

We refuse to foot the bill!

The European Left appeals for an initiative against tax havens, for the taxation of capital transactions, and for a better income distribution between capital and labour.

The financial tsunami that started from the US epicentre is concerning the whole world and may turn into the worst crisis in this century. This crisis may not only be economic and financial but it could also affect the general state of law with regard to the ideological and moral orientation of the industrial societies, including the danger to worldwide peace and to the co-existence of all people and states. The energy, food and consumption crises may bring about the same.

The present crisis is the result of the casino capitalism, which is based on a tight connection between the structure of the labour market and the financial market. For 30 years the global financial market has been free from any political control – which eventually led to a climax of crises, in particular the Asian crisis in 1997/98. Today we realize that the neoliberal idea of tackling the challenges of globalisation, while maximising the profits of the financial global players on an unlimited worldwide financial market, with the help of state intervention and democratic control is dead. The EL acknowledges that the worldwide dimension of the crisis demands universal answers.

To overcome the crisis, a fair distribution of wealth must be done. Yes, indeed, it must be achieved through a reconstruction of the economy in the direction of sustainable environmental and social development.

A new income distribution implies at least two immediate measures on the free capital circulation:

1. All capital movements must be taxed according to their nature
2. Tax havens must be abolished

The European Left welcomes all political and social endeavours, which acknowledge these goals to mobilize the population, and multiplying initiatives that should converge in the next G20 meeting scheduled for April 2009.

The international hegemony of the US dollar must be abolished by creating a new common monetary instrument that lays down special drawing rights. Europe must join up with emerging countries.

The EL considers that the specific European dimension of the crisis demands a European answer, much different from the one proposed by the actual European leadership. This crisis requires much more than increasing the capital made available in the inter-bank markets, or the nationalization of banks without guaranteeing any direct benefits to the people or anticipating investments already foreseen by the member states.

The austerity policies, in which the ECB played a major role, have been a complete failure. The attempt to adapt the European social model to the new conditions of globalisation failed, too. State aid granted to banks must be conditioned on fostering decent employment, increasing wages, and fighting poverty.

The European Left reaffirms: The neoliberal policies that are creating massive precarious labour and low wages are also undermining the international financial and credit system. This process is challenging the foundations of the current globalisation based on privatisation and deregulation that economic forums such as the IMF, the World Bank, and the WTO have imposed on economies until now. We stress that the EU governments and institutions share the responsibility for the current crisis, which is due to the application of policies in line with US policies and adopted under the pressure of the stock markets in London and Paris. All treaties that mention open market economy where competition is free should take into account the need for control on financial markets.

The European Left calls for a democratic and social Europe. The EU principles contained in the Maastricht and Amsterdam treaties, which are based on the neoliberal vision of a free internal market

and free movement of capital, have failed. This process has not been linear and harmonic, as proven with the centralisation of capital in particular, which has divided the European continent in strategic and peripheral areas. This framework must be re-discussed and the parameters must change from monetary to social commitment. Therefore the stability and growth pact must be transformed into a solidarity pact focussing on employment as well as social and ecological criteria. A new model that is based on internal demand, financial control and qualification is the only way to overcome this crisis. Therefore it is necessary to work out new principles that allow for the creation of employment and a social and ecological welfare system.

This requires both immediate European political actions and a mid- and long-term planning to put the economic system back to function. The European Left stands for:

1. Increasing wages, social benefits and pensions in all European countries, promoting employment, which is the only way to ensure the increase of internal demand and the stimuli to relaunch the real economy.
2. Guaranteeing that any public funds made available to the banks imply the control of the credit policy and an immediate decrease of interest rates. Credit policy must be directed towards a social model based on sustainable ecological development, which includes household safety.
3. The role of the ECB must be changed to be in line with the criteria of growth and employment by a selective decrease of its interest rates. The ECB must be submitted to public and democratic control. Its statutes must be changed.
4. The stability pact must be abolished and replaced by a new pact in favour of growth, full employment, social and environmental protection.
5. We need transparency as well as public and social control over financial operations. This implies amongst other things abolishing banking secrecy and tax havens in Europe. We need to tax financial transactions and income in Europe. We want to put an end to the international hegemony of the US dollar by creating a new common monetary instrument of which special drawing rights are instilled within its core. Europe must join up with emerging countries (Latin America for example).
6. The re-evaluation of the 2007/2013 financial perspectives with a substantial budget reinforcement of the European investment programs promoting employment on social and environmental domains. Europe requires a budget of at least 3% of its GDP from 2013. The transition must start already in 2009.

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