Scientific Council

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Manifesto on the crisis of the Euro

The public debt crisis can only be overcome through fundamental reforms of the global financial system as well as the EU

Introduction: Europe at the crossroads

The Euro is in danger. This danger comes from those who claim to be its saviours in the current crisis – from the German government, the parties supporting it, and most of the German media. They believe that responsibility for the crisis lies mostly with those members of the Eurozone that have trouble servicing their debt, and have therefore been forced to subject themselves to the EU's as well as the IMF's so-called 'conditionalities'. In a rerun of the last decades' debt crisis in the countries of the global South they are pushing for savage cuts in welfare spending. They are demanding cuts in public sector wages, and the elimination of infrastructural spending. In short, the social and cultural rights of citizens are being trampled on, at the same time as collective sovereignty is being curtailed. The mere rump of a 'European Social Model' agreed some 11 years ago in Lisbon is being silently buried in this financial crisis of the banks and the debt crisis of the states.

Behind all this is the attempt to free up funds through these austerity measures, funds that could then be used to bail out those borderline bankrupt financial institutions that are 'systemically relevant'. This is a conditionality imposed by the IMF (especially obvious in the Greek case), which has been invited by the EU to deploy within Europe the expertise garnered some decades ago during the 'Third World's' debt crisis. Tough austerity policies are increasingly the rule across Europe. We need to intervene here, at the beginning, which is why the current attack on our collective social achievements has to be met with determined, Europe-wide resistance. Demonstrations in Athens, Dublin, Lisbon and Paris or Rome on their own are not enough, our resistance needs to also reach Berlin and Brussels if the EU is to be more than merely 'Capital's Europe', if it is to become a social, ecological and democratic model – against the dictatorship of the market, especially financial markets, against the political forces that help to impose them, and against the ideology of neoliberalism that justifies them as pragmatic necessities to which there can be no alternative.

A breakdown of the Eurozone could trigger chaos in all of Europe and beyond, a chaos that would endanger more than 'just' social cohesion. The decades that have passed since the Maastricht-Treaties created the European Monetary Union are a long time. What would have been the right thing to do in 1991, namely to *not* experiment with a monetary union between countries with large differences in competitiveness without sufficient democratic regulation of the European economy, simply because the Eurozone could not be an 'optimal currency zone', has been rendered obsolete by historical realities. Gorbachev's words continue to ring true: "S/he who is too late is punished by life" (*Wer zu spät kommt, den bestraft das Leben*). In 2011, 20 years after Maastricht and twelve years after its introduction, the Euro is still no 'optimal currency', but it is a European reality that has to be supported against the destructive forces unleashed by the economic, financial and monetary crisis, in order to prevent a slide into economic chaos and the triggering of political conflicts that could otherwise have been prevented.

The project of European monetary integration can only be salvaged if there is a fundamental reversal in political direction. There are only two paths we can take right now, and they lead in opposite directions: one towards the disintegration of the Eurozone, another towards the strengthening of European statehood, because a currency without a state is indeed hard to imagine in the long run. Conservative and neoliberal economists and politicians are toying with the idea of splitting the monetary union into two or even more groups. On one side a strong, monetarily and financially largely integrated 'Core Europe', on the other side the countries that have been left out of or excluded from the Eurozone, with their own national currencies. Thus it would be Germany, France and a few other countries that would continue using the Euro, but Greece might have to reintroduce the Drachma, Italy the Lira, Portugal the Escudo.

Unlike in the 1970s, we are today not dealing with the disintegration of a regime of fixed exchange rates (the 'Bretton-Woods-System') into its component parts of national currencies with then flexible exchange rates. Rather, we might see the collapse of a monetary union that has existed for more than a decade. The component parts – national currencies – would in fact have to re reinvented. In addition, conditions within the Eurozone vary widely, a fact that would likely make this process extremely conflictual. The new currencies that would replace the Euro would most likely suffer an immediate drop in value. Devaluation would increase the value of Euro-denominated debts (which therefore also need to be serviced in Euros). Rating agencies would downgrade the countries' credit rating. The financial crisis would also be exacerbated because countries that would (have to) leave the currency union would pay much more in debt service. While devaluation would increase monetary competitiveness, this advantage is unlikely to be very useful if real competitiveness does not increase as well. What is missing here are the relevant export industries. To the extent that the new currencies are devalued, the remaining Euro will appreciate. This revaluation would limit the competitiveness of industrial capital (the so-called ‘real economy’) in the Eurozone’s member states and encourage financial capital to speculate. What sort of equilibrium would then be achieved after a period of economic turbulence is impossible to predict.

The other path leads towards deeper political integration. The minimal rules on government debt set by the Maastricht Treaty are obviously insufficient to prevent Europe-wide imbalances and crises. These are inevitable if countries like Germany reduce unit labour costs at the same time as they are increasing in other European countries. Governments are as responsible for this process as the trade unions, which over the last few decades in Germany have been content to accept far more modest wage deals than in other European countries. The current account imbalances that are the necessary result of this divergence have resulted in a loss of competitiveness in many countries, which in turn has led to higher levels of debt. Germany has in turn experienced a current account surplus, and a concurrent increase in money wealth. These imbalances are triggering a severe crisis of the Eurozone, because adjustment at the European level is left to market forces that are neither neutral, nor efficient.

The current system of crisis management requires indebted countries to adjust, but not surplus countries. The structural flaw that already contributed to the collapse of the Bretton-Woods-System in the 1970s is being replicated in the Eurozone. The steps required to correct this flaw would be: on the income side of state budgets, develop rules for fiscal policy and for tax competition, and balancing mechanisms for countries with current account deficits and surpluses, respectively. Also, actively interventionist policies would have to work towards reducing the real economic divergences that exist in so many areas within the Eurozone (from wages to industrial policy). If the Eurozone is to have a future, it is European statehood that needs to be strengthened, not the market.

1. A dangerous dynamic: from private sector debt crisis to public sector debt crisis, and the Eurozone’s monetary crisis

From 2006 to the end of 2010, public debt in the Eurozone, expressed as the average indebtedness of each member state, did indeed rise by more than 10 percent from 68.4% to 79.2% of GDP. The binding Maastricht criteria introduced some 20 years ago set a maximum debt level of 60% of GDP – that was about the level at the time of their introduction. Over the course of the crisis, average public deficits in the Eurozone increased by a factor of almost five from 1.4% to 6.3% - the Maastricht limit is 3%. It is said that the states drowning in this maelstrom of debt are dragging the Eurozone down with them. A comparison with other currency areas may be useful here. In the US, the UK and even more so in Japan, public debt is larger as a proportion of GDP than in most Eurozone countries. The US budget deficit in 2010 stands at US$ 1537 billion, some 10.4% of GDP, while California, both in absolute as well as in relative terms, is significantly more indebted than any single Eurozone country. Nonetheless, speculators are targeting the Eurozone, not the US. This suggests that it is not the level of public debt alone that leads to political upheavals, as long as this does not entail a loss of confidence in the ability of the political class to defend itself against the effects of a debt crisis.

In all this, we need to bear in mind the dynamics of the economic and financial crisis since its irruption in 2007. It has become obvious that: the private sector's financial crisis first became the public sector's debt crisis, and has now morphed into a monetary crisis, a crisis of the Euro. Since this also affects other currency areas, the national crisis of public budgets in a number of countries could, together with the crisis of the Euro, trigger a geopolitical crisis into which the US-$ area, the Japanese Yen, the Chinese Yuan and other currencies could be drawn. The politics of currencies are, we have learned, another form taken by the politics of hegemony, as power struggles can also be conducted in and through currency crises.

2. The legitimacy of some of this debt is in doubt, as public indebtedness is a result of the bailout of private banks

The banks and funds speculating against individual Eurozone members as well as against the Euro largely hail from within the Eurozone itself. They rely on the freedom of capital and currency markets, as the explosion of the current financial crisis in 2008 was not followed by the further development of what were then the fairly modest beginnings of financial market regulation. As a result, the commitments to a more effective regulation of financial markets and institutions made by governments and the European Commission are repeatedly downgraded to little more than appeals to banks' "moderation and responsibility" (thus Michel Barnier, EU commissioner for the internal market and services).

Sure, we can trust in someone's sense of responsibility – but control and regulation are likely to yield better results. Greece's debt is mostly to financial institutions based in France (€75bn), Switzerland (€60bn) and Germany (€43bn); in Spain, it is German, French, Dutch and British banks holding the majority of claims. In Portugal, banks from Spain are the major creditors, followed by banks from Germany and France. Of Irelands debt, almost US$1000bn in total, German and British banks hold about $200bn respectively. This public debt, which is being treated as a scandal by the media, actually corresponds to claims by banks of roughly the same amount, hidden behind which are vast sums of private money wealth that is hard to assign to any particular owner because of 'banking secrecy'. The unequal distribution of income and wealth in Europe taken together with the agencies' ratings generates large interest rate differentials between indebted and 'wealthy' countries (within countries this applies only to owners of money wealth, not to waged workers). The results in debtor countries are negative capital account balances that as long as the current account generates no or only small surpluses can only be resolved through inflows of new capital (for example from bailouts). The compulsion of having to generate a current account surplus justifies the austerity measures of cutbacks in wages and social spending. The people affected by these policies do not accept this justification, and are taking to the streets in loud and determined protest.

Money is always a mutual and contradictory social relationship – this is true also on European and global financial markets. Where there are debtors there are also creditors, and where deficits have to be cut, surpluses cannot grow. Current public debt levels can therefore not only be blamed on 'loose' fiscal and budget policies in today's crisis-ridden Eurozone countries (currently the focus is on Portugal, Ireland, Italy, Greece and Spain). Responsibility also lies with a politics of redistribution that encouraged the formation of large private asset holdings that were then invested in government bonds that the states (meaning: tax payers) now have to service. In this, pressure on workers' incomes and a fiscal policy that favoured mobile factors of production (capital) at the expense of immobile ones (labour) have been significant contributors. This was justified with reference to the neoliberal ideology of promoting 'high achievers', who would invest more if taxes were low. But this step, together with the liberalisation of financial markets, opened the door to vast amounts of financial speculation. There is also no doubt about the fact that there was waste and corruption, and that mistakes were and are being made that explain some of the current levels of debt.

The question of who and which activities bear responsibility for this indebtedness and its disastrous consequences cannot be answered with a simple reference to irresponsible borrowing. The Greeks are themselves aware and critical of the *Fakelaki*-system of minor and major corruption, one does not need to add insult to injury by pointing an accusing finger. But Greece also ramped up these enormous debts in order to a) be able to finance the tax cuts for the wealthy that were to be enacted upon entry to the Eurozone, b) in order to buy military hardware, especially in Germany and France (even at the very height of the negotiations about the 2010 bailout package, Germany continued to insist that contracts pertaining to the sale of German military equipment be honoured), and c) to pay for the excessive costs of the 2004 Olympic Games (which may have been as high as €20bn). And finally, d) widespread transnational corruption – a practice for which Siemens may stand in as poster-child – feeds doubts about the legitimacy of Greece's public debt. It is possible that their very legality (measured against international norms) might be called into question. Greek parliamentarians have therefore suggested creating a commission that would investigate the legality of the debt, as well as the question of who is responsible for it. In other European countries, too, there is doubt as to the legitimacy of this overweening debt.

During the 1980s' debt crisis some Latin American countries began referring to illegitimate debt as 'odious debt'. Are the people liable for debts that were incurred – in Latin American countries that were then ruled by military dictatorships – by their oppressors? To be sure, the situation in Europe in 2011 cannot be compared with Latin America in the 1980s. But the questions about the political legitimacy and the juridical legality of this debt remain relevant, and will have to be answered.

We cannot overlook the fact that public debts in the Eurozone are so high mostly because of the giant bailouts of private banks and funds. These bailouts were supposed to make up for losses incurred because of the speculative activities and the greed of private banks and bankers. That states have to pay ever more money to service their debt has a flipside: that private financial market actors have to pay ever less. The ECB clearly showed this in its expressively titled report “The Janus-Headed Salvation”: After the collapse of Lehman Brothers in September 2008, endangered banks were able to dump much of their worthless assets in publicly financed ‘bad banks’. In addition, their capital stocks were boosted from public funds, notably without governments asserting any kind of control over the now socialised banks’ business operations. States guaranteed the banks’ debts, as the latter were given almost unlimited access to cheap money from the central bank. It is of course possible that there was in fact no alternative to this course of action, as many have argued. But even if we accept this claim, the money should not have been paid without some kind of conditionality regarding where and how it could either be invested or given as credit. It thus comes as no surprise that the funds were largely used for speculative purposes, for example betting on the food and raw material prices, where they caused significant damage.

In Germany, the federal government’s Financial Market Stabilisation Fund *SoFFin* alone has by now spent some €136bn on bailing out the banks. Unless funded by tax increases or reductions in other public expenditures, this necessarily implies an increase in public indebtedness. The public pays without gaining any kind of political control over the banks in return. In other words, these government bailouts of banks are anything but their socialisation. In fact, it is the state that is dancing to the tune of private financial institutions.

One result of banks being saved by public funds is that financial institutions’ credit default risk is reduced, while that of the public sector increases in turn. The abovementioned ECB-report speaks of a “credit-risk transfer from the banking sector to the government”. Since 2008, credit default swaps (those infamous instruments that speculator Warren Buffet referred to as “financial weapons of mass destruction”) have become ever cheaper for banks, while governments have been forced to pay ever more. Whenever debts are being rescheduled, governments have to pay correspondingly higher risk premiums. To whom? To the very banks that were just recently bailed out of lots of cheap money by those governments, and – indirectly – to those owners of money capital that have invested into these banks and funds. They are not only collecting higher fees, but can also impose higher interest rates because of the risk that has been transferred to the public sector.

3. Rating agencies are political institutions and have to be subject to democratic control

In this they are assisted by the rating agencies that downgrade the 'quality' of government bonds because of their increasing debt levels. Under the influence of these rating agencies and international organisations (the IMF and EU), governments are increasingly losing control of their own budgets. This is a profound encroachment upon democratic prerogatives. A lower rating makes it more expensive to borrow and to reschedule debt, and it allows private creditors to collect higher interest rates. We are basically dealing with a self-fulfilling prophecy here: predictions of an impending debt default lead to more expensive debt-servicing, which in turn increases the likelihood of this default because governments find it ever more difficult to service their debt. What is therefore required is that this vicious circle, where rating agencies increase the debt service of already indebted states, be interrupted. Rating agencies have to be subjected to democratic control, so that the mechanism at the heart of this self-fulfilling prophecy can be removed. Given that financial markets are both inefficient and intransparent, we should not leave ratings up to them. The best thing would be to replace these private institutions with public ones. To judge private and public credit risks is a public task that requires reliability and responsibility, and cannot be guided by the desire to deploy a particular rating in order to rake in maximum profits (usually together with a consulting fee).

A fundamental reform of rating practices is also necessary because over the next five years all crisis-ridden countries are facing major renegotiations of their already incurred debts; newer debts are not even yet included in these figures: Small Ireland will have to repay some €26.7bn, Portugal €56.2bn, and Greece a full €151.6bn. Italy will need to pay €653.3bn by 2015, Spain €268.2bn. This means good business for the banks. And note that the inverse of this transfer of risk from the private to the public sector is: the transfer of financial resources from the public to the private sector. With the active role it had in rescuing the banks, the state played a key part in this regressive redistribution, while rating agencies influence the scale of redistribution by determining (through the ratings they dispense) the level of debt repayments from the public to the private sector. Rating agencies, in short, are by no means neutral arbiters of credit risk. They actively intervene into the process of secondary income distribution. They are political institutions through and through, meaning that they have to be politically controlled. This control should not only involve supervisory boards and political institutions, but also civil society organisations that are affected by the distribution of credit.

4. Europe's task is to develop a solidarity-based debt-management system

The level of debt service depends not only on the level of debt, but also on interest rates and the term structure of public debt repayments. There are significant differences within the Eurozone, which, while possessing a shared currency, does not pool responsibility for the management of public debt. This is yet another expression of the insufficient development of statehood in the Eurozone. The German government as well as the parties supporting it have been particularly reticent in developing a common European debt policy, for example by way of sharing liability for the debt, or by issuing Eurobonds, because this would mean that refinancing conditions would become less favourable for Germany than they currently are in comparison to other members of the Eurozone. In turn, those conditions would improve for other countries. Because of the assessment and differential distribution of risk within the Eurozone, highly indebted countries today have to pay higher interest rates than would be necessary under a system where Eurobonds could be issued. This would in turn require stronger coordination of fiscal and economic policy, which would also counter fears that the issuing of Eurobonds would ultimately lead to the creation of a 'transfer union'.

On the contrary, such a transfer union is unavoidable if differences in economic and fiscal policies remain all the while one wants to maintain the Eurozone. Everybody knows this. But the only conclusion that is drawn is that all member states should introduce a German-style 'debt brake'. The consequences of such a move would be terrible. The Eurozone would be inexorably pushed into recession. Debt repayment would lead to reductions in money wealth, leading to a reduction in effective demand, loss of production, unemployment. The recessionary spiral would increase the financial and economic divergences within the Eurozone, with the unavoidable result being the implosion of the Eurozone. The historical damage that is being done in the rush to avoid transfers would be impossible to repair.

5. Debt reduction through bankruptcy rules and a wealth tax – and a revision of the Maastricht Treaty

What appears like a completely reasonable demand to reduce public debt needs to be complemented by demanding a corresponding reduction in money wealth, either a) by way of a 'haircut', i.e. getting creditors to play their part in the reduction of debt, or b) through the effective taxation of wealth, or a combination of both. Creditors, too, have to be made to shoulder some of the burden. Bankruptcy rules are to be such that creditors also bear some of the costs of the crisis. And it should be clear that this 'haircut' is more than just a quantitative reduction of debt and hence wealth. At the same time, financial institutions have to be fundamentally restructured. In many cases, a balance sheet contraction will be necessary, i.e. the institutions will be smaller after the cut. This also changes the way the question of 'systemic relevance', which was used to justify billions of public aid, is posed.

During the era of booming financial markets, the financial lobby, drawing on neoliberal ideological justifications, successfully pushed for wealth taxes being reduced or completely abolished across Europe. Now, they will have to be reintroduced in all European countries, just as the amount of taxes paid by corporations (especially corporate income taxes) in general will have to go up: by way of a European convergence (leaving only limited room for manoeuvre) of the taxable base and tax rates, and through tougher controls of tax havens, tax evasion and money laundering. The point here is not simply to increase total revenue, but also to move away from the ruinous and politically corrupting process of tax competition between EU-countries. Within the Eurozone, the expense side of the budget is tightly regulated by the Maastricht criteria, even if the budgetary effects of the financial crisis have significantly disrupted this rulebook. The income side, on the other hand, is subject to the beauty contest of regulatory arbitrage by investors. Governments are pushed to seek advantages by lowering their tax rates and narrowing the taxable base. Some countries even offer a low flat tax to so-called investors, thus forcing down corporate tax rates as well as taxes on capital income and wealth across the entire Eurozone. This not only violates principles of justice, as these advantages can be claimed only in favour of wealth derived from mobile factors of production, not in the taxation of income from immobile factors of production. It also erodes government income, and frees up money wealth that its owners will use for speculation on financial markets. The regulation of financial markets thus necessarily implies the effective taxation of corporations, of wealth, and of capital income.

6. The danger of inflationary devaluation

To be sure, the reduction of debts and of money wealth can, as it has in the past, also be achieved through inflation. The inflation feared by many has already been rearing its head in the form of increasing commodity- and gold prices. The causes are complex, and they are not exclusively related to financial and currency markets, but also to commodity and energy markets. Inflation would not only affect those who own money wealth. In fact, they would probably have the means to adjust to the new situation because they know how to speculate, something that those who depend on some form of wage rather than on income from wealth do not. For this, too, the indebted countries of 1980s' Latin America can serve as a useful example.

Debt reduction through inflation would drastically increase distributional inequality, and therefore needs to be prevented at all costs. But the current strategy, where central banks fight the so-called secondary effects of price increases, is not the right way to go about this. Their goal is to prevent wage increases that would balance rising prices for raw materials (especially oil), because neoliberals argue that such increases would trigger a secondary round of inflationary price increases. This strategy could conceivably work if trade unions and wage earners were prepared to accept real wage reductions – but only if. Price hikes for raw materials are linked to the fact that many raw materials have reached their maximum production levels ("peak everything"), as a result of which supply cannot increase as quickly as demand. This cannot be corrected by an inflation-fighting policy. Instead, we need longer-term measures that transform our materially and especially energetically wasteful patterns of production and consumption. Now would be the time to discuss the capitalist growth process, and the way it depletes energy and raw materials.

Price increases in commodity markets are also a result of financial speculation in futures markets, which is why there has to be a political response to the inflation of these markets. The speculative bubbles that keep being blown can be ‘deflated’ by taxing wealth while at the same time restructuring financial institutions and reducing speculative movements through a tax on currency transactions (‘Tobin Tax’). Many financial institutions are superfluous, because their contribution to the productive development of society is more negative than positive, and more often than not, as in the case of the German Hypo Real Estate bank, very expensive.

7. Against the crisis: not a technocratic, but a democratic politics!

Those political forces within the Eurozone that oppose wealth taxes and an effective inclusion of creditors in the renegotiation of debt are betting that national governments will ‘hit the debt brake’ and somehow squeeze the funds needed to service their debt from their welfare budgets, from reductions in or cancellations of future investments in infrastructure, in public goods like education or health care, or from cutbacks in retirement benefits – that they will turn, in short, towards a politics of austerity. And to be sure, this is what has happened in Greece, in Portugal and Ireland, even in Spain, the UK, in France and in Germany, indeed – we are forced to admit – all over Europe, and all of it remains on the agenda. Financial markets weigh like a nightmare on the welfare systems of the world as they do on those of Europe. So-called ‘economic wise men’ and other self-appointed ‘authorities’ seem to accept this as given, all the while insisting that ‘there is no alternative’ to a politics of austerity, which, paradoxically enough, would have to be pursued through ‘alternative’ measures that their ‘scientific expertise’ had devised.

Some are calling for technocratic governments composed of ‘experts’, whose job it would be to translate and politically implement ‘market signals’, i.e. to demolish social rights and curtail democratic participation. The European institutions, most of all the Commission and the Council, are leading the charge in this technocratic transformation of political decision-making and the demolition of what remains of the welfare state. This also reduces possibilities for citizens’ participation in Europe, and limits democratic spaces.

What we are seeing here is a dangerous tendency towards the expropriation of European citizens, and of the social and political achievements that were won in often tough conflicts. Our task, then, is to organise resistance against austerity measures everywhere in Europe. This resistance always has a European dimension, even if the particular flashpoints are local or national. It is therefore necessary to coordinate this resistance in all of Europe and between the different social movements, be they trade unions, environmentalists or alterglobalists, charities or churches. This could also generate proposals for democratically legitimated budget rearrangements which would reduce public debt: a reduction in military spending, or foregoing ruinously expensive and by and large useless megaprojects (we have already mentioned the Olympic Games in Greece; an example from Germany would be the planned construction of an enormous new train station in Stuttgart, nicknamed ‘Stuttgart 21’) would quickly reduce the amount of money needed to service the debt. This would also give more room for manoeuvre to the participatory budget processes that have been developed at the local and regional level in many European countries.

The project of European integration has made it as far as a monetary union. But it was not continued from there to include the coordination of economic, social and fiscal policies. Economic integration in Europe was primarily driven by the twin imperatives of market liberalisation and political deregulation. Now the explosive energy of the Euro-crisis is forcing us to tackle the project of a clear regulation of financial markets and an effective coordination of economic policy within the Eurozone.

8. The ‘systemic relevance’ of democratic and effective states

It is said that only the rich can afford a poor state. The transfer of risk effected by the bailouts for the banks exacerbates social inequality, a development whose social and political consequences should not be underestimated. It is therefore necessary, both from the perspective of efficiency, as well as distributive justice, to include creditors in the bailout process. Bank managers’ bonuses should be scrapped, and corporate and wealth taxes should be used to correct for recent regressive redistributions. Resistance to the introduction of wealth taxes is enormous, as is that against tighter control of financial institutions, against limiting the power of private rating agencies, against proscribing certain kinds of speculation on currencies or government bonds. But the resistance against these necessary reforms cannot stop us from fighting for their realisation.

Bailing out the banks was always justified by saying that the financial institutions were ‘systemically relevant’. This may or may not be the case. What is more important is that effective, financially solvent states that are independent from private creditors and thus sovereign and democratic are necessary for the ‘system’ – which today is not only single country, but the entire Eurozone. States are also arenas where social conflicts are fought out. They are therefore also significant for social initiatives, for reform movements ‘from below’. The maintenance and further development of democracy in Europe thus urgently call for solutions to the crisis of state finances.

9. A European gathering on the resistance to the effects of the crisis

It sometimes seems as though those in positions of political responsibility have already accepted the collapse of the Eurozone in order to avoid the kind of radical reforms proposed here. Short-term interests defending the status quo still seem to outweigh longer-term developmental perspectives aiming towards a social, democratic, ecological and peaceful Europe. Private economic interests hold sway over the social interests of Europe's citizens. We have to organise political education and what we might call economic literacy programmes to improve the social and political conditions for the implementation of our demands and suggestions. This can take place locally or nationally, but it must also have a European dimension – because the current crisis of the Euro is a dangerous European crisis.

Good ideas alone are not enough, they also have to be implemented politically. To discuss the 'how' of this we should use upcoming events, conferences and gatherings over the next months. The situation is serious, we stand at a number of crossroads, and we have to get involved in determining the future direction that the European project will take from here. The European Summer Academy ENA, organised by ATTAC in August 2011, will offer us the opportunity to discuss our next steps…

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