

## “EUROPE CANNOT REMAIN WHAT IT IS”

LESSONS FROM EUROPE’S DEBT CRISIS:  
GOVERNMENTAL UNION, FISCAL UNION AND EUROPEAN  
CIVIL RELIGION. AN ATTEMPT TO GAIN AN OVERALL PICTURE

**Interview with Roland Benedikter,  
University of California in Santa Barbara and Stanford University**



**Questions:  
Helena Wöhl Coelho | Matthias Schäfer**

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## FOREWORD

The European debt crisis has been occupying the minds of Europe's citizens for almost three years. It is characterised by numerous new agreements at European level aimed at binding the EU member states closer together in terms of economic and currency policies in line with the approach of a common European Economic and Monetary Union (EMU), which has been pursued since 1990. Discussions are dominated by a necessarily still national focus on rescue packages for individual countries of the eurozone as well as the liability risks that this entails for the economically strong states and the reform and austerity programmes in the countries in crisis.

During these turbulent times, when Europe's architecture is undergoing bigger changes within a short period of time than ever before in its history with the agreement of the Fiscal Pact, the Europe 2020 strategy, the EFSF and ESM safety nets or the envisaged banking union, Europeans are necessarily looking to their own affairs.

In such a time of fundamental change, it can be helpful to adopt the viewpoint of an onlooker, who is familiar with Europe and its political and economic setup, which is unique in international comparison, and who, for that very reason, is in a particularly good position to explain his view about causes of and possible solutions for Europe's difficult situation. These deliberations are intended to contribute to a debate that requires courage as well as giving courage to steer away from the partly entrenched paths of intra-European and German discussions on overcoming the debt crisis. And to this end, they attempt to provide an overall picture, which looks beyond the purely economic challenges to the political and civil society dimensions of the crisis – a crisis that continues to be more of an opportunity than a risk.

Searching for such an overall picture of the present European debt crisis, Helena Wöhl Coelho and Matthias Schäfer have been in conversation with political and social sciences academic Roland Benedikter (47).

Professor Benedikter works at the Europe Center of Stanford University as the European Foundations Research Professor of Political Sociology and at the Orfalea Center for Global and International Studies of the University of California in Santa Barbara. He was actively involved in the European political scene for over eight years, has published several well received analyses on the European financial and debt crisis and on the global image of Europe since 2008 and received his fifth science award in September 2012. Professor Benedikter is recognised as an expert on European development from an international and multi-disciplinary perspective. Helena Wöhl Coelho and Matthias Schäfer put 55 questions on the European crisis to him – and received 55 answers.

We hope that the outspoken views of Roland Benedikter will provide you with some food for thought and inform your own view of Europe's future.

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### **1. Wöhl Coelho and Schäfer:**

*Europe, which has just overcome the global financial and economic crisis of 2007-11, has now been in a debt crisis since 2011, from which it does not seem to be able to extricate itself in spite of all its efforts. Why is the European crisis going on for so long – with no end in sight? Can this crisis, which some call a “fundamental crisis”, be explained in a way that will also elucidate the basic mechanisms to the uninitiated and non-Europeans without losing in depth?*

**Benedikter:** We can certainly try. The important thing is above all to realise that the debt crisis does not comprise just one but *two* main dimensions, which act in conjunction with one another. You can only understand the crisis if you look at the way these two dimensions interact.

## 2. In what way?

**Benedikter:** *First*, the debt crisis is a crisis of individual European states, which have lived above their means. This does not, in the first instance, refer to countries such as Ireland here, which – whether justifiably or unjustifiably from the perspective of other nations – benefited mainly from pan-European structural support programmes, nor to Germany and France, which after all violated the Stability Pact in the period from 2003 to 2005, but primarily to the Mediterranean states. It was these states in particular, which, compared to other countries, borrowed ever greater and excessive sums of money from the 1970s onwards – in relation not so much to their official growth figures but more to their economic output and their structural and productivity bases. Since the end of the 1990s, they have essentially only been able to pay back the interest on their debts and no longer any of the capital. When these debts experienced two sudden increases in response first to the terror attacks of 11 September 2001 and then to the global financial and economic crisis of 2007-2011 and then rose again very significantly once more, a point was reached where annual interest rates had risen to 7 per cent for some countries – a figure that is generally seen as the threshold for debt interest at which it is no longer manageable without the debtor defaulting in the medium term. This meant that the international capital markets, from which states borrow their money, lose the confidence that they will continue to receive regular interest payments and that they will eventually also get back their capital. As a rule, states only borrow money for several years and “then give it back” by borrowing new money at the then current interest rates. The regular “debt rescheduling”, as it is known in the technical jargon, can lead to a scenario where the debt situation of states deteriorates or improves depending on whether their interest payments have gone up or down. In the case of the present debt crisis, the capital markets were increasingly less willing or even refused to lend to the highly indebted European states for “debt rescheduling” purposes, or would only do so at interest rates that the states could no longer afford. This then forced a number of states, such as Greece, Ireland and Portugal, to turn to the other eurozone members, i.e. the other countries with the same currency, namely the euro, for help to enable them to fund current expenditure covering things such as the salaries for state employees and not go bankrupt. That is the empirical, the immediate quantitative dimension of the facts. I would call this the factual level and the cause of the debt crisis in the *narrow* sense.

## 3. But there is also a second dimension?

**Benedikter:** Yes. There is a second cause in the *wider* sense. The debt crisis is *secondly* also a crisis of European solidarity, of European unity. That is the *qualitative*, the indirect (and also long-term) dimension, which – and I believe this is still underestimated in countries such as Germany – does not fundamentally include only the political dimension but also the cultural one and therefore the dimension of a European “civil religion”, which is only just emerging. In other words: if we wish to understand the qualitative dimension, we must take into account not only the state, party and institutional policies but also the rapidly increasing importance of contextual dimensions such as social psychology, the interaction between European and national identities or the foundations of national trends of acting and decision-making influenced by the history of ideas and mentalities in the various countries. Without this second dimension and the interplay between it and the *quantitative* dimension, i.e. the combined and correlated figures of debt levels, growth, economic output, unit labour costs (i.e. competitiveness), innovation, social cohesion and institutional redistribution via taxes and state expenditure, it is not possible to understand the overall mechanism of the European debt crisis – and it explains why it is so persistent and enduring.

## 4. What does this second dimension consist of in concrete terms?

**Benedikter:** For several years now, Europe has become more heterogeneous not just in *one* sense but in *two*. *First*, it has become split into eurozone winner and loser states – with the *northern states* of Germany, Austria, the Netherlands and France on the *one* side and the *southern states* like Italy, Spain and Portugal on the *other* side, while some states, such as Ireland and Poland, are opportunistically trying to maintain a “neutral” position in between. *Secondly*, Europe has also become split into countries that wish to participate in the common, necessarily negotiable – and therefore naturally also partly controversial – process of further development *on the one side* and *on the other side* those that have effectively isolated themselves with respect to the joint management of the future such as the UK, which appears to have isolated itself more than ever before in modern European history under the current Conservative-Liberal government.

5. *Could you please explain briefly what distinguishes the winner from the loser?*

**Benedikter:** Eurozone “winner states” derive growth from the monetary union, as they profit considerably from exports to other euro states and no longer incur any conversion and exchange rate fluctuation losses; their taxes are generally on a downward trend, and their economies have been thriving, at least since overcoming the international financial and economic crisis of 2007-11. Germany, until 2005 itself a “loser” (sick man of Europe), is now undoubtedly among the winners, together with Austria and the Netherlands. The “loser states” within the eurozone, on other hand, borrowed money for their imports from the winner states from those very countries and hardly made any progress in terms of structural reform or productivity; in fact, their competitiveness has mostly deteriorated instead, because the euro is too strong a currency for them as their innovation and price levels do not correspond to the conversion level of the euro. Their taxes are set to rise to record heights and their economies have gone into recession, particularly since the beginning of the European debt crisis in 2011, because they can only afford to maintain the same currency as that of one of the world’s strongest countries in terms of structures and innovation, namely Germany, through cuts in their social networks, reductions in state expenditure and higher taxes.

6. *Does the UK not stand alone where the “European split” is concerned so that one should maybe talk of a “breaking away” of the UK rather than a “breakup”?*

**Benedikter:** Undoubtedly, the UK represents a special case, and the situation might in fact only be temporary. Opinions differ as to whether talking of a “breakup” is appropriate with respect to a country that never truly wanted to “be a part” of the European process, but has been interested above all in a special economic relationship with the continent and almost exclusively in economic gain, while never seeing the point of questions of European identity and unity, because there has never in fact been a feeling of unity – particularly with respect to the genesis of a European civil religion. The UK, and in view of the potential separation of the EU-friendly Scotland and a more or less neutral Wales mainly England, has always felt and seen itself more as a part of the “great family of Anglo-Saxon nations”, which was how Margaret Thatcher put it

succinctly in her day and which still reflects the opinion of the majority of the population today, and not as part of “Europe”. During a period of several years working as a visiting professor in England, there was hardly an occasion when travelling backwards and forwards every few months when there was not an English fellow traveller who I got talking to while queuing up who complained that Britain used to be a “great country, a great nation” – before joining the European Union. These days, the average English person has no idea that the country has benefited handsomely from joining the EU, but instead blames everything negative on the European Union. That is not likely to change any time soon, although I foresee less radicalisation and a new realism instead in the island nation overall, a view shared by the “European Council on Foreign Relations” (ECFR) in its 2013 annual prognosis for the next few years. After all, Europe has less to fear from an “exit” than England or the UK themselves. Or as EU Council President Rompuy so succinctly put it: The exit from the EU, which the majority of the UK population approve, would mean to “see a friend walk off into the desert” alone and without water.

7. *But the UK believes that it is important to be “in” Europe if not “for” Europe, doesn’t it?*

**Benedikter:** If you had followed the women’s marathon standing in front of Buckingham Palace during the 2012 Summer Olympics like I did, you would have noticed planes flying over on their way to Heathrow, one every minute, alternating the direction of approach from the south and from the east. I was not the only one observing this who asked themselves how it is possible that a relatively remote island at the edge of the continent can be so important. Why are so many people landing in a country that is located at the periphery and neither one of the most populated nor economically strongest countries of Europe? There is no obvious reason, because the industrial base of the UK has become eroded – the only things it has on offer, and I exaggerate and condense matters here, are the English language plus pop culture including the global music industry and part of the film industry as well as the (speculation-driven) financial sector in the Greater London area, which paradoxically includes the control of large parts of the global trade in the euro, although of course the UK rejects the euro like a case of chickenpox. The reasons why the country is so important lie in its history, which it is still benefiting from, a successfully established infrastructure serving as a pan-European hub built on a legacy of the past, as well as

EU rebates with the retention of full rights. If the UK were to give this up, it would experience far more negative than positive effects. Countries such as Denmark, Italy and France are already questioning the rebate entitlement, which benefits predominantly the UK (but paradoxically also eurozone winner countries such as Austria), which they consider unjust for good reason and detrimental to pan-European common standards and fairness. In view of these circumstances and the crisis in the special relationship with the USA and the crisis within the USA itself, the UK is likely to face greater upheavals in the medium term than continental Europe – even though it does not seem to realise this yet at all and continues to pursue a downright irritating policy of disruption. I don't think that things can go on like this for much longer or that they will. For one, because the other countries will wake up to the situation and for reasons of fairness, and secondly, because the UK will have to recognise its real position and its realistic options – or give up on itself.

*8. Why is the twofold split that you mention with respect to systems and structures influencing the European dynamics today so important?*

**Benedikter:** Never before has there been a twofold split within the European Union that was this acute. It is the main reason for the length and depth of the crisis, and it is systematic in nature rather than having to do with day-to-day politics. It is precisely because of this twofold split that the European institutions that are meant to overcome the crisis, such as the European Central Bank, the European Commission or the national governments in the European Council, are restricted in their ability to act and for the greater part impeded by each other. There is a cacophony of voices rising up to which the international financial and capital markets are reacting negatively. The financial world is sceptical because Europe lacks a common voice, a common operational centre, a common government. Europe can therefore not be relied on to overcome the crisis successfully and fast.

*9. Have there not been sufficient expedient crisis management measures to date?*

**Benedikter:** It is true that there have been many expedient measures taken since 2011, some of which were also well coordinated between the member states behind the scenes. Most measures tried more or less cunningly to bypass the previously described twofold split, to act con-

cealed "behind" it or at least not to let it become obvious in order to avoid alarming the capital markets so that interest rates would not rise any further. These included, for instance, the "indirect" actions of the European Central Bank, which used the European banking support package as well as the purchase of government bonds of countries in difficulties that the financial markets were no longer willing to buy, ultimately covertly providing billions of indirect financial aid to governments in a way that its current status does not, in principle, permit. But the international capital markets soon saw through this. These capital markets are suffering from an enduring and unremitting distrust of Europe's twofold lack of unity about how to overcome the crisis; and the fact that most measures are not taken in open solidarity between the northern and southern states, for instance by open joint liability for European government bonds, but under the pretence of banking stability or currency support measures, increases the distrust considerably. As a result, the interest rates demanded by the financial markets remain permanently high and the crisis continues, because such high interest rates leave no scope for fast economic recovery. That is the fundamental, the structural problem behind the crisis.

*10. In what way?*

**Benedikter:** The crisis is being prolonged not because of the individual measures but mainly because of this distrust. The interplay between the two dimensions is like a self-perpetuating spiral: High levels of debt result in high interest rates, which are only being tackled covertly – instead of jointly in the open. This fuels the lack of trust in the unity of the eurozone and its ability to jointly save the common currency. The distrust leads to a situation where the debtor countries can only raise the capital periodically required to refinance their debts at inflated interest rates. That then prevents them from paying off their debts, because too much of the new capital goes towards paying the interest and too little towards repayments, i.e. too much towards day-to-day operations and not enough towards solving the underlying problem; and because this makes the crisis management process much slower than had been hoped. This in turn diminishes the trust of the capital markets in the possibility that the crisis can ultimately be overcome. Consequence: The interest rates for bonds do not fall, but hover at a very high level, which basically cannot be sustained from year to year indefinitely.

11. Which means?

**Benedikter:** It's a vicious circle, fundamentally due to the distrust caused by the internal split, or – in other words – the distrust against the (still prevailing) lack of European unity – more than the purely quantitative level of debt compared to GDP, which is in fact considerably higher in Japan, for instance, than in the eurozone, or which is at a similar level in the USA, without the same negative effects threatening there.

12. So there are two fundamental dimensions that act in conjunction with one another: high debts by individual countries and a lack of unity between the different member states, particularly between the northern and the southern states. You can only understand the debt crisis in Europe when you see both dimensions together and in interaction.

**Benedikter:** Precisely. Most importantly: For anybody who wishes to understand the full picture of the European debt crisis it is essential to realise that these two dimensions are *equally important*. Normally, you are tempted to believe that the bare figures are what is crucial, i.e. the debts themselves. But when you look more closely, the second aspect, i.e. the dimension of a partial lack of trust and solidarity – at least as a basis of consistent economic policy action – is even more important than the debts themselves. In capital and finance matters, medium-term trust is always more important than the bare figures.

13. And this means?

**Benedikter:** In economic, technological and social terms, Europe is much stronger than people currently think – when you include all the dimensions, such as the economy, social cohesion, the gap between rich and poor, productivity and innovation, sustainability and renewable energies, even stronger than for instance the USA, China or Japan. The only reason that the European crisis is so enduring is that the two previously mentioned dimensions of debt and disunity are reinforcing each other and sustaining each other in a kind of spiral.

14. Because?

**Benedikter:** Europe as a whole, i.e. if you look not just at the euro states but include all 27 member states, is still the region with the strongest economy globally. Another aspect that is frequently still underestimated is that it is also the world's most socially balanced region as well as being most advanced in terms of peace, reconciliation and legislation. If the two dimensions of debt and lack of European unity were not acting in conjunction with each other, there would be no reason for the crisis to go on for so long, especially in a region that is so highly developed compared to the rest of the world.

15. Is that all? Or are things more complicated after all? What are the other underlying conditions for the European crisis situation, whose impacts are reaching far beyond the EU's borders?

**Benedikter:** Well, to tell you the truth: yes. In this context we have to mention particularly two secondary aspects, which also impact the complicated situation of high levels of debt in conjunction with a "twofold split" in Europe:

- a) The role of a potentially increasing rivalry between the USA and the eurozone. Under Obama's new global strategy of "Asia First", the USA is turning its attention increasingly towards the Pacific and thereby inevitably, even if maybe not explicitly or willingly, away from Europe.
- b) The role played by the large ratings agencies, which are all based in the USA, and their influence on Western and global developments in the landscape comprising the world of finance, economic cultures and politics, which is both covert and not democratically legitimised as well as disproportionately high. Even the High Representative of the Union for Foreign Affairs & Security Policy Catherine Ashton complained in the summer of 2012 that it was strange that whenever economic figures in the USA were poor, the ratings agencies would immediately home in on a European country and downgrade it. Ms Ashton suggests that they may do this to distract attention from the problems in the USA, which are fundamentally more serious – be it unintentionally or intentionally.



It is difficult to ignore these two secondary aspects of the crisis when you want to assemble the facts and their impact on the economy and on practical politics to obtain a full picture.

*16. If I understood you right, you speak of the "lack of European unity" as probably the most important reason for the crisis. Let us therefore examine this (still prevailing) lack of unity in a little more detail. What role does it play in Europe's current debt crisis – which itself also seems to be crucially instrumental in sustaining a crisis of the Western World?*

**Benedikter:** There are innumerable practical examples, all illustrating one and the same overall problem. For instance the following: The fact that 65 per cent of Germans said in the second half of September 2012 that they were sceptical towards the euro, although Germany was the first country ever to sell government bonds at negative interest rates since the Second World War and is thus by far the largest winner of the euro situation under this aspect, speaks volumes for the paradoxes in the current situation.

*17. What do you mean by that?*

**Benedikter:** The reason why Germany has experienced such an eminently positive development is not just partly but mainly because it has the euro and can therefore operate as the undisputed "export world champion", exporting all manner of goods within the eurozone – over half of its export volume – without any exchange rate losses, above all, of course, German cars and technical equipment that the entire world is rightfully addicted to. The Greeks, Portuguese or Italians, on the other hand, who are suffering extreme financial stress for the sake of European unity, including the highest taxes in the world (Italy since the summer of 2012) and rapidly falling standards of living, and who buy the German cars partly with loans taken out with German (and, more frequently, French) banks, say that Europe is everything they have and everything they want.

*18. And that means?*

**Benedikter:** This is all a great paradox. Present-day European dynamics, which partly manifests as insecurity, is in no small part due to its dialectic force. The main thing is this: What you have here are not just transitory populist trends but fundamental contradictions in economic, financial and money policies within the eurozone. The view that support can only be provided in return for reforms, which the southern countries see as a lack of solidarity with the South on the part of the North, plays a large and still underestimated role.

*19. And on the other hand?*

**Benedikter:** On the other hand – and this is the *complementary* dimension – the lack of solidarity of the southern states with the North also played a role for decades. For years, the southern states were in part not open and honest with the European Union, concealing their situation from their partners – particularly the states in the west and south of the continent, namely Portugal, Ireland, Greece and partly Spain. Greece is undoubtedly the most extreme example, but another country that operated systematically in a different but equally irresponsible manner is Ireland, which made good progress in terms of its infrastructure by very successfully attracting foreign investors also from outside Europe, but which founded this and a large part of its overall growth since the 1990s on a property bubble that was partly facilitated by European support programmes and which presented itself to the other eurozone members as a pioneer of sustainable growth in Europe.

*20. Could you please summarise for us the fundamental problem of Europe's internal split, which you think is playing a crucial role in fuelling the crisis?*

**Benedikter:** The northern states, i.e. the eurozone winner states such as Germany, France, Austria and the Netherlands, say: The southern states incurred the debts, therefore they have to increase taxes and make savings to pay the money back, that is the recipe. Of course they are right to a degree, because the southern states have indeed taken on debts and must therefore take responsibility. The southern states, such as Italy, Portugal and Greece, say: Ok, we shall make savings, but that will choke demand and consumption, and we will be saving our way into

recession in doing so – as has happened in Italy, for instance, with a -2.5 per cent recession in 2012 because people no longer buy things as they no longer have the money. This is because the Italian state under the unelected “technocratic” Prime Minister Mario Monti has imposed the statistically highest taxes in the world – 55 per cent on middle incomes and up to 70 per cent on businesses – precisely in order to make savings and pay down state debt. Ultimately, it is the citizen in the street who is asked to pay, in the form of taxes. The understandable response by the citizens of the southern states is: Then I just won’t be able to buy anything anymore, because I have to give everything to the state. Of course these citizens then don’t buy goods from the northern states any more either, which had founded their unparalleled success since the introduction of the euro in 2001 to a large extent on their ability to export their products to the southern states without any currency translation losses. So if citizens in the southern states no longer buy goods because of the austerity programme – mainly prescribed by the rich North – this is to everybody’s detriment, northern and southern European states alike. That is the other side of the coin. To a certain degree, the southern states are right in what they say, which is supported by the statistics: Europe is in recession partly because of extreme austerity measures. While austerity is thus necessary, it does inhibit economic growth. Both sides, northern and southern states, are right – and both sides are also wrong when you look at the overall picture, because each side only sees what is right for itself.

*21. Could the citizens from the southern states – key word: solidarity – not also say at this point: You, the northern countries, are the ones who have profited from the euro, so you should give some of your profits to us to help us find our way out of our loser position?*

**Benedikter:** Indeed. They are basically beginning to do exactly that – for instance in the form of the Italian-French “alliance” between Francois Hollande and Mario Monti since December 2012, which is aimed at getting the Stability Pact renegotiated. Or in the efforts to backtrack with respect to the austerity policy and incur further debt. There will probably be no change in this now after the Italian parliamentary elections of 24-25 February 2013; the trend is actually more likely to intensify. Added to this are increasing protests in the southern states against the “German” austerity policy, which the structurally strongest country allegedly imposes on the weaker countries to protect “its” currency at the expense

of others. A country that operates with little regard for others, possibly even damaging its own interests in the long term. We may have seen the beginning of this in the cooling of the German economy in early 2013, due not least to the serious recession of between 2.5 and 2.8 per cent in the southern states as well as a 30 per cent fall in consumption in Italy in 2012, for instance, which is also seriously to the detriment of German products. Whether Germany will be able to make up for this negative development by strengthening its exports to areas outside the eurozone and outside Europe is doubtful. Things can certainly not go on like that in the long term. There will either have to be progress towards a genuine governmental and political union, which would entail open – and not the previously covert – shared debt liability, harmonisation of taxes on businesses and private individuals, extensive transnational equality in the treatment of European citizens (not least in the area of taxation), a fiscal and banking union as well as a unitary economic and finance department – or we will be faced with the increasing likelihood of a divergence of the interests of the northern and southern states, i.e. of the winners and losers from the euro, which would carry the risk of the eurozone disintegrating and possibly even the renationalisation of Europe. This is not an apocalyptic phantasy or threat but a realistic potential scenario. There is no middle way – even though a great many current policy measures aim at winning time with compromise measures, waiting for the opportune moment for decision-making rather than actually contemplating proper action. The world outside Europe has realised what is going on here very well, including the international financial markets, seemingly better than Europe understands it itself. That is why the doubts about Europe’s capacity to overcome the crisis are so large. But rather than diminishing, these are more likely to increase during the course of 2013.

*22. Why have people not realised this to date – on both sides? After all, it appears glaringly obvious that the lack of unity between North and South is detrimental to all Europeans.*

**Benedikter:** Because the northern and southern states are not in agreement, and rather than focusing on Europe as a whole each side predominantly looks to its own advantage.

23. *Please give us some examples.*

**Benedikter:** The *northern states* say: Why should we be jointly liable for the debts of the southern states, for instance through joint government bonds? They incurred the debts themselves. So they should also settle them themselves by saving, that's the least one can ask. Of course there is some logic to that. After all, when politicians encouraged citizens to accept the euro they did mention the "no bail-out" policy. However, when comparing the situation to that in the USA, it would be like the US federal government in Washington saying: California has government debt, which it can no longer finance at least temporarily – as happened in the summer of 2010. We do not accept joint liability; instead, each US federal state is liable for itself and helps itself. If necessary, debtor states like California should just leave the common US dollar and find themselves another currency. That would be absurd, and the dollar would probably cease to exist within a short period. But that is precisely what the northern states in Europe are doing, although they share a joint currency with the southern states! The USA doesn't do that, because it has not only a common currency but also a common government. Currency and government are the same for all states constituting the USA. Europe is at a distinct disadvantage, has an Achilles heel, which could seriously damage the monetary union for good if the problems are not ironed out: Although it has a common currency, Europe does not have a common government. It has one currency but many governments. And those tell each other: It's not up to me to sort the mess out, it's up to you. That can never work, and it never could. If you have a common currency, you need a common government. Otherwise the currency too is condemned to fail. That is what people are now realising.

24. *And the southern states?*

**Benedikter:** The policies currently being pursued by the *southern states* are equally dubious. They say: If everything goes awry, we won't need to carry out major reforms because the northern states will surely "bail us out". After all, not only are they morally obliged to do so, they need to do it from a pure sense of self-preservation – we have a monetary union after all. This was the stance taken for instance in Italy in Lazio, the region comprising the capital Rome, where millions flowing from public coffers were wasted paying for private luxury goods for decades, in the belief that if debts got out of hand it would ultimately not be the

Italian national state, which was highly indebted itself, but the "rich North that would have to pick up the tab". To some, this already sounds reminiscent of the conflict between northern and southern states in the USA. In present-day Europe, there are similar unfortunate dependency and conflict mechanisms happening as in the USA at that time – of course under totally different circumstances.

25. *Can you give us one example of the mutual dependence between North and South, which neither side is acknowledging?*

**Benedikter:** Let's take what is surely the most extreme example – and as such no doubt only partly representative, yet still instructive – namely Greece and exaggerate the situation a little to illustrate the basic mechanisms that are at work behind the scenes of the European crisis. What did Greek people do? Like everybody else and perfectly understandably, they wanted to drive the best cars in the world, i.e. German ones. But they could not manufacture them themselves, nor did they have any savings to buy them. So once the monetary union, the crucial access gate, was in place, they obtained easy and fast money from German (and other) banks on historically favourable terms without currency translation losses to buy German cars – some of which were actually built in the Czech Republic or Slovakia, which makes things even more complicated, but does not change the basic principle. This resulted in a situation where the Greeks could enjoy driving the German cars, but could only repay the interest on the debts that they had incurred – mainly with French and German banks – and not the capital. Added to this was the ever-widening gap in competitiveness, because not only did cheap imports proliferate in the southern states, unit labour costs also rose considerably. In other words, people in Greece – a subsequent eurozone loser state – borrowed money from the winner states to buy goods from the winner states, thereby making themselves financially dependent on them like other eurozone "loser states", while losing in the competitiveness stakes. The "winner states", by contrast, won out twice from the same mechanism: First from the manufacturing profits and the sales of goods without currency translation losses and secondly from the interest payments, while the debts of the southern states remained more or less at the same level, leaving them in a permanent state of indebtedness. Ultimately, and shown here only in a typological – and therefore no doubt exceedingly simplified manner – the dependency relationship between the large, structurally strong and rich euro states

on one side and small, structurally weak and poor euro states on the other became increasingly unbalanced – in one and the same currency zone! As was only to be expected when introducing a common currency among poor and rich – or structurally weak and structurally strong – without a political harmonisation mechanism. That is the crux of the matter: a common currency without genuine political unity and a regulating, balancing authority at the centre! A unique construct in modern socioeconomic history of open capitalist societies, which – inevitably – stood on a slippery slope from the start.

26. *And this means what?*

**Benedikter:** Greece's fate was sealed from the start when the structurally weakest country in Europe, i.e. Greece, was allowed to enter into a joint monetary union with the structurally strongest country in Europe, i.e. Germany, without a *political union*. The consequences were on the cards: If you join a palace and a hut together without a presiding adjudicator who balances the discrepancies internally through politico-social mechanisms (similar to those maintained assiduously *within* the European nation states; just look at the north-south equalisation measures in Italy or at the German fiscal equalisation among the Länder, the reconstruction efforts in the East after reunification and the state-Länder supplementary funds), then the hut will necessarily and inevitably get ever smaller and the palace ever bigger. Neither the palace nor the hut is to "blame" for the situation. What is at work here is the fundamental law, the basic rules of capitalism. And those who agree to such a project, i.e. monetary union without political union, therefore know what will happen.

27. *Could this have been prevented if the Stability Pact had been adhered to?*

**Benedikter:** No, because the crux of the matter is not the mere accumulation of debt in itself – although this remains important of course – but the fact that economic and monetary union is not complemented by political union. One without the other is "free" from overall control to such an extent that its intrinsic laws act absolutely – in the case of a monetary and economic union the laws of capitalism, i.e. the internal dynamics between accumulation, production and consumption. Without control, these will always benefit the stronger party to the detriment of the weaker party. Responsibility for having let this happen lies with all

eurozone member states equally – and it is particularly important to stress this point explicitly! What the debt crisis has demonstrated is this: Monetary union without political union leads to increasing internal disparities and dependencies without anybody wishing it to be so. It leads to a rapidly growing imbalance that can be in nobody's interest. The introduction of a common currency without a common government was therefore wrong, distorted, half-hearted or a "beginning without future" from the outset. To be able to move forward, Europe needs to take remedial action.

28. *Otherwise?*

**Benedikter:** Otherwise, the existing Europe will have to give up its dream of unity as the price it has to pay for its indecision; keep the euro only for the winner states; and pay for it by abandoning any claim to a "united Europe" for the next two or three generations of "southern" Europeans. In that case, and it is a possible scenario, there will be two Europes in future: a Northern and a Southern Europe, with different currencies and political blocks. Maybe even three, with states such as the UK as a third block. But then, nobody would be able to speak of "Europe" any more for the next 100 years. That would be a discredited idea and beyond hope for several generations at least. If people wish to pay this price, let them do so. But they must be aware of the price in the first place.

29. *But does the palace not ultimately bear greater responsibility than the hut in this type of scenario? At least that is what most left-wing intellectuals would argue. And they are in the majority in Europe these days, if I see it right.*

**Benedikter:** No, not at all. And it is not true that left-wing intellectuals are currently in the majority, in fact they never were; in spite of François Hollande's election victory in France with the smallest margin possible, who might concur with this statement. In any case, all this is most definitely not the fault of the palace but the fault of those who unleashed the fundamental law of capitalism without common political control at the level of Europe as a whole – i.e. of the best and in fact also the most spiritual because the most abstract-concrete invention mankind has ever made. What this infinitely powerful invention, namely capitalism, crucially needs is a mechanism of political control over the states of a common

currency to ensure that the discrepancies between them do not increase further. It is precisely this control mechanism that has been missing, and the discrepancies have therefore grown "naturally", in fact inevitably, producing the current split of European states into winners and losers, with a few "undecided" cases in between, such as France.

30. *So who is to blame for the crisis?*

**Benedikter:** The winner states, let alone Germany, are not at fault; the "blame" lies with the institutional arrangement put in place at the inception of the euro: the absence of a common European government, i.e. the lack of a political union. If the debt crisis teaches us anything, it is this: There can be no monetary union without simultaneous political union. That was the mistake from the very start – but it is also the greatest opportunity for the future. Just consider the following: Even with this glaring mistake, Europe has remained the economically strongest power of the world since the introduction of the euro. What more may be possible if this mistake was rectified and Europe became *both* a monetary *and* a political union? That could no doubt produce a "quantum leap", initially with respect to the level of internal consolidation, not least also through the international currency markets; but then most importantly also a leap into a new dimension in terms of its significance, no longer seen in isolation but as a globally constructive force in the international arena. A finally fully functional European Central Bank, a common fundamental tax policy, a banking union, a common government: these could produce a new miracle of prosperity in continental Europe in the medium term – with a positive impact on its trading, economic and finance partners around the world. Everybody would benefit in the end one way or another – not just Europe itself.

31. *So what would you say in summary is the key reason prolonging the debt crisis?*

**Benedikter:** First of all the fact that the southern states incurred excessive debts, and secondly that the winner states of the eurozone shrank back for too long from entering into a genuine liability and problem solving union with the loser states of the eurozone, namely in the areas of internal solidarity, appropriate management and external communication. The 2011-12 debt crisis has made it only too clear that Europe is not unified: It may have a monetary union, but that is not founded on a

political union. And precisely the following: A common currency without a political mechanism to balance it internally and deal with internal discrepancies is deadly – as was ultimately to be expected from the day the euro was established.

32. *Could you give us another example?*

**Benedikter:** After Mario Monti's "reforms" in Italy, one of the eurozone loser states, which have so far only entailed tax rises in practice, the country's citizens are now paying the officially highest combined (income, wealth and indirect) taxes: 55 per cent on the income of individuals and up to 70 per cent on businesses, and that in one of the wealthiest countries in the West! And all that just to be able to afford having the euro in a country that is itself split between South and North in a monetary union with Germany, the structurally strongest country of Europe. Italy had to increase the taxes to record levels not just to finance its runaway state deficit, for which it bears sole responsibility, but also to balance the discrepancy in competitiveness and productivity between Italy and Germany, as Angela Merkel, for one, rightly underlined during her summit meeting with Mario Monti in August 2012 and once again during her programmatic speech on the future of Europe in Davos in January 2013. One consequence of this discrepancy is that within the same currency zone one country sold government bonds at negative interest rates (Germany), while the same international markets demanded up to 7 per cent from the other country (Italy), which led to its debts exploding and the state shrinking, affecting the country's structural foundation, which meant that it had the overall effect of rapidly increasing the discrepancies even further.

33. *So what we have is a "community of the disparate", who are somehow inevitably becoming ever more disparate?*

**Benedikter:** Yes. Such a "community of the disparate" without a common government does have benefits for both sides. The winner states benefit because they can manufacture goods and export them without restriction in direct competition with countries of the same monetary union that are less competitive or where unit labour costs are higher, and therefore also to these countries. They profit not only from manufacture and trade but also from providing loans to precisely those weaker European states that wish to buy their products. The loser states, for their

part, at least have the advantage in the short to medium term of obtaining high-quality goods, which they have essentially not “earned”, and of exporting goods to the winner states in specific sectors, where they are competitive in certain areas, without incurring any currency translation losses. But in the long term and seen objectively, the entire arrangement between strong and weak parties produces greater benefits for the eurozone winner states than for the loser states. When a structurally strong and a structurally weak country share a common currency, there absolutely has to be a common, identical political control mechanism, which they both share in proportionately; otherwise, the economic gap will widen and a kind of primordial mechanism of capitalism will take effect, not just within countries but also between them.

#### 34. *What does that mean?*

**Benedikter:** It means that the larger party will become ever larger and the smaller party ever smaller. However, you cannot let this statement stand as an absolute, but have to understand it in terms of national economics – disregarding internal per capita differences. In actual fact there was a convergence of per capita incomes during the first few years of the monetary union, and the current “winner state” of Germany had serious economic problems. But even when you consider this, the above equation still applies: In the medium to long term, a monetary union without a common government will inevitably lead to the larger party becoming larger and the smaller party smaller. That is the law of capitalism. And that is precisely what happened with the euro. A common currency was introduced without political unity. This was done although it was predictable that while it would be to everybody’s benefit, it would benefit particularly the structurally stronger areas if there was no common political level, no common government. Insofar, the euro was always a currency that would not be able to persist in its present form although it was able to, and no doubt also did, bring about progress for everybody during an initial phase, i.e. generally increased the prosperity of all parties involved for some time. What the euro needs to remain a successful model is not so much monetary or economic reforms but political reforms instead.

#### 35. *Why?*

**Benedikter:** Because *initially*, the loser states were able to take a great “leap” forward during the first phase thanks to investments by the winner states; but the longer time goes on, the more the pendulum is swinging to the other side in a second and third phase through the capital exerting its influence via the interest payments, this being the basic law of capitalism. If lengthy crises such as the international financial and economic crisis of 2007-2011 then throw the planning into disarray, disparities can quickly worsen.

#### 36. *What would be the solution?*

**Benedikter:** In the aftermath of these internal shifts, the two alternatives open to Europe today are as follows: *Either* proceed towards a unity involving monetary and political union *or* abandon the monetary union, i.e. the euro, as we currently know it. *Tertium non datur*, there is no third option. What the crisis has taught us is the need for a monetary and governmental union to be complemented by a European civil religion, i.e. a secular “faith” in unity in freedom. This is the crossroads we find ourselves at, and it is a true crossroads, not merely a hypothetical one. Everything will depend on the politicians’ consciousness – but increasingly also on the social psychologies, the moods and states of mind of the European populations. I welcome the latter, although there has been a great lack of action during the last few years to influence the state of mind of the European people to encourage them to come together in a socio-psychological dimension as well and develop the capacity to take responsible joint decisions.

#### 37. *Why is that the case?*

**Benedikter:** International institutions interpret the persistence of the European crisis predominantly as mismanagement in the areas of monetary and economic policy. But its roots lie deeper – amongst other things in cultural differences; what is missing is a joint European civil religion and a living European foundation myth that would be capable of forging a common identity. In other words: The European crisis, due to Europe’s “lack of unity” and a split between North and South, is ultimately also due to the fact that there is a lack of “a European spirit”. Or maybe better: the lack of “one” European spirit. The USA maintains

such a unifying spirit, embodied in its constitution and its flag, which did and still do represent ideas that have an immediate visceral impact on people and have an immediate vitality; Europe has still not found "its" spirit, neither as a living reality nor in the abstract. One reason for this is that Europe has been constructed "from the top" over the last few decades; and there is something noticeably missing at "grass roots level" – which means that political and currency-related processes have only been accompanied and reproduced by civil society and socio-psychological processes to a degree, but not yet sufficiently. Consequently, Europe is lacking the proper foundations for genuine unity, including solidarity where difficult decisions have to be made that can hit people in their pockets.

*38. You say in your current publications that the described "twofold" internal split has produced a two or even three-class society of European citizens. And that this is producing internal disparities, which borders on discrimination. Can you please explain that?*

**Benedikter:** Yes, of course. The above-described scenario of a monetary union without a political union has produced the paradoxical situation where Italians and Germans, for instance, are formally "equal" citizens, but have de facto become two different types of citizen, because the Italians pay just over a third more taxes than the Germans, although both have the same European passport.

*39. Can you give us a concrete example?*

**Benedikter:** Let's assume that the two of us, I as an Italian and you as a German, buy identical flats in neutral Austria, like Italy a member of the eurozone, and we rent them out for the same price. After deducting all the costs and taxes, I end up with only just over 45 per cent of the proceeds, but you are allowed to keep 60 per cent, although the flats are on "neutral" territory. That is the case because to this day I still pay taxes exclusively as an Italian citizen and you as a German one. The two of us are identical European citizens with formally the same passport and the same rights – but we are treated entirely differently within this supposedly "common" Europe. This produces a kind of two or even three-class society (just think of Greece!) of European citizens – a situation that threatens to make a nonsense of the project of a "united" Europe, at least in the eyes of the people affected. The citizens of the

loser states of the South feel discriminated against and increasingly ask themselves why they should pay such high taxes just to be able to afford the same currency as the winner states of the North, which are structurally much stronger than they are. Once again: Of course the "blame" lies with the southern states alone, if we want to use terms such as "blame" to explain the crisis (which is difficult if not impossible in view of the globalisation mechanisms!), because they took on excessive debts. The northern states had nothing to do with that, nothing at all; so they are justified in resisting joint liability. However, the problem is not limited to these facts, but also involves the socio-psychological implications of the crisis management for the future of European unity.

*40. Is social psychology playing an increasingly large role?*

**Benedikter:** Yes. And as we know, socio-psychological processes are far more complex, slow and protracted than economic and political processes. At the same time, they produce far more fundamental changes and developments. But they also need more time to take effect. For this reason, there is practically always a "phase shift" between socio-political and socio-economic "surface developments" on the one hand and cultural and socio-psychological "fundamental developments" on the other. One example of this is the impact of German reunification. That has not been paid much attention to so far in the European crisis management efforts. And we now see the consequences.

*41. In what way?*

**Benedikter:** It is prolonging the crisis in an objectively unnecessary manner due to a lack of solidarity. Europe's current crisis problem is at least as much of a socio-psychological problem of a lack of solidarity between winner and loser nations, which has a negative impact on the markets because it undermines Europe's credibility, as a problem of objective economic and financial performance. In actual fact, Europe is much stronger than it currently appears – at least as strong as the USA or China – and probably still the strongest region globally in terms of its underlying strengths where productivity and innovation are concerned. Because of the twofold internal split, this is merely no longer uppermost in people's minds today – deterring global long-term investors, who are therefore currently seriously underestimating Europe. Of course one can hardly blame them.

42. *Where do the prospects for a solution essentially lie?*

**Benedikter:** As already mentioned, and I will repeat it here to illustrate the basic dilemma, the loser states are justifiably demanding solidarity and assistance from the winner states, because the latter were able to attain their unprecedented achievements of the recent past such as the sale of government bonds at negative interest rates (Germany 2012) mainly because they have been able to export over half of their products into the southern states and the whole of the eurozone without currency translation losses. There is some justification for this, which can also be substantiated quantitatively: The winner states, including above all the structural export countries such as Germany and Austria, would remain winners from the existence of the euro even if every potential negative event actually occurred: debtors defaulting and liability coming into force. The winner states, for their part, are equally objectively justified in their opinion that the loser states did, after all, cause the excessive debts themselves and they should therefore also manage them themselves more or less on their own through austerity measures. Because otherwise they would never reform their structures sustainably instead of making temporary changes here and there.

43. *What does that mean?*

**Benedikter:** It means the following: The crisis has now been going on for two years – or even over six years when taken together with the preceding global economic and financial crisis of 2007-2011, which originated in the USA and in its then speculative financial and economic system with its internal influences (property speculation as an artificial system basis without sustainability) and external impact (main investments based on financial gambling with not yet existing assets instead of trade in real assets). Further factors were that the loser states failed to take action for too long and that the winner states failed to demonstrate solidarity with the loser states and to translate it into concrete political measures for too long as well. For instance into joint debt liability, a common tax policy and a functioning European Central Bank, which can support the euro by buying up government bonds. However, there appears to have been some progress in this area since the end of September 2012 for the first time, as the winner states have realised that only a united Europe has any chance of improvement. And the loser

states have realised that things cannot go on as before regarding the way they managed their budgets.

44. *Really?*

**Benedikter:** Yes. It has to be said that things have started to move in the right direction since the summer of 2012, not least thanks to the constructive stance of Germany, by far the most influential member country of the eurozone. This is due to the fact that government politicians have finally recognised the above-mentioned mechanisms between winners and losers, which are ultimately detrimental to everybody – prompted predominantly by Federal Minister of Finance Wolfgang Schäuble and his pioneering rhetoric in public debates, even though this may have been meant to be provocative on occasion. It was he who objectively pushed for progress on this matter, also seen from the perspective of neutral international observers, diplomats and statesmen, by pointing out that the crisis could ultimately not be overcome through individual measures, occasionally drawing open criticism. The solution can only consist of greater European unity, of a development towards the “United States of Europe”. Germany and with it Austria and partly also France – with the Netherlands remaining neutral, which actually corresponds to its individual tradition in a positive sense – have progressed in this direction in truly exemplary fashion over the last few months, within their limited scope of action of course. What the Austrian Chancellor Werner Faymann communicated in 2012-13 with respect to an opening up towards partially shared debt liability and a genuine European government was as unexpected as it was impressive. Things have started to move, and you might say that this is happening thanks to the crisis. Anybody who can’t see this is either a nationalist of the oldest type or blind.

45. *Concrete examples?*

**Benedikter:** A decision by the German Federal Constitutional Court of 12 September 2013 stating that the euro safety net ESM is compatible with German Basic Law under certain conditions means in fact a limitation of the right of German parliamentarians to make budgetary decisions in favour of Europe. The indirect authorisation of the purchase of government bonds by the European Central Bank has already led to a covert



shared debt liability for several months now. Another example is the envisaged banking union, with the Central European Bank authorised to issue instructions to and even impose closure on all 6,000 European banks. It secondly includes plans for a first genuine fiscal and possibly even tax union; and thirdly the strengthening of the common political level via a constitutional EU treaty, which might need to be negotiated afresh, such as the one aspired to by Italy and France amongst others. Germany is more reticent on this front to avoid jeopardising its position as guarantor for others and as one of the few "functional" euro countries so as not to expose the euro itself to new risks. This means that there is potentially a multi-dimensional development in the offing, which could lead to a "genuine" Europe within a comparatively short time in several consecutive steps: Initially a "light" unity in selected areas as part of the immediate crisis management ("Europe light"); then a convergence of fundamental national agendas as well for the long term ("Europe strong") – with the exception of certain matters, which could continue to be reserved to national decision-making. Overall, the combination of the currently envisaged factors and initiatives would, however, mean a "European revolution" – no more, no less.

*46. Let us, in conclusion, turn to the outlook. Besides technical considerations, conceptual factors appear to be playing an increasingly large role. The document introducing the "I want Europe" (see: <http://www.ich-will-europa.de/en>) initiative, which Chancellor Merkel started with words of welcome in 2012, begins with the following statement: "The European debt crisis is not only a crisis of the European financial system, but also a crisis of the European idea." Is that correct? And if so, what in your opinion does this conceptual crisis consist of?*

**Benedikter:** There is indeed a conceptual crisis. It is, in fact, nothing new, but the old Achilles heel of modern Europe. Ultimately, it has existed ever since the concept of European unity arose. The problem lies in the lack of an inspiring, vibrant civil religion of Europe. If you don't have that, you lack the lifeblood of the union. Europe is still characterised more strongly by national founding myths and identity patterns and hardly at all by common European ones. Maybe that is the main difference compared to the USA, where the concept, the civil religion is of disproportionately high importance compared to everything else within the fabric of the state. In the USA, the situation is exactly the opposite

of that in Europe. While there are many individual cultures and group identities, the common concept outshines everything else.

*47. Could you mention an example?*

**Benedikter:** I was going for a walk with a US Afro-American man – who it turned out had been falsely condemned to a prison sentence – in the suburbs of a large US city in one of the southern states after he had been released from over six years in jail. All of a sudden, a local raised the US flag in his front garden for some unknown reason. And then it happened: The recently released man stood to attention immediately, saluted and started to weep. I thought that it was understandable that he was weeping because of the great injustice that he had suffered. But he said: "No, I weep because I love America! This is my country, the country of the just and the free, the country of the brave, and I believe in it! It's the greatest country in the world." And that after all that injustice. Could that happen in present-day Europe, in front the European flag? I don't think so. That is the power of the idea, of civil religion, a kind of secular mental inspiration and conviction linked to the community. It permeates everything in the USA. Not so in Europe as yet. That is what makes genuine unity among Europeans, true solidarity and community so difficult.

*48. The lessons?*

**Benedikter:** What you can take from this example is the following: The USA is not a classic nation state, as people often wrongly think in Germany, as it transcends every unity of people, race, origin, culture and faith. Instead, it is essentially just one thing: an idea. More precisely a great idea that is alive. And it never was anything different – nor did it want to be; and that still applies in the Barack Obama era. The USA wants to be an idea that unites people in freedom, individuality and self-centredness! Of course you can – and must – be critical of the glaring, and lately rapidly increasing, discrepancy between idea and reality in a country that is split ideologically and socially as never before in its history due to its inheritance from the Bush years. But the crucial thing is that the idea is alive; it acts as a force encouraging social unity and productive social debate. Europe does not (yet) have anything equivalent, which could act equally strongly across all political, economic and cultural differences and upheavals. But Europe will need something like

this – hopefully with fewer contradictions, or even chasms, than America – if it wants to become such a place, which all trends appear to confirm. It needs a “European idea”. We are still far away from that today; and that is no doubt a key part of the crisis. It also has to do with the fact that the conditions in Europe are markedly different from those in the USA because of the war history.

49. *But how can such an idea come about?*

**Benedikter:** That is the question of European civil religion. It is indeed difficult to create. It must be a secular, yet not merely nominalist but substantial idea, which embodies spiritual inspiration across all national borders and differences of mentality. It is probably the most important question concerning the current crisis in the long term and at the same time the most difficult one. People are only just starting to understand its very fundamental, comprehensive significance. People are currently still focusing on the immediate economic, financial, currency-related and institutional aspects of technical crisis management. However, even if these can be successfully resolved, which I do expect, they alone cannot overcome the fundamental problem: the fact that Europe needs an idea that is so strong that it will command allegiance from winner and loser states within the union because it is stronger and bigger than all states individually. We have not even properly begun to work on this idea.

50. *Why?*

**Benedikter:** One of the reasons is that you need opinion formers and advocates with inter and trans-disciplinary skills, personalities both in the institutions, in political consultancy as well as in universities, in higher education. By abandoning the Humboldtian model of universities after the Second World War, Europe has criminally neglected efforts to produce such personalities; and we are now suffering the consequences. Once again in contrast to the USA, Europe currently has a model in its academic sphere, which advocates two types of “teacher”, crucially influencing the social psychology of the educated middle class and the elites: education administrators and experts. What is lacking to a large extent is the third dimension, which is actually responsible for living ideas that can anticipate the future: the independent intellectual, who educates with a view to include aspects of civil religion and who works not only deconstructively but also constructively. If Europe does not make chang-

es in this area as quickly as possible, its education system will not remain a “neutral” factor with respect to Europe as it is effectively today, but will become an obstructive factor. Because “wanting” Europe means to anticipate the idea of Europe. And the only person who can anticipate it so forcefully that it becomes a social factor is the independent intellectual taking risks – not the education administrator, who passes on existing knowledge, or the expert, who concentrates on technical feasibilities within given parameters. I am talking here not about a few outstanding personalities in public life, but about spreading the idea of the – constructive – intellectual through the entire education system, at all levels.

51. *You have talked of us still being in a “national empowerment phase”. What do you mean by that? Are efforts towards pan-European inspiration not on the increase?*

**Benedikter:** In some ways the current start-up phase towards a European civil religion is reminiscent of the emergence of Europe in Greek high culture over 2,000 years ago. In Greek mythology, Ariadne, the Cretan priestess, betrayed the existing Cretan culture to facilitate a new civilisation. She helped Theseus slay, or even sacrifice, the Minotaur, a being half man - half bull, in the labyrinth, giving him a ball of thread so that he could safely retrace his steps and find his way back out. In its founding phase, the emerging Europe first of all had to rid itself of its founding myths – which are essentially national and generally involve a “mysterious father figure” as in the Minotaur story and are thus patriarchal – to create peace and to be able to live in unity. The relationship between France and Germany is probably the best, most successful example. What is needed now is in some way, at least metaphorically speaking, the second Theseus phase: After the fight for reconciliation, Europe must now return to the starting point, i.e. once again take possession of its national founding myths in a non-egotistical way that reaches amicably across the nations in order to allow a common European civil religion to be founded based on a combination of these myths. Frequently confused and only partly aware, Europe is in the middle of this process, which many confuse with renationalisation. The task has not yet been completed. During the course of the crisis, we have seen strong “traditionalist” renationalisation forces working in the opposite direction, in fact not aiming at empowerment for the purpose of overcoming, but merely as a retrograde step into the national mythologies of the 19<sup>th</sup> centuries. Unfortunately, this has also happened in the two “leading

powers" of the eurozone France and Germany, albeit maybe to a lesser degree.

52. *Is it not ironic that particularly socially-oriented countries such as the welfare states in Europe are finding it so difficult to conceive of European collectivity?*

**Benedikter:** Indeed. However, that is a highly complex subject where internal and external factors act together. In this context you first need to consider that the European welfare states depended to a disproportionate degree on the "grace" of the USA for their basic existence from 1970 to (at least) 2007, with consequences to the present day. We must not forget that Europe's welfare states would never have been possible subsequent to the end of the Second World War and particularly since the 1970s if the USA had not made such great efforts for its military – and thereby indirectly and of course not without pursuing its own interests also for the external protection of Europe; Europe, in the meantime, did little to further any external agendas, but invested most of its efforts for "internal purposes". Secondly, most of the European investments went towards national and not common European agendas, i.e. so-called "actual" and not transnational, overarching developments. Today's problems in developing a shared European identity are thus not just the result of social or cultural causes, but also due to the policies pursued by the European nations over the years.

53. *What could be a way out of this European "conceptual crisis" in conjunction with the prevailing political and economic factors? Is it a matter of promoting a collective self-image, a European identity or maybe even a European consciousness? How do you see this Europe, which Angela Merkel refers to as a "matter of the heart" in her welcoming speech for the above-mentioned "I want Europe" initiative?*

**Benedikter:** The Chancellor's words of welcome, like her politics, are basically positive and go in the right direction. But in some details they are a little too reticent and general. And this reflects her politics. Partly also because the German public cannot (yet) take any more in my opinion.

54. *The "We want Europe" campaign essentially promotes the idea: "We should want Europe". However, the arguments used in both the speeches at the kick-off event and in the associated document entitled "Darum Europa" (That's why Europe) reflect a relatively one-sided, pro-European German perspective, such as the sentence: "Germany has always been and indeed still is one of the biggest beneficiaries of European political and economic union, and since its earliest years has also been one of the main architects of this union." How legitimate is it to speak about Germany in this way in view of the "European idea" envisaged today?*

**Benedikter:** It is more than legitimate, and I totally agree with these statements. At the same time, Germany can definitely do more than it has done so far to support and advance European unity – but all other countries can do so as well. We should not forget that it is not the task of one country alone to realise unity but a communal task. In the final analysis, all other countries have also benefited from the union, even if some of them are now paying a disproportionately high price for it. And because all have benefited and will continue to benefit, they should also all make a contribution to advancing unity further.

55. *The outlook from your point of view? What do you expect to see over the coming months? In other words, the crucial question: What will happen to Europe?*

**Benedikter:** The 2011-12 debt crisis has shown one thing above all: Europe cannot stay what it is. It needs to become something different, "more" than it has been in the past – than it was able to be and wanted to be in the past. In that sense the debt crisis has been beneficial. It has finally made it clear that Europe is only halfway to its goal, if that far. It is still a very insecure and poorly protected region. The monetary union is not enough. We need a political union, and we need a European civil religion, which lives up to its name, to go with it. Subsequent to the debt crisis, Europe will have to take the road towards the "United States of Europe", whether it wants to or not, just for financial, currency-related and economic reasons. There are some counteracting forces at work; but I doubt that the continuing unification process can be halted politically or changed substantially in the medium to long term. That is the most important consequence of the crisis. It is good news for all friends of Europe. Because when Europe achieves greater internal unity, that will also be good for the world.

## THE AUTHOR

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