

# The Political Page<sup>1</sup>

## August/September 2011

### The Absorbed Union of Europe – The Crisis as an Opportunity

#### Preface

Dear readers,

Perhaps I have undertaken too much.

However, I simply wanted to take up and shed light upon much of what presently is concerning our people and Europe: The Euro crisis, the rescue package, the reaction of the stock markets, the meeting between Merkel and Sarkozy, the current criticism of Merkel – everything is centered around one common theme, the question: Where is Europe headed? Where do we want it to go? On that point, in the end, a small “either-or”. As Christians do we have any sense of where God wants to go with this continent – economic experts and specialists from the finance world, please bear with me when I've, perhaps, cut my comments short. I've tried to work my way into the material and to express myself so that those who are not familiar with the subject matter also will understand what is happening these days.

*Ortwin Schweitzer*

#### INFORMATION

##### The world on the brink

“Since the outbreak of the finance crisis the world has never been so close to a new economic-crash as in these past days” (SPIEGEL No. 32, 08.08.2011, Pg. 71). European Central Bank president, Trichet, speaks of the worse crisis since the Second World War.

In 2008 the banks had a crisis and the countries, who were considered nearly unlimited creditworthy, rescued them. Today, the countries themselves are afflicted with bankruptcy – and how can they be rescued: Portugal, Ireland, Italy, Spain, Greece (PIISG-countries)?

If, for example, Greece were a country with its own currency, it would be classified according to its real value in comparison to the other currencies (“devaluation”). However, Greece belongs to a currency union, the Eurozone, which consists of 17 countries who, with the Euro, have a joint market value that roughly compares to the Dollar. Therefore, it is natural that the stronger countries help the endangered countries to get back on their feet so that the Euro remains stable.

This can only happen under two conditions: (a.) that the burden does not become too large, otherwise the rescuer would sink with the one drowning, (b.) that the debtor countries reorganize themselves and their economic performance (GDP) covers their expenditures.

##### Rescue Plan 1 and 2 (a.)

When Ireland and Portugal declared national bankruptcy the Euro countries gave financial investors guarantees for their money. (“Rescue Plan” no. 1), in case these countries went bankrupt, despite financial backing (government bonds). If these guarantees had not been given and if these countries would have had their own currency, no investor would have provided them with funds. Due to the fact that even with guarantees a risk remains and high interest is demanded: from Ireland 10.2%, from Portugal 11.2%, from Greece 14.7% (effective August 2011). In comparison: Germany pays 2.4% for government bonds on the capital market.

The span of the rescue plan became narrow after Greece continued to need more help. Rescue Plan no. 2, which was double in size, was agreed upon at the end of July and everyone sighed with relief. Then, unexpectedly, at the beginning of August, the news came that Italy had to apply for assistance. Even France's creditworthiness was questioned by the independent rating agencies.

An flaming message from the president of the commission, Barroso, to the heads of governments whether Rescue Plan no. 2 would be enough, added fuel to the flames: For more than 10 days stock prices, from Tokyo to New York, dropped daily between 2 and 5%. Within a few days worldwide assets of more than 2 billion Dollars were eradicated, which, of course, was caused by the Dollar-crisis resp. the downgrading of the creditworthiness of the USA by a rating agency.

In the meantime, the hectic on the stock markets has settled down: what remains, however, is the question, what happens if Italy and Spain are added?

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<sup>1</sup> The „Political Page“ is an independent part of the prayer letter „Call of the Watchman“ and must be ordered separately by Dorothea Best, Wielandstr. 16, 74348 Lauffen; ddbest@web.de  
The „Political Page“ also appears on my homepage <[www.beter-im-aufbruch.de](http://www.beter-im-aufbruch.de)>

Actually, it was always clear that it is no longer possible to rescue a national economy like that of Italy if the investor countries themselves do not want to be endangered, foremost Germany.

### **A Rescue Plan alone is not enough (b.)**

Angela Merkel was accused of running a zigzag course because at the beginning she did not want to participate in aiding Greece but then did agree to do it – however, only under certain conditions!

Her clear conditions were a consistent savings policy for Greece and disclosure of the government's budget management in Athens. More and more Angela Merkel had to take control during the negotiations in order to restrain the Southern Europeans from leading a generous lifestyle with the money supplied by the "rich Northerners". If the Euro-area was not to be forced to become a charity performance, a transfer union from north to south, then the Southerners must be forced, by means of the rescue guarantees, to straighten up their budgets by saving, reducing privileges, sale of government property and tax increases. The effect: In the meantime Ireland, Portugal and Greece are saving up to the absolute social limit; Spain anchored the debt limit into the constitution; in August 2011 Italy introduced a savings package and France is discussing a "Golden Rule".

It was no fun having to play this role. As a result, the Greek population clearly stated their anger at the mean Germans = EU, who demanded this rigid cost-cutting measure. But, in the long run, it will activate an efficient national economy. It became obvious, however, that besides saving it is necessary to invest, especially, in the manufacturing industry, so that the economy will progress again and will become internationally competitive.

### **The Key Question**

The key question is:

Considering the reeling national economies of Southern Europe and the immense mountain of debt of the promised guarantees from the Northerners, is it still possible to uphold the Euro? Should the Euro survive?

At the beer tables and according to surveys a wide scope of demographic groups say: No! They would rather go back to the good old Deutschmark. Understandable, but they would be surprised at what would happen if their wish would come true.

Up till now, no one who is versed in the subject has said anything other than "yes, by all means". However, for the future, this means much closer cooperation of the Euro-countries in their finance and economic politics, a kind of "economic government" in whatever form.

Europe is standing at the crossroads: Will the step towards this new communitisation be taken or not? "Either the Eurozone will break apart or its members will join more closely together, fiscally, than they are today" (SPIEGEL a.a. O. Page 71). This would be a further giant step on the way towards the unity of Europe with the Euro-countries making up the heart of Europe. Is there even an alternative to this?

In 1992, in Maastricht, as the decision was made to introduce the Euro as the common currency, everyone knew that, ultimately, this only could function with a common "economic government". Germany persistently opposed this French proposal. Instead, on the suggestion of the German Minister of Finance, Weigel, strict stability criteria for the Euro-countries were decided upon. However, during the past decade, since the implementation of the Euro, these criteria were broken one or more times by nearly all of the governments. There was no provision for an authority who would monitor the national budgets or even implement the designated penal system. They all lived above their means – and piled up mountains of debt.

Nevertheless, fact is: If the Euro fails – meaning a return to national currencies – then the EU also is at its end, because the Euro is the substantiation of the inmost thoughts of European unity:

**"Together we are strong"**

Today, the breakdown of the Euro is not primarily a fiscal question but rather an existential question for Europe. For us Christians the question is more precisely: Are we able to recognize a hint of God's good will in this unification process; and if yes, in which direction does the path lead? In further commonalities or back again to a nationalized governmental separation?

To continue along this path, in other words, to preserve the Euro without a doubt, would mean, as a consequence, that the investor countries would have to take on an even greater burden and, at least, the debtor countries must give up to Brussels the governmental sovereignty in their budgetary and fiscal policies. It would take many years for the Eurozone to recover.

It still remains an unanswered question whether this can succeed, in the long run, without the so-called "Eurobonds". This would mean the same interest charges for all Euro-countries. Naturally, this would be an advantage for the PIISG-countries but it would be a disadvantage for the investor countries, who would have to pay more interest on their government bonds. Germany would have an additional burden of 20-25 billion Euros, 1% more over a period of 10 years. If it is certain, however, that this means the rescue of the European idea, then no price is too high! (see more below).

## Meeting Merkel-Sarkozy

On August 16th, purposely after her vacation, Chancellor Merkel and President Sarkozy met in Paris to advise on what was to be done about the current agitated situation; On the one hand, to clearly signal to the finance jugglers that it is pointless to place high bets on the bankruptcy of the stricken Euro-countries because the entire Euro area will hold together and come to their rescue, and on the other hand, not to give the impression that politics only reacts to new attacks from the financial sharks. After hours of negotiations they stood before at the microphone and tried to convey the impression that important decisions had been made.

Merkel: "We are beginning a new phase of high quality cooperation in the Eurozone." The goal is, "to win the trust of the markets through actions."

Here, in detail, are the results:

### 1. Implementation of a "genuine Economic Government"

Since Mitterand's day France has been demanding a European economic government as a counterbalance to the non-governmental European Central Bank (ECB). In order to protect this autonomy Kohl and Schröder were always against it.

Now, for the most part, the ECB lost its political independence through its supporting purchases of ramshackle government bonds and, on the other hand, the current situation definitely demanded a coordinating tool for the Euro countries. In so far, Merkel conceded and allowed the implementation of an "economic government." And how does this appear? Answer: The heads of states and governments meet, additionally twice a year. And in this circle – everyone knows – Sarkozy and Merkel are in charge. In the end, they, themselves, are the "economic government".

However, this group already has convened and (could not? would not?) prevent the Southern Europe-Disaster. Would a crow pick out the eye of the other crows? Who punishes the colleague when, eventually, it could be his turn the next time? No! Without an automatic penal system, like that which the European Parliament demands, most likely nothing much will change. One remains curious!

The Chairmanship

of this extraordinary meeting is to be held, of course, by the EU President Herman van Rompuy, since there are no institutional regulations for a meeting of this kind. Anyway, Herman van Rompuy already prepared and led the two extra meetings (March and July). The EU made a good catch in the person of this courageous man, who never presses forward – he also is a practicing Catholic Christian – because, with great patience, he is able to bring together opposites. But can he also launch sanctions?

### 1. Debt limitation for all Euro countries

In March of this year it was decided upon in the "Euro-Plus-Pact" that all of the Euro countries would commit themselves bindingly and permanently to implement into a proper law the budget regulations that are contained in the Stability and Growth Pact from Maastricht. How this is to be done is left up to them. In so far, even here there is nothing new, but rather only the confirmation of that which has already been decided upon, except that now France will support the debt limitation according to the German model.

### 2. The national parliaments' commitment to observe the verdicts of the commission on budgetary policy

Already it has been defined in the "Euro-Plus-Pact" that the Commission is/should be allowed to check the national budgets for their compatibility with the EU-rules – "under absolute safeguarding of the prerogatives of the national parliaments." Since this is so emphasized, the warning by Merkel and Sarkozy to observe this decision is, indeed, appropriate. Luckily, next to the "real Economic Government" of leaders is still another, eventually even a more professional, inspection body in the Eurozone that has been established.

### 3. Commitment to reduce national debt

The Stability and Growth Pact from 1992, which was reformed in March 2011, provides that, measured by its economic performance, no country is allowed to have more than 60% debt (GDP). Currently, Germany has over 82%, France over 84% excessive debt. Each year, every country should reduce this backlog by a twentieth. Commendable if it is implemented!

### 4. Financial transaction tax

The thought is good and right – whoever moves money (often in large amounts) on the market and, thereby, rakes in high profits, should give the government a tiny per mille (1/10 of 1%) of his winnings. However, if this tax only would be applied to one country, the institutions possibly could migrate to other places of finance. In this case, it is proposed to implement this tax simultaneously into every EU-country, if it isn't possible to do it worldwide. Since in the EU England, for example, would never go along with it

and agreement from the Eurozone also is not to be expected, then the proposal for a justified tax is not enforceable, particularly since it must be unanimously decided upon. This is a good example of how powerless politics is against the financial markets.

## 5. A common corporate income tax

According to national law the countries of the EU levy their own taxes and determine for themselves how high they should be. This means, however, that for a long period of time, a country like Ireland is able, through dumping rates, to procure economic advantages through increased assets from investors. Because of this, the Commission has endeavored for many years to make suggestions for a uniform assessment basis for taxes, which continually fails, since in this case, as well, unanimity without “no” votes (right to veto) is required.

New, on the other hand, is that now, France and Germany want to try to arrange preparations for a bi-lateral harmonization of their tax politics.

## BACKGROUND

### 1. The Merkel-Sarkozy-Meeting

It was obvious how demonstratively calm the Chancellor spent her vacation to the very end, while in Rome and Paris the vacations were interrupted and special meetings of the Cabinets were held. On top of it all, no panic and in all tranquility continue actively and not re-actively to conduct politics with “a steady hand”. Well done, Chancellor! And Eurobonds also will not be discussed, she said, although the entire world thought it appropriate. She has sound judgment and self-assertion.

No one knows what was discussed at the Élysée-Palace. However, what came across over the microphone, at first sounded like a repetition of what already had been decided upon. But it is worth it to look more closely:

- It already had been discussed that an additional meeting would take place once or more times during the year. It is new, however, that a commitment was made to meet twice a year and, specifically, that it is to be the “Economic Government” and in fact, the real one that is to meet. Thereby, conceptually, Angela Merkel verbally accommodated Sarkozy, in reality however, she did anything but create a new EU-institution, but rather elegantly prevented it. At the same time, she secured her further direct influence on the future development of the Eurozone, by declaring the committee of the “bosses” as the “Economic Government”.
- The Euro-countries also already had decided upon integrating the *debt limit* into the national law. Additionally, Sarkozy now supported the German model. The concept of a *debt limit* was first developed in Germany and anchored and implemented in the constitution. The visual result was a budget consolidation priority that was upheld by all parties and federal states. The advantage for the future: Even when there is a change of government the debt-free budget remains obligatory. In the future campaign gifts can only be financed through redeployment not by new debt. Of course, it was tedious to introduce and to enforce this idea into the European circle. But then they were bindingly established in the “Euro-Plus-Pact”. Therefore, it was surely no mistake to hear this again out of the mouth of the Chancellor. Of course, she can force no one but her authority is recognized. At this point Europe will become “a little more German” – for the benefit of everyone, we hope.
- The same applies to other admonitions, which bring nothing new but remind one to heed and to implement quickly that which was decided upon. This applies to the observance of the *verdict of the commission*, as well as for the consistent *reduction of national debt* above the permitted 60%.
- Since changes to *tax legislation* require the unanimity of the council, proposals only can be proposals. In a harmonization of corporate income tax it is good that France and Germany have a try at it. If it promotes the welfare of both countries soon others will join in: In this way the EEC/EC was established: Out of 6 became 27; or by the Euro: Out of 12 became 17. If the attempts do not promote the welfare then one can be happy that not more partners were involved.

### 2. The Stock Market

2.1 The stock market is controlled by two feelings: Greed and fear.

There is money, lots of money and it is supposed to “work”, meaning to yield as much profit as possible. That is greed. But no one knows from where to extract the most. That is the insecurity, the

fear. And because no one knows everyone watches each other. Since one must often react in seconds when changes occur, the atmosphere is hectic and overly nervous.

A small message, often just a rumor, will do and in seconds everyone plunges towards a price whose valuation, naturally, quickly rises until it stops. Those who are the fastest sell and strike a profit between buy and sell. Whoever misses the “tip-in-point” has less profit or loses completely. That is the risk.

## 2.2 As in a cycle, the capital market and politics are mutually joined.

The capital market reacts upon political decisions. If a decision is made to keep Greece in the Euro area and to support them, by all means, the stock market speculators' values, who place their bets on the bankruptcy of Greece (due to their economic performance), will drop immediately. The result of this speculation is called “calming the markets”, meaning then they know where they stand. By the same token, politics is dependent upon the capital market because tangible money comes from the banks, which, for example, is needed for the rescue campaign. For this reason, the countries and the ECB saved the banks in 2008.

The real problem is, however, that speculators on the capital market continually are placing their bets on newly bankruptcy-stricken countries and, thereby, are continually forcing politics to react anew.

## 2.3 As long as there is no political “correction”, meaning a fundamental change in the capital market laws, this circus will continue. Thereby, politics becomes more and more dependent upon capital and finance. However, since they operate globally, only a mutual worldwide change could be effective. But, for the time being, since this change is not attainable globally this political drive by the markets will not change.

### 3. The Rescue Package

Both of the rescue packages do not deal with cash flow but rather with assurance pledges in case of a national bankruptcy. In this respect, Wolfgang Schäuble still can say that not one Euro from a German taxpayer has, as yet, gone to Greece. The Greeks still have been able to pay their interest themselves – however, not from their economic power but rather by making new debt.

Nevertheless, the pledges are for astronomical amounts, which, in the case of forced disbursement, would mean a maximum strain on the budgets of the Euro-countries. Germany alone carries approx. 123 Billion (211 Billion). Up until now, the Finance Ministers and Government Heads have agreed upon these guarantees at their summit meetings.

Since budget consultation belongs to the core competence of a national parliament, pledges of this size must be decided upon there (“ratified”). Since the first rescue package was bulldozed through the German Parliament in a speedy trial, the president of the Parliament, Lammert, requested and enforced a sufficient timespan for proceedings for the second rescue package.

It is not certain that the Coalition is able to form its own majority since among the CDU delegates there are a number who have major doubts concerning further promises. If they are not able to accomplish this then the days for this government are numbered.

### 4. Eurobonds

#### 4.1 If the guarantees for the rescue package were “emergency measures” for a contingency, then the Eurobonds are different. Through the Eurobonds the Euro-Group will become united and will act as a corporate identity, meaning that when a country is in need of funds it will make the loan (bond) on the capital market as Euro-Group. And since all the strong countries are in the group, the risk for the investor is smaller and, therefore, the interest is lower but for the healthy countries higher. Up to now, Angela Merkel and Wolfgang Schäuble have been against this new legal structure because it would require a functional central supervisory body in order to not have to fill a “bottomless pit”.

#### 4.2. Above all, two legal concerns are standing in the way of the implementation of the Eurobonds.

- In the Lisbon Treaty of 2007 it holds that no EU-country must vouch for the debt of another country (“no bail-out” clause). Already, through the rescue packages, this principle has been highly disputed, however, through the Eurobonds it has been definitely broken. A new version of this paragraph of the Lisbon Treaty again would have to be ratified by all 27 countries, which probably would fail. What to do?
- Germany would have an additional problem: Eurobonds would collide with the constitution since the Parliament would not be able to transfer its budget law, not even partially, to another European institution. This is forbidden by the decision of the Federal Constitutional Court in the Lisbon Treaty (SPIEGEL 34/2011, p. 24).

Eurobonds have been firmly rejected by the FDP and the continuance of the coalition even has become dependent upon it, whereas the SPD and the Green Party, likewise, vehemently have demanded it (in order to calm the markets). Have they lost sight of the legal situation?

## 5. Angela Merkel and her critics

Within a week the two highest ranking government representatives, President Wulff and President of the Parliament, Lammert, criticized the third highest office, the Chancellor and her government. Thereupon, former Chancellor Kohl commented for the first time with harsh criticism.

### *Christian Wulff*

On the one hand, the President criticized the ECB, who does not have the legal authority to buy up ramshackle government bonds. This is a clear breach of law. The Chancellor's reply was that the ECB makes its decisions independently, which is correct according to the paragraphs, however . . .

Further, Wulff criticized the debt-politics, which persists for many years, and the hectic in which far-reaching fiscal decisions are made in a rush and under pressure, which gives the impression of being frantically driven. This harms democracies since questions of this caliber must be decided in Parliament. At this point Wulff's criticism corresponds with

### *Norbert Lammert,*

who fears an erosion of the "crown jewels of Parliament" – the budget laws.

Up until now, the legal situation was such that, when the government wanted to hand out funds for the stabilization of Europe it had to strive to reach "an agreement with the Parliamentary Budget Committee". Since this took place, there was no breach of law (only the rush was critical!). "If Parliament desires more opportunities to influence and to have more rights than that is Parliaments business", said Schäuble's speaker concerning the entire criticism.

The excitement over a secret document from the Ministry of Finance concerning bypassing Parliament turned out to be a normal government issue from Brussels of implementing the decisions of the summit conference from Brussels on June 21<sup>st</sup>. "Unbelievable nonsense", said Schäuble.

### **Digression: Parliamentary Rights**

It is good for Parliament to wake up, be mindful of its rights and to ask the delegates critical questions. However, at the moment, the Parliament must be careful not to react to annoyances by putting too much restraint onto the government and thereby, during negotiations, making Germany, as the largest financial backer, incapable of acting.

Moreover, the incurrence of the present crisis has shown that it was precisely the national parliaments, who, over the years, did not perform their control function, but rather approved the debt management policy, which is why it was apparently necessary to have a European central office that reviews the national budgets and, if necessary, presents a draft with the task of improving the findings. Whether it was the heads of council, the Commission, a "Minister of Finance" or, Angela Merkel, who made the suggestion at the CDU-fraction's meeting: For the European Tribunal it makes no difference, the Authority, as such, is necessary. However, it must be democratically legitimate and clearly controllable. Above all, it must have strong competencies. In this way, the budgetary competence of the national parliaments, in fact, will be downgraded to "under the restriction of Brussels". But this has been established long ago in many other political fields and, on the whole, it has proven successful.

Momentarily, there seems to be no other way around this reconstruction of the Monetary Union: A European currency needs a European headquarters. Only after this structural change has been made will common bonds, the so-called "Eurobonds", make sense as a monetary expression of a new level of solidarity. This is what Angela Merkel meant at the introduction of her talk with Sarkozy with the words: "We are laying down the foundation for a new phase of high quality cooperation in the Eurozone." Pretty visionary! Precisely the establishment of this headquarters could eliminate the reserve against an eventual continuation of the sloppy economies of several countries, through the introduction of Eurobonds.

### *Helmut Kohl*

In summary, his criticism refers to the feeling of lack of leadership. Especially in times of upheaval a visible standpoint and a vision towards the direction that is to be taken is needed. "What Europe needs in this time of crisis is a firm grip and a package of foresighted, wisely weighted and non-indoctrinating methods..."

He remained silent for a long time. Now he expressed himself. What he said is "typical for Kohl", meaning that is the way he would do it.

But does a Chancellor have to be a visionary à la Kohl? How often are visions of "Blooming Landscapes" heralded and later sourly commented upon by the East Germans. The big visionary exchange campaign of 1,-- East German Mark for 1,-- Deutschmark, which finance expert, Horst Köhler, highly warned against, at that time intensely burdened the West German economy for years to come.

The pragmatic natural science scholar, as antitype, stood opposed.

“Goal” she said: “The advancement of the European integration” – but she lacks the poetic language to speak of her goal with excitement and emotion. She has a compromise within her but no commitment regarding the way.

“A firm grip” – that she has and she does it, too. And how she was attacked because of the cost-cutting program, the debt limit, budget control, zig-zag course, etc.! And today, she has achieved what she wanted: It all has become part of the signed “Euro-Plus-Pact”.

„Clear leadership“ – it’s all about the question of „how“ concerning the style. And even here she waits and, when the time comes, she will carefully choose the tone. However, one wishes her, as with Kohl, courageous and quicker handling within the framework of her guidelines – competence towards the Foreign Minister or the FDP and, in fact, from the very beginning. She would have saved herself and the country much.

Helmut Kohl acted absolutely correctly shortly after the opening of the Wall in November 1989 with his 10-point-program and he set the course for the success of unifying Germany.

But didn’t he also have to make a strong compromise in the dispute with his friend Mitterand in the enforcement of this vision (goal)? Didn’t he resist Mitterands long-standing push for a European single currency (in resistance to the increasingly strong Deutschmark) and then surrender this resistance to get the French President’s approval for the German unity? Was that a zigzag course? No, it was a political necessity to reach a goal.

Like Kohl, Angela Merkel has a goal except she doesn’t speak about it. But she works on it tirelessly and purposely: whether it be the European integration or the CDU as the major party or the coalition 2013, eventually with the Greens, or the prevention of Turkey’s admittance.

It would be good if she could speak more often and convincingly about her goals.

## Summary

Today, in the European discussion there are two major themes with two radically opposing points of view:

1. rescuing the Euro
2. the approach

### 1. The rescue resp. the collapse of the Euro

Supporters and opponents of rescuing the Euro differ from one another so radically because their objectives of the final state of the unification process are fundamentally different.

Whoever affirms a successive unification of Europe usually also affirms the slow development of something like the “United States of Europe”, a formation of states with a national, and especially a cultural imprint but with extensive political unity. Considering this background, there is a clear fight for a common currency “at all costs”.

On the other side, at the end of the way, stands the cooperation of independent national states, who, depending on the need and the recognizable advantage, cooperate economically, bilaterally or multilaterally. A common currency can be an advantage for some countries, not for others. However, the cooperation is not justified by a fundamental sense of responsibility and solidarity for one another, but rather solely by its usefulness. For the Euro today this means: If it isn’t a general advantage then the PIISG countries will return to their former currency.

Between both positions lies the draft for a “two-speed Europe”, meaning there is a “core-Europe” that is on the way towards a “United States of Europe” and next to it there are countries that would rather remain in a “Cooperation-Europe”.

It is obvious that this would cause difficulties for the EU. Nevertheless, spontaneously, through the development of the Euro-region, a structure such as the “two-speed Europe” already has been established. Taken from this position, it is clear that a struggle for the Euro is taking place.

### 2. The rescue method

This deals with a finance and economic-political doctrinal controversy concerning what to do in such a crisis.

Christine Lagarde, the President of the International Monetary Fund (IMF), advises Europeans, if necessary, to flood their private banks by force with foreign currency so that they generously will lend lots of money to the economy, causing it to thrive, so that taxes will bubble over and in this way overcome the crisis.

This stands in opposition to the standpoint of those Europeans who, with saving and budget cleanup, want to rescue the Euro.

The first approach involves the danger of inflation, the latter of saving to death.

For years, Germany consistently is saving and at the same time the economy thrives. What a blessed country!

## Prayer

**Europe** – It concerns a new healing of Europe.

1. Thank God for a peaceful Europe, the willingness for reconciliation with us Germans (especially with the French and Polish); the economic cooperation and the prosperity.  
A Europe from West to East, from North to South, unimpeded travel and the possibility to get to know the peoples.  
Thank God for the faith of these European founding fathers, who, as Christians, implemented political reconciliation. (Robert Schuman and Konrad Adenauer).
2. Thanks for God's generous calling for Europe and the world, until today. (Ps. 98: 1,13).  
Thanks for God's calling for Germany and the other nations of our continent. (Acts. 2:11b).
3. God does not regret His gifts and calling, meaning He doesn't take them back despite sin, apostasy and perversion. (Rom. 11:29).  
If anyone can thankfully testify to this, then it is we Germans. Then shouldn't we also believe this about Europe?  
Then let us confront God with His promises and good thoughts about Europe, reminding Him of the praise to God that He has made possible in the world through Europe.
4. Let us also repent in substitution for all the injustice Europe did in the world. (Dan. 9:4-9; 18-19).

**Euro** – It concerns the healing of the Euro.

5. Cleansing of ourselves from every spirit of mammon. It shows itself in the fear of "Poverty", the greed for still more and the respective reluctance to sacrifice and to share. But through Jesus we are called to complete freedom. (Gal. 5:1)!
6. We thank God for this common currency as a symbol of solidarity with other peoples of Europe. We are thankful for the easiness of travel and for the advantages of trade, economy and transport.
7. "The silver is Mine and the gold is Mine", says the Lord of hosts (Hag. 2:8). Under this word, we claim all the money and valuables of cash flows that the finance world moves. Claiming Hag. 2:8 we speak into this: Freedom for the people lost in greed and addiction and fear; brokenness and loss towards repentance for swindlers and hustlers.; correct handling of money and wealth, as it is right before God and man.  
Let us also pray for and, eventually, in our local financial institutions.
8. Pray for where you should invest your money. What is important to you: The highest possible interest rates (yield); or a development bank; or an investment in alternative energy (i.e. Prokon); or even an interest free loan for a project or work in God's kingdom? (Matt. 6:9-21).  
The solution to the Euro crisis, which was caused by sloppy budgeting, addiction to pleasure and greed, begins with you and me: by trying to make do with what I have; by learning to abstain from certain things and by setting aside 10% each month and thereby having funds to tithe. (Mal. 3:10-12; 1. Thess. 4:11-12).
9. Finally, a few key remarks:
  - Do not abandon your true treasure.
  - Manage the money you have orderly.
  - Give to those who ask; but do not trust everyone.
  - Stock up your house as long as there is still time.  
The time will come when you and others will suffer a lack.

*Ortwin Schweitzer*