

A Europe built on solidarity is possible!

For another European Union



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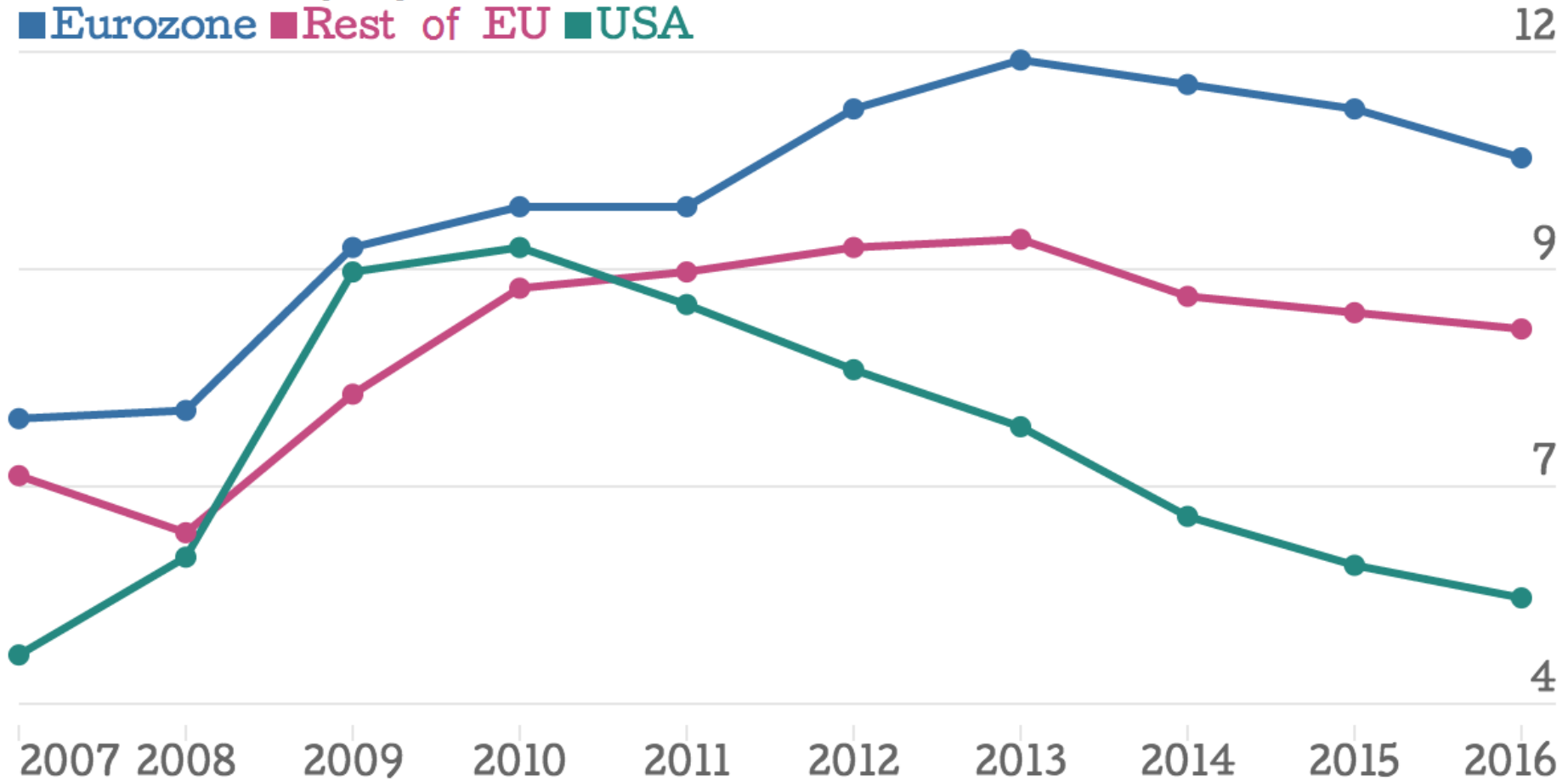
The lost decade

GDP at current prices per capita, 2006 = 100			
	2000	2006	2016
Ireland	80,9	100	125,5
Germany	93,4	100	111,0
Austria	91,7	100	104,9
Netherlands	92,8	100	104,2
Belgium	91,8	100	104,0
Euro area (19)	92,3	100	102,9
France	94,0	100	102,5
Portugal	96,4	100	99,9
Spain	88,9	100	98,8
Finland	86,0	100	96,4
Italy	96,0	100	90,5
Greece	79,8	100	76,9
for comparison:			
EU-28	89,8	100	105,2
UK	87,7	100	103,7
Source: AMECO			

Contrary strategies in combating unemployment

Rate of unemployment

■ Eurozone ■ Rest of EU ■ USA



The pillars of a radical EU reform

1. An end to austerity
2. A European Clearing Union
3. A joint debt policy
4. Towards a European Social Union
5. Shrinking financial markets and more effective tax policies
6. A democratically legitimised and overseen European Economic Government

1. An end to austerity

■ Expansive fiscal policy:

- Repeal of the fiscal compact and all kind of debt brakes
- Enlargement of the EU budget
- European Parliament and European Economic Government define cornerstones of national budgets

■ European investment program:

- Areas of investment: energy efficiency and renewable energies, industrial modernization, expansion and maintenance of public services and transport infrastructure, fast internet connections, education and research, social housing, ...
- Possibly targeted support for projects in Southern, Central and Eastern Europe to reduce the development gap in the EU

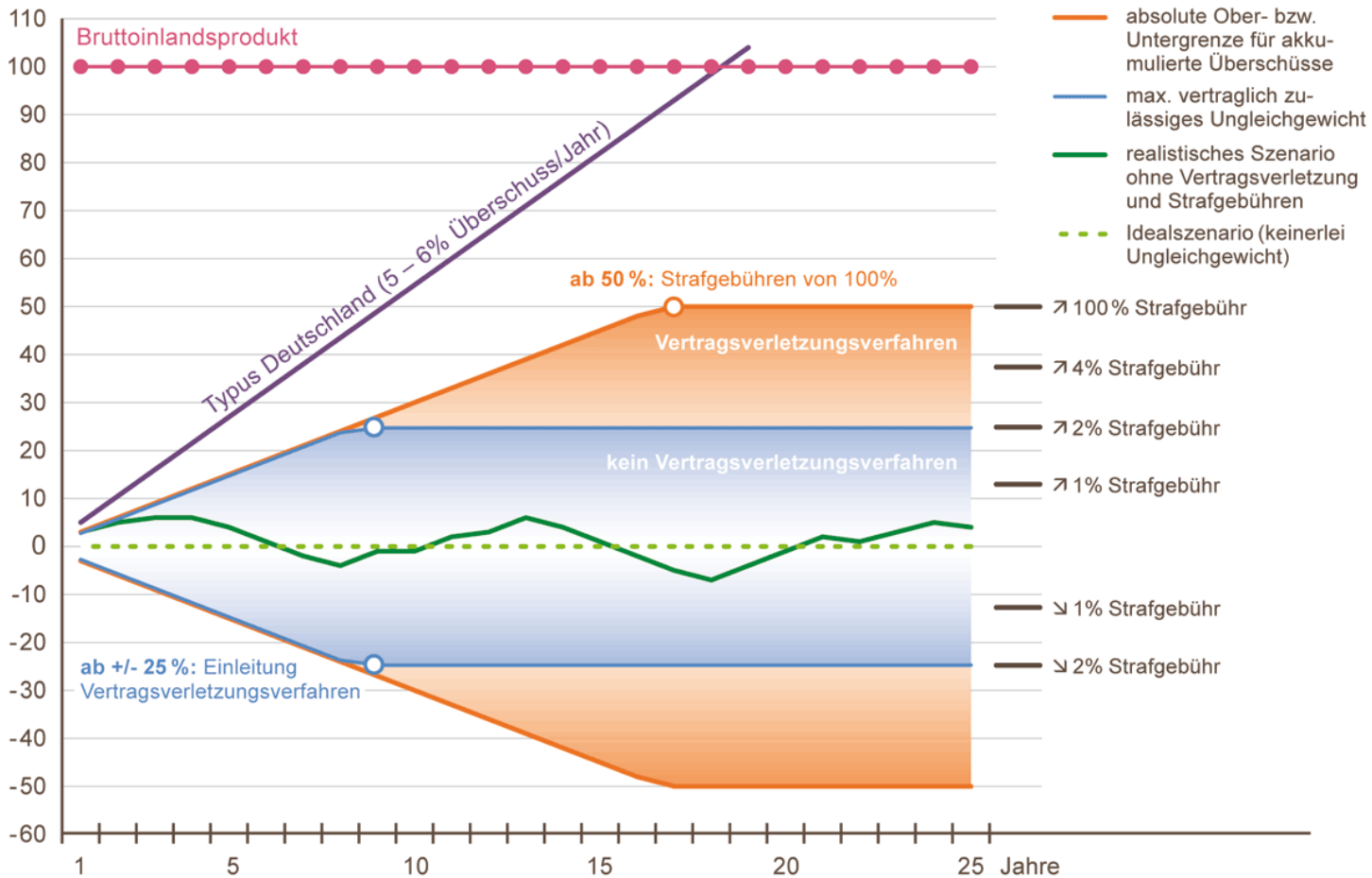
2. A European Clearing Union



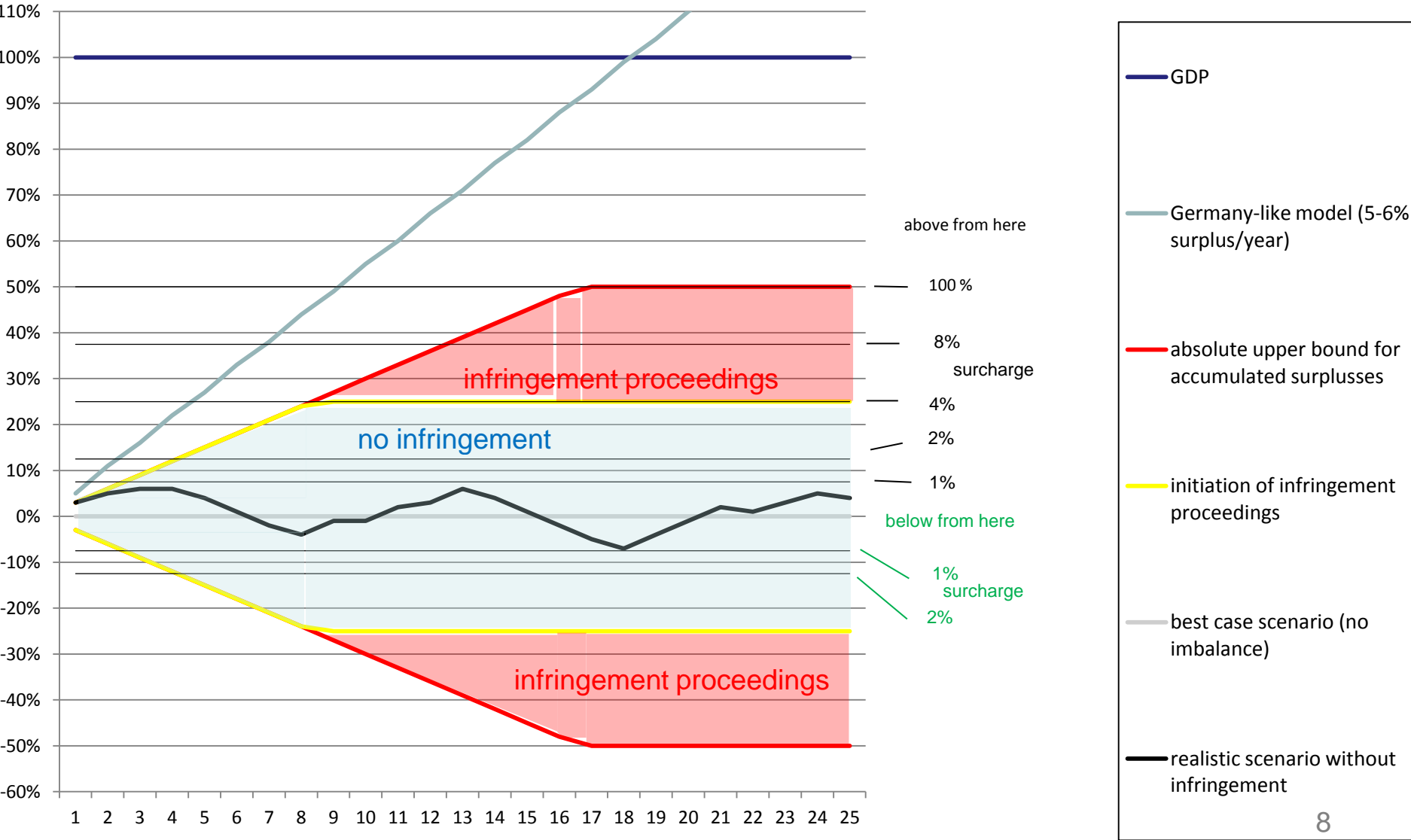
- Goal: balanced current accounts
- Both deficit and surplus countries must adapt
- based on Keynes' proposal for a world economic order after World War II
- Forces Germany to higher wages, public investments and generally to strengthen domestic demand

ad 2: How the Clearing Union works

Zielkorridore für Leistungsbilanzen in der Europäischen Ausgleichsunion über 25 Jahre für ein Land mit 50% Exportanteil am BIP



ad 2: How the Clearing Union works



3. A joint debt policy

■ Eurobonds

- lower interest rates create fiscal space for weak countries
- single countries cannot be blackmailed by financial markets

■ Repeal of the ban on **direct public funding** by the European Central Bank

■ **Debt restructuring** for overindebted states

(e.g. via a "Fair and Transparent Arbitration Process": Arbitration tribunal decides on the extent of debt cancellation)

4. Towards a Social European Union

- Monitoring via indicators in three areas:
 - **Labour markets**
(unemployment rate, youth unemployment, share of precarious employment)
 - **Wage and income development**
(real unit labour costs, share of the low-wage sector, poverty rates)
 - **Social security**
(amount of total expenditure related to GDP)
- Exceeding threshold values triggers preventive and sanctioned-proof **corrective measures**
- also possible: **European unemployment insurance**

5. Shrinking financial markets and more effective tax policies

- contract **banks** to core functions
- (Re) relocation of private health and old-age provision to **statutory and solidarity-based social insurance** with pay-as-you-go financing
- **Financial Technical Inspection Authority (“Finance-TÜV”)**: only expressly approved products and business practices are permitted
- **Financial transaction tax**
- Measures against **tax evasion and tax fraud** accompanied by higher national taxes on high incomes, wealth and corporate profits

6. A democratically legitimised European Economic Government

- EEG responsible for **implementation** of pillars 1-5
- EEG participates in **budgetary legislation**:
 - European Commission develops main features of economic policy und cornerstones for national budgets of member states
 - Ecofin must approve by double majority, European Parliament by absolute majority
- Long-term further **democratization of the EU** and Eurozone
(strengthening of the European Parliament!)

Klaus Busch / Axel Troost / Gesine Schwan /
Frank Bsirske / Joachim Bischoff /
Mechthild Schrooten/Harald Wolf:

**„A Europe built on solidarity is possible.
Pamphlet for another European Union“,
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English version:

<https://www.axel-troost.de/de/article/9296.a-europe-built-on-solidarity-is-possible.html>



Thank you!

DIE LINKE.
I M B U N D E S T A G