for "tough language" from the US, Juncker said.

On a trans-Atlantic level, however, the Treasury report may only complicate relations between Germany and the US, which were strained earlier this month following allegations that the US spied on Chancellor Angela Merkel's cell phone.

The Treasury's strong words could also undermine EU-US free trade negotiations set to resume next month, said Mildner. She added: "The skin is getting thinner on this side of the Atlantic."

Frexit fever reaches heart of French establishment

88,143

By [Ambrose Evans-Pritchard](#) **Politics and society** Last updated: October 21st, 2013

[662 Comments](#) [Comment on this article](#)



Photo: Reuters

Calls for EMU break-up are spreading into the upper echelons of the French foreign policy establishment, and the pro-European core.

An astonishing new book by François Heisbourg – *La Fin du Rêve Européen* (The end of the European dream) – argues that the "euro cancer" must be cut out to save the rest of the EU Project before it is too late.

"The dream has given way to nightmare. We must face the reality that the EU itself is now threatened by the euro. The current efforts to save it are endangering the Union yet further," he writes:

There is nothing worse than having to confront the sunless mornings (*matins blêmes*) of an endless crisis, but we are not going to avoid it by denying the reality, and God knows denial has been for a long time, by default, the operating mode of those in charge of EU institutions.

At some time in the future, he insists, Europe's leaders should relaunch the euro, but only after they have established the necessary federalist foundations, and only among a vanguard willing to accept the full implications of a federal currency.

The call to "put the euro to sleep" for Europe's own good is a new twist. We heard a little of this from Germany's AfD anti-euro party, but they had other baggage. The Heisbourg book is a head-on challenge to the Merkel Doctrine (largely rhetorical, contradicted by Germany's actions) that a collapse of EMU would stir up all the old demons of the 20th century.

Yes, a disintegration of the euro might indeed lead to such a calamitous outcome if events are allowed spin out of control after years of festering crisis – the current course – but what kind of an argument is that? It happens

only if they let it happen. It is high time somebody from within the EU elites exposed this sentimental Quatsch and misuse of history for what it is.

Prof Heisbourg is certainly an insider, a different kettle of fish from the Front National's Marine Le Pen, now leading French opinion polls with vows to kill off EMU and restore the French franc.

A product of the Quai d'Orsay, he is an ardent European federalist and long-time champion of EMU, and currently chairman of the very blue-chip International Institute for Strategic Studies (IISS).

He says Europe's leaders have lost sight of priorities, seeming to think that the European system must be convulsed and refashioned for the needs of the euro, as if – pre-Copernican – the sun rotates around earth. "You cannot create a federation to save a currency. Money has to be at the service of the political structure, not the other way around," he says.

While he would dearly love to see the great leap forward to an EU federal superstate – which he deems necessary to render monetary union workable over time – this dream is now "pure fantasy".

Attempts to create a "European demos" have obviously failed. The nations are drifting further apart. A referendum on any such concentration of power in the EU institutions would fail almost everywhere. "Integration has reached the limits of legitimacy", he writes. The EU intrusions once tolerated as "disagreeable" have now become "insupportable".

Reading between the lines, he seems to have been shocked into writing this book by Germany's role in the Libyan crisis, its refusal to provide transport planes (a routine courtesy for Nato allies) to help France "stop another Srebrenica massacre" in Benghazi, even after intervention had been approved by the UN Security Council and the Arab League.

The splendid Joschka Fischer called Germany's decision to line up with Russia and China "a scandalous mistake," warning that Germany risked waking up one day to find itself in "a very precarious position" if it continued to play this game.

You can perhaps read too much into the Libya episode, but the Franco-German body language has not improved much over Syria. Or as my esteemed Telegraph colleague Con Coughlin puts it: that Germany's default position is now pro-Moscow.

You might conclude – though Prof Heisbourg does not go so far – that Germany is no longer an ally of France in any meaningful sense in defence and foreign policy (or indeed trade), and if so that has shattering implications. You might even conclude that the EU is already dead, an empty shell.

Needless to say, Prof Heisbourg does not accept [the latest claim by the EMU Gang of Five](#) that Euroland has turned the corner, or that crisis policies are "beginning to deliver results."

The quintet is revealing: Rehn, Dijsselbloem, Asmussen, Regling, and Hoyer – a Finn, a Dutchman, three Germans; the voices of creditor enforcement. Could they not find a single Latin, if only for show?

He calls it a "cancer in remission". The attempt to cut debt by fiscal austerity – rather letting growth erode the burden over time, a l'Americaine – and to do so without monetary stimulus, has been the "fatal choice". The debt ratios are punching higher, towards the point of "non-linear rupture".

Depression and mass unemployment in southern Europe is not a stable equilibrium. The citizens may have shown the "patience of angels" so far, resisting 1930s reflexes. There have not yet have been any *coup d'etats*, he writes, or a return to Italy's terrorist "years of lead", or even to the student mayhem of 1968.

But none of this can be taken for granted. Starkly different narratives of the crisis are emerging among creditor and deficit states, which he compares to the split in attitudes after World War One when twisted views fed an ideological backlash. Treachery and skulduggery is suspected. The worst motives are imputed, and black legends take hold. He likens it the emergence of the *Dolchstoß* theory (stab-in-the-back) in Germany.

The current course will lead to "serial crises ending in a nervous breakdown and an uncontrolled disintegration of the euro with all its consequences" – he writes – invoking a direct parallel with the sudden unravelling of the Soviet Union, a denouement with which he was closely associated and which caught almost everybody by surprise.

Europe's leaders face the same choice as a general overwhelmed in combat. Do you stand and fight to the point of annihilation, or do you break out of encirclement, saving the rump of your army for another day, the battle lost but not the war? He explicitly cites France's orderly retreat under Joffre before the Marne in 1914, a feat of moral recuperation that the Kaiser's high command thought impossible.

His plan is a complete break-up of the euro and a return to national currencies. "Either the euro exists in its entirety, or it does not exist at all." He rejects the halfway house of a North-South split, the idea proposed by Germany's ex-BDI chief Hans-Olaf Henkel for a Germanic Thaler in the creditor core and a residual euro for the Latin bloc (plus France) that allows the weaker states to both devalue and uphold their euro debt contracts.

The rupture must be prepared in total secrecy by a handful of officials in Berlin and Paris, with everybody else kept in the dark. It would be carried out with lightning speed over a long weekend, modelled on the Brazilian abolition of the cruzeiro in 1994, a task performed with military efficiency.

The final chop to the neck has to be a Franco-German joint act in order to "avoid the catastrophe of a situation where Germany is seen as responsible". Only on this basis can the EU project then be held together. The others would all have to accept the *fait accompli*.

Capital controls would be imposed. The national central banks would have to carry out QE to cushion the shock. Currencies would float for a while before being linked again in a revival of the managed "snake".

Personally I prefer [a different version put forward by a group of French souverainistes](#) at L'Observatoire de l'Europe. This involves fixing new exchange rates until the dust settles, using a formula that takes into account the accumulated inflation differential and trade balances since the launch of EMU.

Under the souverainiste plan, the devaluations/revaluations are set against a new ECU unit of account reflecting the average weighting of the old euro (not anchored on the new D-mark). The public debt of each state would be reconverted overnight into local currency (like Argentina's peso law), whoever the creditors might be. But private external debt would be settled against the ECU, a compromise that shares the losses between weak and strong states.

Prof Heisbourg's plea for second shot at EMU and a push to federal union 10 years hence strikes me as residual romanticism, or perhaps just a way of showing that he has not yet joined reprobates like me in the Eurosceptic mob.

Why the historic nation states should be any more willing to abolish themselves in ten years than they are now is not explained. As he so eloquently describes, the 60-year effort to bind them together has fundamentally failed, and those like Mitterrand and Kohl shaped by WW2 have long since vanished from the scene.

He acknowledges that the French and Dutch "No" to the European Constitution was a turning point, the moment when it became clear that citizens would not accept the EU superstate structure needed to make EMU work. I agree entirely. The 2005 referendums changed everything. But if that is so, then it is also clear that the antifederalist feelings of the nation states go deeper than anguish about the euro, since in 2005 the EMU Project seemed to be going swimmingly. It was not until Greek crisis in 2010 that people started to understand that there was something wrong with the euro itself, and even after that it was a slow epiphany.

Nor do I think that Prof Heisbourg will be able so separate himself from the Eurosceptics by clinging to ideological purity. The machine will fire a cannonade of epithets, as those on the receiving end know from hard experience. In any case, his arguments are more or less the same as ours. A great many Eurosceptics were once "pro-Europeans", to use an irritating expression. I was one myself. It was why I learned all the major languages of Europe (badly, to be sure, but not for lack of enthusiasm) in the late 1970s and early 1980s, and why I studied in Germany, France, and Italy, a sucker for the dream. Then I went to live in Texas.

Bernard Connolly was the official in charge of currency policy at the European Commission in the Delors era when the plot was hatched, and himself resisted pressure to cook the arguments to promote the agenda. He could see even then that such an incoherent venture would end in debt spirals, depression, and economic apartheid, as indeed it has. That is why he became a Eurosceptic in the first place.

Be that as it may, his conversion (the EMU priesthood will call it betrayal) is revealing. It tells us a great deal about the currents at work in French policy circles, and exposes the cracks beneath facade of Project hegemony. Once the Quai d'Orsay set starts to break the taboo, we must be nearing a political inflection point.

Bet on Europe's recovery if you want, but remember one thing. The North-South gap at the root of EMU's troubles will be not closed by a return to tolerable growth – far from assured – because it will also bring forward the day when Germany demands interest rate rises. The crisis changes shape. It does not go away. Monetary union remains dysfunctional with growth or without growth.

Belief that a fresh cycle of economic expansion will put this endless saga behind us is just the latest of so many illusions. Prof Heisbourg is right. Delay no longer serves any useful purpose for Europe. Twere better the deed were done quickly.

My next EMU book is the "The Fall of the Euro" by Nomura's Jens Nordvig. Looks like a cracker.

**Between Nightmare and Graveyard:
Europe Is a Ship of Fools**

88,147

by Helga Zepp-LaRouche

(...) Recently in France, three books appeared that discuss a "Plan B" for withdrawal from the euro. Interestingly, these were not written by Euro-critics, but by authors from the center of the French establishment. Robert Salais's *Le viol de l'Europe* (The Rape of Europe), Steve Ohana's *Désobéir pour sauver l'Europe* (Disobey To Save Europe), and François Heisbourg's *Le fin du rêve Européen* (The End of the European Dream, all document the total failure of the euro experiment, and the existential necessity of France's withdrawal from the euro system. The French establishment is publicly working full blast on a Plan B. (...)

<http://www.france24.com/fr/20130918-lentretien-francois-heisbourg-la-fin-du-reve-europeen-zone-euro-economie>

François Heisbourg, président de l'Institut international des études stratégiques

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VIDEO 11 minutes

In English (around 9' – why a federal Europe will not occur – and 10' why the EU without the euro would have been much better...)

<http://www.france24.com/en/20130918-interview-francois-heisbourg-chairman-of-the-international-institute-for-strategic-studies-in-london>

The EU is plagued by a cancer and the current remission on the markets will be short-lived. That's the damning warning that François Heisbourg issues in his book, "The End of the European Dream", which has just been published in French. The French researcher believes it's high time to scrap the euro in order to save Europe and preserve the values of Europe's founding fathers.

Les prévisions économiques pour la zone euro restent préoccupantes, bien que certains pays sortent enfin de la récession. François Heisbourg, auteur de "La fin du rêve européen", est un fervent partisan d'une Europe davantage intégrée. Néanmoins, il estime que l'Union européenne doit sacrifier la monnaie unique si elle veut survivre.

Désobéir pour sauver l'Europe, de Steve Ohana

12 octobre 2013, 15:19 Auteur : [ldwoillemont](#) [1 commentaire](#)

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Dès la préface Jacques Attali indique l'objet de ce livre, avec lequel il ne risque pas d'être en accord : **«Désobéir à la loi qui régit, aujourd'hui, le fonctionnement des institutions européennes et, plus particulièrement la prise de décision en matière économique et budgétaire»**. Tel est le défi de ce livre.

La question posée est celle de la «volonté générale» qui est censée s'exprimer à travers les lois et la forme politique des États. Du moins selon le catéchisme républicain, option Rousseau.

Jacques Attali observe que *«la gouvernance de la zone euro s'est construite sur le partage d'une monnaie sans se doter des piliers budgétaires et politiques indispensables pour assurer la solidité d'un tel édifice»*.

On croirait entendre un politicien des années soixante qui, non sans une certaine morgue, indiquait clairement que : « l'intendance suivra ».

Ou pire encore, un célèbre essayiste monarchiste et positiviste, maître à penser cinquante ans durant d'une partie significative des Français patriotes, qui défendait le slogan «Politique d'abord».

Un peu plus loin le même préfacier se répète comme s'il voulait nous aider à comprendre sa riche pensée.

Très paradoxalement, il conclut en indiquant à ses propres ennemis, lui, le féal et le serviteur de cette Europe, la manière non violente d'y faire face en reprenant directement Martin Luther King : *« L'action directe non violente cherche à créer une crise et à alimenter une tension... Elle cherche à dramatiser la question à tel point qu'elle ne pourra plus être ignorée »*.

Le discours des leaders européens est une imposture et ce livre a pour objet de le démontrer. Pour eux *«la France est la seule capable de changer le destin de l'Europe. Elle doit désobéir pour faire émerger un projet alternatif. Désobéir pour sauver l'Europe»*.

Et voici ce credo qu'il faut combattre : *«Nous avons vécu au dessus de nos moyens et si nous continuons ainsi, tout va s'effondrer. Nous devons immédiatement sabrer dans les dépenses nous reformer et redevenir compétitifs. D'ailleurs, vous ne pouvez pas en rendre compte, mais, grâce à nos (lire vos) efforts, le pire a été évité, la situation s'améliore et on voit déjà poindre la lumière au bout du tunnel. La confiance et la croissance seront bientôt de retour»*.

En mars 2013 Martin Schultz, président allemand du parlement européen, comparait l'Europe à la créature du Dr Frankenstein se retournant contre son créateur.

Très vite, l'auteur nous fait observer que l'Europe connaît *«un problème de légitimité démocratique»*, doux euphémisme. À ce sujet on peut rappeler le livre de Jean Robin *«le livre noir de l'UE»* et la réflexion de Bukowski, le dissident soviétique, affirmant : *« Vous allez là d'où je viens »*.

Une autre observation est très pertinente : le basculement électoral systématique dans tous les pays de l'UE à l'exception d'un seul. Dont les élections, qui se sont tenues après la publication de ce livre le confirme avec éclat. Il s'agit, bien sur, de l'Allemagne fédérale.

A qui profite le crime devrait être le titre de ce livre.

Pour autant, ce ne sont pas de dangereux extrémistes qui l'ont rédigé. Nous sommes au cœur de la compétence économique et financière. Lorsque ces gens-là commencent à contester le système qu'ils devraient adouber, l'homme de la rue, moi en l'occurrence, doit commencer à se poser des questions.

La France, traitée de poule mouillée de l'Europe, pour n'avoir pas su s'opposer à l'Allemagne, doit se ressaisir. Elle ne doit plus avoir peur, car l'Allemagne a besoin du marché européen et elle est bien la seule à profiter d'un euro fort et donc à en dépendre. La variable d'ajustement ne doit plus être les peuples.

L'erreur et la faute du président Sarkozy, comme de son successeur, est de n'avoir pas su pousser la crise avec l'Allemagne jusqu'à une gestion paroxystique, pour obliger à céder. Car son industrie et «son euro» sont bien les seuls à profiter de cette crise.

Jusqu'à quand l'Europe parlera-t-elle allemand ?

La Fin du rêve européen

Pour sauver l'Europe, abandonnons l'euro !

88,150



Les Echos 24 octobre

Le propos : « La retraite plutôt que la débâcle. » Si l'on devait résumer l'essai de François Heisbourg sur la « fin du rêve européen », cette image chère aux militaires pourrait bien appréhender le propos de cet Européen convaincu. Car, pour sauver l'Union européenne, aussi paradoxal que cela puisse paraître, l'auteur préconise l'abolition de l'euro. Son constat est relativement simple : l'euro a été sauvé in extremis par le « *tout ce qu'il faudra* » du président de la BCE, Mario Draghi, et la mise en place des outils financiers et réglementaires de l'Union européenne. « *Mais la situation ainsi créée n'est ni économiquement ni politiquement viable* », écrit François Heisbourg.

Le scénario : Démonétiser l'euro et le remplacer par des monnaies nationales n'est techniquement pas plus difficile que ce qu'a fait le Brésil en 1994. Mais cela suppose une décision « politique » de l'Allemagne et de la France en liaison avec la BCE, et la mise en place de mesures d'urgence (gel de l'utilisation des billets de 500 euros, contrôle de capitaux...). Certes le « choc initial » serait majeur, mais il permettrait à chaque Etat de « *se délester des déséquilibres financiers massifs déclenchés par la création de l'euro sans gouvernement fédéral* ». Possible ou impossible à faire, l'auteur, avec ce pavé dans la mare, ouvre le débat.

November 1, 2013

88,151

A Fiscal Scold, Merkel Softens Tone at Home

By ALISON SMALE

BERLIN — A German government that has for years preached austerity as the sole path to prosperity, both at home and abroad, is poised to break open its pocketbook.

As Chancellor Angela Merkel, known for her insistence on fiscal rectitude, negotiates for her third term with her only viable coalition partner, the Social Democrats, she is being pushed to accept a range of leftist policies that would sharply increase government spending.

Among the measures being demanded are a minimum wage — the country's first — of \$11.50 an hour, equal pensions in the east and the west, equal pay for men and women, higher child care payments, a tax increase for the wealthy, and sharply increased funding for infrastructure, education and energy.

There is little change for the moment in Germany's attitude toward its neighbors. While Greece, Italy, Spain and even France are hacking away at long-cherished parts of their social safety net to meet the demands of Berlin and their international creditors, Ms. Merkel, a conservative, and her unyielding finance minister, Wolfgang Schäuble, are resisting any sort of redistribution of funds within the euro zone.

Berlin's attention to its own domestic priorities seems likely to stir resentment that the medicine of austerity prescribed by Berlin abroad is administered with less zeal at home. Analysts say the contrast is angering voters throughout Europe, where populist and anti-European Union parties are steadily gaining strength outside Germany.

From the German perspective, years of frugality and sacrifice have led to a strong economy, a full treasury and predicted budget surpluses to the end of Ms. Merkel's next four-year term in 2017. What Berlin is demanding of its European partners, German officials are quick to say, is that they do much the same for themselves.

"The Germans say to themselves, 'We are a family, and the other Europeans are distant relatives,' " said Jürgen W. Falter, a professor of political science at Johannes Gutenberg University Mainz. "In a family, you stand together; distant relatives, you help when you can."

It is a sentiment widely shared across the German political spectrum. Since Ms. Merkel rose in the ranks of the conservative Christian Democrats in the 1990s, she has already moved her party well to the left. That shift helped cement her election victory in September, when the results showed that Germans voters wanted center-left policies, but run by the nominally conservative chancellor.

Reviving her partnership with the Social Democrats, with whom Ms. Merkel governed in her first term, from 2005 to 2009, implies a further shift to the left in a country where most

people expect the state to assist in times of need, and the gap between rich and poor — while widening — is narrower than in the United States or even Britain.

In this move, Ms. Merkel is being pushed by domestic pressures to adopt policies that would actually be welcomed by most economists, the United States Treasury and many leading European officials. They have long argued that Germany needs to balance growth in the euro zone by stimulating domestic demand and reducing its dependence on exports.

For years, Ms. Merkel has rebutted that reasoning, saying each country has to keep its own fiscal house in order. But under pressure from domestic politics, she appears to be easing up.

Ms. Merkel has also pledged to help others in Europe, especially in alleviating youth unemployment and building a European future by investing in research and training. But the Social Democrats want her to go even further, arguing for more aid to the poorer European countries as well as more spending at home.

Much speculation in the current coalition talks, then, has revolved around whether Ms. Merkel's partners will demand to take over the Finance Ministry, now run by Mr. Schäuble, a passionate European who has come to personify Germany's austerity policies on the Continent.

It is one place where Ms. Merkel could draw a line, as she and her inner circle seem to feel vindicated by glimmers of growth in weaker European countries, crediting the austerity policies they have advocated. Even if the Social Democrats gained control of the Finance Ministry, it would not necessarily signal a major change in Berlin's policies toward the rest of Europe, given the broad support in Germany for Ms. Merkel's handling of the euro crisis, analysts have said.

Whether the Social Democrats can persuade Ms. Merkel in particular and Germans more broadly to free up funds for the rest of Europe — or at least lighten Berlin's demands for greater budget rigor among its European Union partners — is hardly clear, even as the widening gap between Germany's strength and that of its partners becomes an increasingly pressing issue for the union's long-term health.

If there is no attempt to redistribute income at the European level, then “the imbalance in Europe will only increase,” said Nils Diederich, a politics and social sciences professor at the Free University in Berlin.

And that could work against Germany's interests in the long term, analysts say. Germany has prospered in recent years, as Ms. Merkel and many analysts acknowledge, in part because the euro is undervalued relative to the German economy and its export success, and overvalued relative to the economies of nations to the south, such as Greece, Italy, Spain and Portugal.

Germany, in contrast to its partners in the bloc, boasts that it has never had so many people working and contributing to tax and welfare systems — just over 42 million. In September alone, the government said, it collected 55 billion euros in taxes, about \$75 billion. While sovereign debt has soared since the early 2000s, it is, at around 80 percent of gross domestic product, less of a share of national wealth than in the United States, France or Britain.

Yet politicians of all stripes and, not least, voters have come around to the notion that Germany has put off too many of its own needs for too long while the euro crisis has absorbed the chancellor's attention. To judge by the political theater since the Sept. 22 elections, domestic spending will take precedence, and many economists say that after years of austerity, a loosening of the purse strings here is long overdue.

A recent study said that Germany would have to spend more than €100 billion, or about \$135 billion, over the next 15 years just to repair its existing stock of roads, bridges and railways, which in populous areas of western Germany **have been neglected** for years. With an average of 1.4 children per woman — 2.1 is the replacement rate — Germany needs to find ways to make life easier for working women.

Ms. Merkel, listing her priorities for a third term — when she is expected to be increasingly conscious of her legacy — included a strong and durable European Union. But her other priorities underscored her desire to leave behind a stronger Germany, too. That richer, stronger Germany may act as a locomotive for the rest of Europe, increasing imports and perhaps even migrant flows from France, Italy, Spain or elsewhere. But demands on Germany for greater sharing, despite Berlin's attachment to austerity policies for the union broadly, are only likely to increase.

From Rome, Roberto d'Alimonte, a political science professor at Luiss Guido Carli University, expressed little doubt that Germany would eventually have to redistribute wealth in Europe, not just at home, if for no other reason than to secure its own standing.

“What place in history can Germany have without Europe?” he asked in a telephone interview. “A community of values has to include also some kind of solidarity. Because without that, it will not survive.”