



STRATEGIC SOVEREIGNTY OF THE EUROPEAN FINANCIAL SYSTEM

A Framework for Financial Sovereignty, Productive Capital, Epistemological Independence and Human Development

Core proposition

A sovereign financial system does not seek isolation from global capital. It ensures that capital serves democratically determined long-term priorities, that strategic dependencies remain manageable, and that private financial power cannot acquire de facto sovereignty over public institutions, knowledge, education or democratic choice.

Executive Summary

Finance has become strategic infrastructure. It no longer merely supports economic activity; it shapes technological development, industrial competitiveness, payment systems, ownership, scientific research, information ecosystems and the institutional conditions under which societies make decisions. Europe's financial challenge is therefore not simply monetary stability or access to capital. It is the capacity to govern the infrastructures and incentives through which capital is created, evaluated, transferred and allocated.

Europe is capital-rich but strategically underinvested. Its households, firms and institutions possess substantial resources, yet critical parts of the financial ecosystem remain dependent on external capital markets, global payment and card networks, non-European venture capital, financial data providers, rating infrastructures and technology platforms. These dependencies do not make international cooperation undesirable; they make resilience, diversification and strategic control necessary.

Financial dependence also reaches into the production of knowledge. Universities, research institutes, media, think tanks, civil-society organisations and educational programmes depend on funding. Where concentrated private or foreign finance determines institutional survival, research priorities or access to public debate, financial dependence can become epistemological, informational and cognitive dependence. Transparency is necessary but not sufficient: democratic societies must retain the authority to define the conditions under which private capital participates in strategic public functions.

This doctrine therefore treats science as a common good and epistemological sovereignty as a component of strategic sovereignty. Public science requires sufficient stable public capacity to remain independent of private agenda-setting. Public-private partnerships can accelerate translation from research to innovation, provided public institutions retain scientific independence, publication rights, ethical integrity and appropriate control over strategically important knowledge. Private R&D remains legitimate and essential, but operates within democratically established ethical, technical, safety, environmental, competition, data and security standards.

Education requires an even stronger safeguard. It is not only an investment in skills but infrastructure through which future citizens acquire knowledge, critical judgment and civic capacity. Private providers and funding may contribute, but curriculum quality, educational standards, transparency and the independence of public educational objectives cannot be



purchased by donors or external interests. The same general principle applies to media, think tanks, NGOs and other institutions that influence public understanding: private initiative is legitimate, but systemic influence must remain transparent, plural and compatible with democratic sovereignty.

The proposed European model combines open markets with sovereign rules: productive investment rather than excessive financialisation; long-term competitiveness rather than short-term optimization; public standards for private activity; strategic investment in human and technological capacity; broader participation in wealth creation; transparent funding; resilient European financial infrastructure; and enhanced scrutiny of foreign or concentrated financial influence in strategically sensitive sectors.

A further pillar is the rebalancing of financial and human capital. Financial capital provides liquidity and risk-bearing; human capability transforms those resources into knowledge, innovation, production and institutional value. The doctrine therefore seeks broader participation in future value creation, stronger investment in people and a financial architecture that rewards productive contribution rather than treating human capability merely as a cost.

Institutionally, the framework proposes an integrated European investment ecosystem, stronger European venture capital, a Deep Technology Fund, resilient payment and financial-data infrastructure, a Human and Epistemological Sovereignty Framework, a Charter for Financial Transparency and Strategic Funding Integrity, strategic influence screening, and a European Financial Sovereignty Authority with analytical rather than censorial powers. The Authority would monitor dependencies, capital allocation, funding concentration and structural resilience; it would not determine scientific truth, acceptable political opinion or legitimate research conclusions.

The central sequence is therefore broader than a purely economic chain. Financial sovereignty supports technological and industrial capacity and also protects epistemological sovereignty. These foundations support information integrity and cognitive sovereignty; together they strengthen democratic self-government and strategic sovereignty. Finance should fund Europe's future without acquiring sovereignty over it.

Working Definitions

Concept	Definition
Financial sovereignty	The capacity of a state or political union to create, allocate, regulate and protect financial resources, institutions and infrastructures in accordance with democratically determined long-term interests while remaining open to international exchange.
Epistemological sovereignty	The capacity of a society to preserve autonomous institutions, standards and capabilities for producing, testing, validating and maintaining knowledge without structural subordination to concentrated private or external financial interests.
Strategic funding integrity	The condition in which funding sources, ownership, incentives and governance arrangements remain transparent and do not give a financier disproportionate control over strategic public functions or democratic agenda-setting.



1. Finance as Strategic Infrastructure

Capital allocation increasingly determines which technologies mature, which firms scale, which infrastructures are built and which capabilities remain inside Europe. Artificial intelligence, semiconductors, biotechnology, energy systems, advanced manufacturing and digital infrastructure all depend on long-term finance. Payment systems, clearing and settlement, financial data, cloud services and cybersecurity have therefore become strategic infrastructure alongside the traditional banking system.

Financial infrastructure is also geopolitical infrastructure. Access to payment networks, reserve currencies, capital markets and financial technologies can be restricted or conditioned during geopolitical conflict. A sovereign Europe does not need to duplicate every global mechanism, but it must retain sufficient alternatives, domestic capacity and legal control to prevent a single external dependency from becoming a strategic veto.

The objective is neither autarky nor state direction of every investment decision. It is the restoration of hierarchy: finance is a means; productive capacity, human development, knowledge, democratic self-government and long-term resilience are ends.

2. Europe's Structural Financial Dependence

Europe's vulnerability is not a shortage of wealth but a mismatch between savings and strategic control. European innovators frequently depend on external venture capital or foreign listings to scale. Global rating agencies, market-data providers and benchmark systems influence public and corporate financing. International payment and card networks remain important to everyday transactions. Critical financial technologies increasingly depend on non-European cloud, data and AI infrastructures.

These relationships are often efficient and mutually beneficial. The strategic problem arises when dependence becomes concentrated, difficult to replace or capable of transferring ownership, intellectual property, sensitive data or decision-making beyond European jurisdiction. Financial sovereignty therefore requires diversification and European capacity in critical layers rather than indiscriminate protectionism.

European savings should be connected more effectively to European innovation, SMEs, strategic infrastructure and long-duration investment. The purpose is not to trap capital geographically, but to ensure that Europe possesses credible domestic pathways for financing its own industrial, technological and social priorities.

3. Financial Power, Epistemological Sovereignty and Democratic Self-Government

Modern finance shapes more than firms and markets. Research grants, philanthropic programmes, advertising, sponsorship, institutional partnerships and strategic donations can affect which questions are investigated, which institutions expand and which interpretations become institutionally visible. This is a structural effect of funding, not evidence that all financiers coordinate or act illegitimately.

The relevant democratic question is therefore not whether money may support public activity, but whether financing confers disproportionate agenda-setting power. A demos does not diminish its freedom when it democratically regulates concentrated private or foreign financial influence. It protects the material conditions of self-government, provided regulation governs power, conflicts of interest and institutional control rather than prescribing scientific conclusions or suppressing legitimate pluralism.



3.1 Science as a Common Good

Scientific inquiry is both a source of innovation and part of society's epistemological infrastructure. Its public value cannot be reduced to immediate commercial return. Fundamental research, replication, long-term data collections, independent expertise and disciplines without direct market demand may be essential to a society's capacity to understand reality and make competent decisions.

Public science therefore requires a stable public financing base sufficient to prevent structural dependence on a small number of private or foreign funders. Private money may complement this base through transparent public-private partnerships, competitive grants or other regulated forms of cooperation. The decisive condition is that funding must not purchase control over scientific method, results, publication, peer review or public-interest research priorities.

Private R&D is fully legitimate and essential to innovation. Companies may define commercial research objectives and own the results they finance, subject to democratically established public standards. These include, according to field, ethical rules, technical and safety standards, environmental requirements, data protection, competition law, biosecurity, research integrity and strategic-security safeguards. Where private R&D uses public institutions, public funds, sensitive data or strategic research infrastructure, additional transparency, access and intellectual-property conditions may be justified.

Investment does not confer epistemological sovereignty. Capital may finance knowledge production; it does not acquire the right to determine what society must accept as knowledge.

3.2 Education as Sovereign Public Infrastructure

Education is more than a labour-market input. It forms the knowledge, critical judgment and civic capacities through which future citizens participate in society. For that reason, the conditions governing education require stricter safeguards than ordinary commercial activity.

Public authorities should set transparent quality, curriculum, qualification, safeguarding and professional standards through democratic and legally reviewable procedures. Private schools, universities, training providers and philanthropic programmes may operate and innovate within those standards, but funding should not provide donors with unilateral control over core curricula, assessment standards or the institutional mission of publicly recognised education. Foreign or concentrated funding that creates material dependence in strategically important educational institutions should be disclosed and, where necessary, conditioned, capped or rejected under clear law.

These safeguards must coexist with academic freedom, intellectual pluralism and the right to criticise existing policies. Sovereignty concerns who controls institutional conditions, not the imposition of a single authorised worldview.

3.3 Media, Think Tanks, NGOs and Philanthropic Capital

Media, think tanks, NGOs and foundations can enrich democratic life, provide expertise and support neglected causes. They can also become channels through which concentrated financial resources acquire influence over public priorities. Philanthropy remains private capital even when its objectives are benevolent: the donor, not the demos, selects the cause, recipient and duration of support.

Transparency is therefore the first requirement, not the final one. Strategic public-interest rules may include disclosure of major donors and beneficial ownership, limits on opaque pass-through funding, conflict-of-interest rules, governance safeguards, diversification of funding,



and enhanced review of foreign financing where institutions perform sensitive democratic, informational or policy-forming functions. In clearly defined strategic sectors, funding may be conditioned or limited when dependence would compromise institutional autonomy.

The standard should be symmetrical. The origin of influence matters less than its capacity to create hidden or disproportionate control: European and non-European private interests should both be subject to transparency and concentration rules, while foreign state-linked or strategically directed financing may justify additional scrutiny.

4. The European Model: Open Markets Under Sovereign Rules

Europe need not choose between an unrestricted financial model and comprehensive state direction. Its own model can combine market dynamism with democratic sovereignty: open competition, private entrepreneurship and international investment operating inside public rules that protect long-term societal capacity.

The principal global models illustrate the choice Europe faces. The Anglo-American model combines deep capital markets, strong venture capital and rapid private allocation, but can encourage financialisation, shareholder short-termism and the migration of strategic ownership toward the largest financial centres. The Chinese model demonstrates the capacity of coordinated finance to support infrastructure, industrial policy and strategic technologies, but relies on a degree of state direction and administrative control that is neither necessary nor appropriate for the European model. Europe therefore needs a third approach: competitive markets and private initiative embedded in democratic accountability, social cohesion, public standards and long-term strategic capacity.

This approach starts from a distinction between private initiative and public sovereignty. Private actors may choose what to invest in, develop products, conduct R&D, establish enterprises and support social initiatives. Public authority defines the boundary conditions under which those activities affect common goods, strategic infrastructure and democratic institutions. In strategically sensitive domains, market access does not imply unrestricted agenda-setting power.

The objective of strategic policy is therefore not to replace private decision-making, but to ensure that Europe retains enough public capacity and competitive alternatives to make genuine choices. Openness is sustainable when it is chosen from a position of resilience rather than accepted through dependency.

5. Productive Capital, Human Development and Broad Wealth Creation

A sovereign financial system should reward the creation of future productive capacity more strongly than purely short-term financial optimisation. Productive investment includes industrial capacity, infrastructure, strategic technology, SMEs, entrepreneurship, research, education and long-term skills. Speculative activity can provide liquidity and price discovery, but becomes problematic when returns are systematically easier to obtain from trading existing assets than from building new capabilities.

Human development is central to this model. Europe's durable advantage lies in educated people, research capacity, engineering, creativity, entrepreneurship, social trust and institutional competence. These assets require long investment horizons and cannot be rebuilt quickly once lost. Public budgets and financial policy should therefore treat education and knowledge infrastructure as productive investment rather than residual expenditure.

Human capability is broader than formal skills. It includes education, scientific literacy, health, accumulated professional experience, creativity, entrepreneurship, institutional competence,



trust and social capital. Demographic renewal and the ability to educate, attract and retain researchers, engineers, entrepreneurs and other highly skilled people are therefore financial and strategic questions as much as social ones. A society that loses these capabilities cannot rapidly repurchase them on global markets.

Financial literacy is part of this capacity. Citizens increasingly make consequential decisions about savings, pensions, mortgages, digital finance, investment and entrepreneurship. Education in financial literacy, digital finance and economic citizenship strengthens household resilience and also reduces vulnerability to financial manipulation and misinformation.

The relationship between financial and human capital should also be rebalanced inside firms. Voluntary employee ownership, profit-sharing and long-term equity participation can broaden wealth creation, align incentives and strengthen organisational commitment without abolishing private ownership. Tax and regulatory policy should favour long-term investment, productive reinvestment, R&D and strategic entrepreneurship over purely extractive short-term gains.

6. Principles of a Sovereign European Financial System

Principle	Operational meaning
Democratic sovereignty over strategic finance	The demos, through lawful and reviewable institutions, defines the rules governing strategic financial influence and public-interest priorities.
Science as a common good	Public science retains stable public capacity and methodological independence; private support cannot purchase scientific conclusions or agenda sovereignty.
Private initiative within public standards	Private R&D, education, philanthropy, media activity and investment remain legitimate within ethical, technical, legal, transparency and security standards appropriate to their public impact.
Education as sovereign infrastructure	Funding may support education but cannot unilaterally determine the core public educational mission or create opaque dependency.
Productive investment before financial engineering	Capital policy should favour long-term capacity, innovation, infrastructure, entrepreneurship and skills.
Resilience before maximum efficiency	Critical dependencies require alternatives, redundancy and domestic capability even when pure market efficiency would favour concentration.
Transparency plus strategic funding integrity	Disclosure is combined with concentration limits, conflict-of-interest rules and targeted safeguards where funding creates structural influence.
Pluralism without financial capture	Regulation protects legitimate dissent, academic freedom and open debate while preventing money from acquiring disproportionate control over institutions that shape public knowledge.
Broad participation in wealth creation	Employee ownership, entrepreneurship and long-term saving should widen participation in productive gains.



Principle	Operational meaning
Open international cooperation by choice	Europe remains open to trade, investment and scientific cooperation while preserving the capacity to refuse dependencies that undermine strategic freedom.
Responsible solidarity	European financial integration should support convergence and mutual resilience without creating permanent dependency; solidarity should reinforce investment, innovation, fiscal responsibility and national accountability.

7. A Sovereign European Financial Architecture

The institutional architecture should strengthen existing European and national capabilities rather than create a single centralised allocator of capital. The following components form one coherent system.

7.1 European Strategic Investment Framework

Create a coordinated framework that identifies strategic sectors and connects European savings, public development finance and private investment with long-term priorities. It should improve cross-border capital formation, reduce fragmentation and provide continuity for infrastructure, advanced manufacturing, energy, digital systems and critical technologies.

7.2 Human and Epistemological Sovereignty Framework

Recognise education, public science, research infrastructure and lifelong learning as strategic assets. Establish a stable public funding floor for core knowledge institutions; transparent rules for public-private partnerships; safeguards for research independence, publication and conflicts of interest; and enhanced scrutiny of concentrated or foreign funding in strategically important universities, research centres and educational institutions.

The framework should distinguish public science from commercial R&D. Private R&D remains free to pursue commercial objectives within public standards. When private actors use public institutions, public money or strategic research assets, agreements should define publication, data access, intellectual property, security and public-interest obligations in advance.

7.3 European Deep Technology and Venture Capital Capacity

Expand patient European capital for AI, semiconductors, quantum technologies, advanced materials, biotechnology, robotics, cybersecurity, space and other strategic technologies. Public financing should address long-duration and high-risk gaps; private capital should scale commercially viable technologies. The purpose is to prevent promising European companies from having to surrender ownership, intellectual property or strategic decisions simply because suitable growth capital is unavailable in Europe.

Strategic technology finance should also recognise the dual-use character of many advanced technologies. AI, cyber capabilities, autonomous systems, advanced materials, space technologies and secure communications frequently serve both civilian and security purposes; financing frameworks should therefore support innovation without forcing an artificial separation between the two ecosystems.



7.4 Strategic Financial and Digital Infrastructure

Strengthen European resilience in payments, clearing and settlement, financial data, cloud services, cybersecurity, digital identity and AI-enabled financial services. The Digital Euro should be evaluated as part of a wider payment-autonomy strategy, with attention to privacy, financial stability and freedom of choice. European capacity should coexist with international interoperability.

Financial sovereignty also requires independent capacity in financial evaluation and standards. Credit-rating agencies, benchmark and index providers, market-data and analytics firms, and accounting or reporting frameworks influence borrowing costs, investment flows and corporate behaviour. Europe should remain interoperable with global standards while retaining sufficient analytical capability and rule-making influence to avoid becoming a passive rule-taker in strategically important areas.

7.5 Productive Investment and Ownership Reform

Use tax, pension, corporate-governance and investment incentives to favour patient capital, productive reinvestment, strategic infrastructure, R&D, SMEs and employee participation. The objective is not to punish liquidity or financial markets, but to correct incentives that systematically privilege short-term asset turnover over long-term value creation.

Where feasible, fiscal treatment should distinguish more clearly between short-term speculative gains and long-term productive investment. Productive reinvestment, research, industrial modernisation and patient equity may merit favourable treatment, while very short-term or predominantly extractive gains can bear progressively higher taxation. Such measures should be introduced gradually and with safeguards against regulatory arbitrage, capital flight and unintended damage to high-risk venture financing.

7.6 Charter for Financial Transparency and Strategic Funding Integrity

Replace a transparency-only approach with a common European framework covering beneficial ownership, major strategic donations, lobbying finance, opaque intermediaries, foreign participation in sensitive sectors and funding concentration in public-interest institutions. The Charter should establish proportional responses: disclosure for ordinary cases; governance safeguards and diversification requirements where influence is concentrated; and conditioning, caps or exclusion where clearly defined strategic dependence would otherwise arise.

The same framework should cover political and normative channels of financial influence. Campaign finance, lobbying, policy research and investment frameworks such as ESG can legitimately express interests and values, but large disparities in financial resources can translate into unequal agenda-setting power. Disclosure of sponsors, material interests and conditionality should therefore accompany proportionate concentration and conflict-of-interest safeguards.

The Charter should regulate financial power, not legitimate conclusions. It should not authorise a regulator to decide scientific truth, permitted political criticism or acceptable intellectual positions.

7.7 Strategic Investment and Influence Screening

Existing investment screening should be broadened conceptually beyond ownership of physical assets. Europe should assess financial influence over critical technologies, infrastructure, data, research capacity and other strategic public institutions. Screening thresholds and remedies



should be defined in law, risk-based, reviewable and proportionate to the degree of dependency or control at stake.

7.8 European Financial Sovereignty Authority

Establish an independent analytical authority to monitor Europe's financial dependencies, productive investment, strategic ownership, technological infrastructure, funding concentration and epistemological exposure. It should publish a European Financial Sovereignty Index and regular strategic reviews, but should not supervise ordinary market conduct, determine scientific validity or exercise content control. Regulatory powers remain with competent European and national bodies.

7.9 Systemic Financial Resilience and Quality-of-Life Monitoring

Europe should integrate macro-financial stability analysis with geopolitical, technological and infrastructure risk. Existing ECB, European Supervisory Authority and national capabilities should be connected through a systemic resilience function able to assess payment disruption, sanctions exposure, cyber risk, critical financial technologies and sudden external funding shocks. This need not become a new supervisory bureaucracy; the essential point is that financial stability analysis must include strategic dependencies as well as conventional prudential risk.

Quality-of-life monitoring should remain institutionally independent and complement GDP and financial stability indicators. Whether organised as a dedicated observatory or as a protected analytical function within existing institutions, it should track whether financial and economic policy improves health, education, affordability, demographic sustainability, trust, innovation, environmental quality, mental well-being and household resilience.

8. Measuring Prosperity and Sovereignty

GDP remains indispensable but incomplete. A society can increase output while losing affordability, demographic resilience, trust, educational quality or strategic capability. Europe should therefore complement GDP with a Quality of Life Index covering health, education, housing affordability, innovation, security, environment, institutional trust, demographic sustainability, mental well-being and financial resilience.

Financial sovereignty must also be measurable. The European Financial Sovereignty Index should monitor not only financial autonomy and infrastructure but also the integrity of funding in knowledge-producing institutions. The purpose is diagnosis and early warning, not ideological ranking.

9. Implementation Roadmap

Phase	Priority actions
I – Map dependencies and establish transparency	Map ownership and strategic funding; disclose major financial interests; assess payment, data and rating dependencies; map concentrated private and foreign funding of strategic research, education and policy institutions.
II – Build European capacity	Integrate capital markets; mobilise savings for productive investment; strengthen European venture capital and deep-tech finance; establish the Human and Epistemological Sovereignty Framework; reinforce strategic financial and digital infrastructure.



Phase	Priority actions
III – Institutionalise sovereign governance	Adopt the Charter for Financial Transparency and Strategic Funding Integrity; operationalise strategic influence screening; launch the Financial Sovereignty Authority and EFSI; conduct periodic strategic sovereignty reviews.

10. Synthesis: From Financial Sovereignty to Strategic Sovereignty

Financial sovereignty has two principal strategic effects. First, it enables Europe to finance its own technological, industrial and infrastructural capabilities. Second, it protects the institutions through which knowledge is generated, validated and transmitted. These two effects converge in democratic self-government.

Financial Sovereignty → Technological & Industrial Capacity
Financial Sovereignty → Epistemological Sovereignty
Together → Information Integrity → Cognitive Sovereignty
→ Democratic Self-Government → Strategic Sovereignty

This sequence does not imply that every institution must be publicly owned or every decision centrally planned. It means that Europe must retain sufficient capacity to set the rules, finance alternatives and prevent concentrated private or external interests from acquiring structural veto power over its economy, knowledge system or democratic choices.

11. Conclusion

Europe's challenge is to connect wealth, institutions and strategic purpose. A financial system is sovereign when it supports open markets and international cooperation while preserving the capacity to finance alternatives, protect common goods and reject dependencies that would determine democratic choices.

Private initiative remains legitimate in finance, R&D, education, media and civil society, but public-interest functions operate within democratically established standards proportionate to their impact. The goal is not to prescribe conclusions; it is to ensure that capital cannot buy institutional sovereignty.

Finance should fund Europe's future without acquiring sovereignty over it.

Appendix A – Strategic Financial Infrastructure: Core Components

Component	Strategic objective
European payment capacity	Secure transactions and credible alternatives to concentrated external networks
Digital Euro and public money infrastructure	Monetary resilience, privacy and continuity in the digital economy
Clearing and settlement	Operational resilience and continuity of European capital markets
European venture capital and patient capital	Scale innovation without forced transfer of strategic ownership
Strategic technology finance	Long-duration funding for deep technologies and critical industrial capability



Component	Strategic objective
Financial data and analytics	Independent capacity for market information, risk analysis and strategic assessment
Cloud, AI and cybersecurity for finance	Control and substitutability of critical digital dependencies
Knowledge and education funding safeguards	Protection of epistemological sovereignty and democratic capacity

Appendix B – Governance Test for Strategic Funding

Before major private or foreign funding enters a strategically sensitive public-interest institution, five questions should be answered:

Transparency: Is the ultimate source, purpose and conditionality of funding publicly identifiable?

Concentration: Would one financier become indispensable or obtain disproportionate agenda-setting capacity?

Governance: Does the recipient retain independent control over method, staffing, publication, curriculum or editorial decisions appropriate to its function?

Standards: Does the activity comply with applicable ethical, technical, safety, data, competition, professional and security standards?

Exit and resilience: Can the institution continue its core public function if the financier withdraws or if geopolitical conditions change?

A negative answer does not automatically require prohibition. It indicates the need for proportionate remedies: disclosure, diversification, governance conditions, public co-financing, limits on control, caps, or—in clearly defined high-risk cases—exclusion.

Appendix C – Financial Capital and Human Capital

Complementarity, Imbalance and Strategic Rebalancing

Purpose. The main text treats human development as a strategic objective. This appendix clarifies the economic relationship between financial capital and human capital, why imbalance between them can weaken long-term competitiveness, and how that balance can be improved without weakening private ownership or market dynamism.

C.1 Two forms of capital, one productive system

Financial capital supplies liquidity, absorbs risk and makes investment possible. Human capital supplies knowledge, skill, creativity, judgment, organisation and the capacity to transform resources into useful products, institutions and discoveries. Productive value normally emerges from their combination; neither is sufficient on its own.

The two forms of capital are nevertheless structurally different. Financial capital is highly mobile, transferable and contractually protected. Human capital is embodied in people, develops over long periods and depends on education, health, research institutions, professional practice, culture and social trust. It can be strengthened, neglected or lost, but it cannot legitimately be owned in the way a financial asset can be owned. The term human capital is therefore an analytical description of productive capability, not a claim over persons.



Human capital should therefore be understood as a civilisational asset, not merely a labour-market input. Its formation depends on schools and universities, scientific institutions, health, professional communities, culture, trust, demographic continuity and the quality of public institutions. Its strategic value is visible not only in productivity but also in a society's capacity to reason, innovate, cooperate and govern complex systems.

Characteristic	Financial capital	Human capital
Primary contribution	Funding, liquidity, risk-bearing, ownership	Knowledge, skill, creativity, judgment, execution
Formation	Savings, retained earnings, investment, credit	Education, research, experience, health, culture, institutions
Mobility	Rapid and often cross-border	Slow to build; people can move, but capabilities are institutionally embedded
Typical time horizon	Can be reallocated quickly	Accumulates over years or generations
Strategic vulnerability	External control, leverage, concentration, sudden withdrawal	Underinvestment, skills erosion, brain drain, weakened institutions

C.2 Why imbalance becomes a strategic problem

A market economy requires returns to financial risk-taking. The strategic problem arises when financial structures systematically reward extraction, short holding periods or asset appreciation more strongly than the long-term formation of productive capability. In that environment firms and governments can rationally reduce expenditure on training, research, maintenance and institutional capacity even when those activities determine future competitiveness.

The imbalance also appears in the distribution of upside. Financial investors normally possess explicit ownership claims, whereas employees and knowledge creators are often compensated primarily through current income. This does not make private ownership illegitimate, but it can weaken alignment between those who finance long-term value and those who create it. The objective of reform is therefore not forced equality of returns; it is better alignment of incentives, participation and time horizons.

This asymmetry is especially visible in knowledge-intensive firms. Investors hold explicit claims on future enterprise value, while software developers, scientists, engineers, designers and other knowledge creators may contribute to intellectual property and organisational capability without acquiring a comparable long-term claim. A more balanced system need not redistribute existing ownership by force; it can broaden participation in future value creation.

One practical route is voluntary and gradual employee participation through newly issued shares, employee stock-ownership plans, profit-sharing, long-term equity and innovation-linked participation. Existing shareholders remain owners, while employees acquire a durable stake in future growth. Properly designed schemes can improve retention, preserve institutional knowledge, strengthen incentives for quality and innovation, and make firms less vulnerable to purely short-term financial pressures or speculative takeovers.

C.3 A rebalancing model

A sovereign European financial model should reinforce a circular relationship rather than a hierarchy in which finance becomes an end in itself:



Financial capital → productive investment → human capability and knowledge → innovation and productivity → durable value creation → reinvestment

The model can be supported through a limited set of instruments:

stable long-term financing of education, science and research infrastructure as productive capacity rather than residual expenditure;

patient capital for firms whose value depends on long research, engineering or industrial cycles;

voluntary employee ownership, profit-sharing and long-term equity participation that allow human contributors to share in future value creation;

tax and regulatory incentives favouring productive reinvestment, R&D, skills formation, entrepreneurship and durable ownership over purely extractive short-term strategies;

better mobilisation of household and pension savings towards European productive investment, with appropriate diversification and fiduciary safeguards;

corporate governance that treats investment in skills, organisational knowledge and research capacity as strategic assets rather than merely short-term costs.

C.4 Implementation safeguards and trade-offs

Rebalancing financial and human capital involves real trade-offs. Employee ownership can affect liquidity and governance; stronger taxation of short-term gains can encourage regulatory arbitrage; and excessive restrictions can weaken high-risk venture finance. Reforms should therefore be gradual, predictable and coordinated, with periodic evaluation. The aim is to correct incentives without suppressing productive risk-taking or entrepreneurship.

C.5 The governing principle

The purpose is not to subordinate private capital to administrative allocation or to turn human contribution into a state-owned asset. It is to restore complementarity: financial capital should be rewarded for financing productive risk, while human capability should be continuously developed and participate more meaningfully in the value it helps create.



Appendix D – Private Initiative under Public Standards

Science, R&D, Education and Other Strategic Public-Interest Domains

Purpose. Strategic sovereignty does not require public ownership of every activity. It requires democratically established rules that protect safety, rights, fair competition, institutional independence and strategic resilience wherever private activity has significant public consequences. The intensity of regulation should be proportional to the function and the risk of dependency or capture.

The general rule is: private initiative is legitimate; public standards are binding. Depending on the field, these standards include ethical, technical, professional, safety, environmental, data-protection, competition, transparency and security requirements. Public standards define the conditions of activity; they should not be used to dictate legitimate scientific conclusions, political criticism or intellectual debate.

Domain	Legitimate private role	Non-negotiable public-interest safeguards
Private R&D	Private financing, commercial agenda, proprietary development and ownership	Ethical, technical and safety standards; environmental and data rules; competition law; security and export-control rules where applicable
Public science & universities	PPP, grants, laboratories, translation and commercialisation partnerships	Stable public core capacity; method and peer-review independence; publication rules; conflict disclosure; pre-agreed data/IP terms; no purchase of scientific conclusions or institutional agenda sovereignty
Commercialisation of public research	Venture capital, licensing, scale-up, industrial partnerships	Fair return for public contribution; transparent IP terms; safeguards for strategic know-how, data and essential research capacity
Education	Private schools, services, philanthropy, technology and supplementary programmes	Public educational standards; curriculum baseline; quality assurance; transparency; protection from donor capture; stronger safeguards where formation of civic and cognitive capacity is involved
Media, think tanks & NGOs	Private ownership, donations, subscriptions, grants and partnerships	Funding transparency; beneficial-source disclosure; concentration safeguards; editorial/analytical independence; foreign-influence disclosure where strategically relevant
Health & public-interest services	Private provision, innovation, philanthropy and PPP	Evidence, professional ethics, safety, data protection, access rules defined by law, conflict-of-interest controls



Domain	Legitimate private role	Non-negotiable public-interest safeguards
Digital & AI systems	Private development, platforms, cloud and data services	Technical safety, cybersecurity, data protection, competition, auditability where required, and resilience of critical public functions
Strategic infrastructure	Private investment, operation and innovation	Continuity obligations, security standards, ownership/influence screening, substitutability and emergency resilience

D.1 Science and R&D: the essential distinction

Private R&D and public science should not be conflated. A company that finances its own R&D may select commercial questions and protect results within the law. A public university or publicly supported research institution performs a wider epistemological function. Private finance may accelerate its work, but should enter through rules that preserve scientific integrity and public-interest capacity. Investment does not confer epistemological sovereignty.

D.2 Education: a higher level of protection

Education justifies stronger safeguards because it does more than produce labour-market skills. It develops the cognitive, ethical and civic capacity of future citizens. Private provision can increase diversity and innovation, but financing should not buy privileged authority over public educational objectives, core standards or the formation of the future demos. Pluralism is protected through open inquiry and lawful diversity, not through financial dependency on a dominant donor.

D.3 From transparency to resilience

Transparency is the first control, not the final one. Where a funding relationship creates dependency, additional measures may include diversification requirements, public co-financing, governance firewalls, limits on conditionality, caps on concentrated funding or, in narrowly defined high-risk cases, exclusion. The test is structural: whether the recipient can still perform its public function independently if the financier changes conditions, withdraws support or becomes subject to external political pressure.

Appendix E – Measurement Framework

Quality of Life and European Financial Sovereignty

The doctrine uses two complementary measurement lenses. The Quality of Life framework asks whether economic and financial systems improve durable societal outcomes. The European Financial Sovereignty Index (EFSI) asks whether Europe retains the structural capacity to finance, govern and protect those outcomes without excessive external dependence.

E.1 Quality of Life dimensions

Dimension	Strategic meaning
Health	Healthy, capable population and sustainable participation in economic and social life
Education	Human capability, critical judgment and lifelong adaptability



Dimension	Strategic meaning
Innovation	Capacity to generate future technologies, firms and solutions
Housing affordability	Conditions for family formation, mobility and social stability
Security	Personal safety and resilience of essential societal functions
Environmental quality	Long-term health, resource resilience and liveability
Institutional trust	Legitimacy, cooperation and lower social transaction costs
Financial resilience	Capacity of households, firms and public institutions to absorb shocks
Mental well-being	Psychological resilience and quality of life
Demographic sustainability	Long-term social and productive continuity

E.2 European Financial Sovereignty Index

The EFSI is an analytical early-warning framework, not a ranking of acceptable political models. It should track Europe as a whole and, where useful, national profiles over time. Methodology should be public, reproducible and periodically reviewed.

The common methodology should also support Annual National Financial Sovereignty Profiles. These would identify structural strengths and vulnerabilities at Member-State level without turning the index into a political ranking, while allowing comparison over time and supporting policy coordination and exchange of best practice.

The epistemological funding dimension is deliberately structural. It measures funding concentration, dependence and governance conditions; it does not score scientific conclusions, ideological conformity or the substantive content of lawful research.

EFSI dimension	Examples of indicators
Financial autonomy	External financing dependence; reserve-currency exposure; strategic ownership concentration
Financial infrastructure	Payments; clearing and settlement; critical financial technologies; operational substitutability
Productive capital allocation	Investment in manufacturing, SMEs, strategic infrastructure, R&D and deep technologies
Technological financial sovereignty	Dependence on foreign cloud, fintech, AI, cybersecurity and financial-data providers
Human development	Education, skills, entrepreneurship, lifelong learning and research capacity
Epistemological funding integrity	Stable public research funding; donor concentration; dependence on foreign or private funding in strategic knowledge institutions; governance safeguards
Institutional resilience	Transparency, governance, financial stability, legal predictability and public trust
Strategic competitiveness	Productivity, industrial resilience, innovation capacity and technological leadership



Appendix F – Evolution of the Global Financial System

A compact timeline from monetary reconstruction to strategic financial competition

The present doctrine is easier to understand in historical context. The modern financial order evolved through several shifts that progressively expanded the strategic role of finance:

1944–1971 — Bretton Woods and reconstruction

The post-war system prioritised monetary stability, reconstruction and productive investment. The IMF and World Bank were established, while the US dollar became the central international monetary anchor through gold convertibility.

1971–1990s — Liberalisation and capital mobility

The end of dollar-gold convertibility, floating exchange rates, deregulation and technological change accelerated cross-border capital flows. Financial markets became increasingly independent sources of economic power rather than only mechanisms supporting production.

1990s–2000s — European monetary integration without equivalent financial sovereignty

The euro strengthened monetary integration and the Single Market, but capital markets, venture finance, strategic investment capacity and key financial infrastructures remained less integrated and often centred outside the EU.

2000s–present — Financialisation and digital finance

The growth of institutional investors, derivatives, shareholder-value incentives and short reporting cycles increased the weight of financial returns relative to long-term productive investment. Digital payments, cloud services, algorithmic trading and AI simultaneously made technological infrastructure inseparable from financial infrastructure.

Current phase — Finance as geopolitical and cognitive power

Sanctions, reserve freezes, payment restrictions, investment screening, strategic technology controls and funding of knowledge institutions show that finance now affects state behaviour, technological development and the conditions under which societies produce knowledge and form public priorities.

The historical lesson is not that international finance should be reversed, but that institutions designed primarily for efficiency and integration must now also be evaluated for resilience, strategic substitutability, democratic accountability and epistemological independence.