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Round Table Discussion: Crisis of the Hellenic nation: A massive speculative curtain is erected so as to hide the real Greek debt“

1th Round Table:

What are Europe and the World so afraid of? Is Europe unfair and blind to the Greek Crisis?

Steps of European Integration

The European Integration can be described as an ambitious project with high aspirations for peace and economic development. Therefore the Rome Treaty from 1957 did mainly focus on the promotion of internal markets and their forces. Financial, economic and social policies mainly remained in the responsibilities of the member countries. There were only few instruments of promoting the mobility of labor markets and migration. With the fall of Communism at the end of the 1980's, the World and also Europe did change considerably. Capitalism developed rapidly also its ugly face and squeezed the social elements in the European region. This was promoted under the cover of the term "flexicurity", which has been used by the neoliberal ideologies -mainly against the workers and recipients of transfer payments- especially pensioners and unemployed people. The member countries of the European Union experienced periods of economic stagnation, rising unemployment and the reduction of the social state. Consequences were and are still today rising inequalities for the welfare of the population. In Germany social security systems were squeezed considerably and there was a "change of paradigm" in labor policies towards higher flexibility, insecurity and precarity accompanied by an explosive increase of low wage jobs and poverty.(Hartz Gesetze)

With the European agreement on the "Lisbon Process" in the year 2000, serious attempts have been introduced, to develop common European strategies towards rising globalization. But the goals for economic growth as well as the reduction of unemployment did very soon proved unrealistic. Therefore they have been adjusted and accompanied by the strategy of open method of coordination. Since that time, there is a slow but steadily developing process towards a better coordination of labor market policies. Due to the further enlargement of the European Union the process of deepening strategies and instruments have been slowed down und changed in their focus towards the new member countries - firstly in Southern Europe and since 2004 in Eastern Europe. But with the expanded instruments of the Social, Regional and Cohesion Funds as well as legally binding social and labor market European guidelines the process of integration in labor market and social policies slowly moves on.

The final agreement on the treaty of Lisbon was an important step forward for the European Integration of the 27 member countries- even it was not possible to come to a common Constitution. This provides further important steps of European Integration not only on the internal market but also on the economic, social, environmental and political field. But the intention of its initiators to create a common European Constitution could not be reached. And as in the Common Treaties before the "Subsidiarity" still prevails as the principle for the European Integration. This means: The EU has to step in, where the member states fail with their strategies. Under the economic problems of the previous decades and now the financial crises there is more than enough room for EU activity - even if the principle of subsidiarity prevails.

An important step forward has been done by introducing the European Currency Union 2001. For Germany this has been strongly connected with the German Unification Process since 1990 - politically and economically. On the one hand, the European Integration including the Currency Union has been decisive for the support of the then European member countries for the German Unification. On the other hand, there has been considerable financial and economic strain on Germany to digest both - the financial, economic and political constraints of the German Unification including the German Currency Union as well as the European Currency Union with 17 member countries with different steps as well as structures of economic development and also different cultures of financial, economic and social politics.

Financial Crises in "Euroland"

Since the worldwide financial and economic crisis of 2008 this process of integration merely came to a standstill and political forces were geared to react to these ongoing crises. The financial crises in Greece, Portugal and Ireland shift the focus on financial and economic reactions in the EU - especially the 17 Euro countries. For the first time it became clear that the introduction of the Currency Union 10 Years ago without coordination of economic and financial policies would be a highly risky project. The accompanying stability pact could not serve as a substitute for a European fiscal and economic politics, since any independent and efficient control has been lacking. Thus the stability pact has been broken several times, whereby France and Germany served as forerunners for the "sinners". Greece hiding its piling budget deficits, Portugal with its overburdened public deficits and Ireland with its overdebted banking system were in good company of "nonrespect" of the stability pact.

The expanding bureaucracies in the European Commission, council of ministers and the European Parliament have not even been able to establish the necessary transparency as well as governing procedures for a functioning coordination of economic and financial policies. Numerous committees and meetings on economic and financial matters on expert and all political levels took a lot of resources of manpower and finances without any tangible results. Since the spreading crises from Greece to Ireland, Portugal and now also Spain and even Italy also the European Central Bank is under heavy political pressure developing towards a "bad Bank" for saving overdebted Euro countries. The spreading out of financial

savings-mechanisms with mounting financial obligations for the tax payers will bring the European citizens in uncontrollable financial obligation for highly indebted Euro countries, especially the involved banks and other financial institutions. This gives a free ticket for them to take on over-risky financial investments by keeping the high profits and transfer the huge financial risks to the tax payers. This is a climate for increasing speculation of banks and hedge funds throughout the world without any limits. Targets for them are not only companies but whole member countries of the EU. Three rating oligopolists with American origin get more and more ground to govern the whole financial world.

Comprehensive strategy instead of hectic actions

In this financial environment politics of the member countries and the EU gives the impression of helpless actions without a convincing strategy. This provides even more fuel to the financial speculation and thereby adds to the financial crises without any horizon for sustainable solutions.

At the same time hysterical austerity strategies are pronounced by politicians in the overdebted member countries. Their real application so far is focused on squeezing lower and middle income groups by excluding those in the higher and highest income and property brackets or the overcrowded public bureaucracies with their privileges. The rising protests of young people in Greece, Portugal, Spain and now also Great Britain is shedding some light on the political consequences to come, if Europe will continue to fail by agreeing on a mutual strategy to overcome the financial crises which will be accepted by their population.

The "Euro-Plus Pact", recently adopted by the European Union Summit does not serve this purpose: Not the euro is rescued, but the financial industry - at the expense of taxpayers. This has intensified the divisionary forces in European societies and among the 17 euro countries. It threatens the further integration of the now 27 EU member countries of the European Union as a whole.

It is already clear that the agreed rescue umbrella of €440 billion and the permanent institutionalisation of the European stability mechanism with a volume of € 700 billion Euro will not be sufficient. If only Spain in addition would need financial help from the EU, the volume of the saving mechanism would have to be expanded. Especially for the German taxpayers this mechanism of permanent financial transfers for highly indebted euro zone countries will be costly. Due to previous agreements they are already committed to direct transfers of capital of €22 billion and guarantees of € 168 billion. If Italy and possibly also France will be involved in financial turbulences as it seems possible, this would bring even heavier financial burden for Germany. The Federal Republic has a large interest in ensuring that the heavily indebted countries are brought back to a sustainable economic competitiveness thus making sure that the Euro is kept stable. However, it is totally wrong that only taxpayers would foot the bill. It is long overdue that the private sector bond

investors -mainly banks and insurance companies- also take up a large part of the financial burden.

Therefore the political pressure on the European Central Bank to buy public debt from the overdebted countries to reduce interest rates must be stopped as well as never ending requests to boost the volume of the permanent savings mechanism or to introduce Euro Bonds. These strategies will encourage the governments of the overdebted countries as well as the private banking sector to go on with striving for political and financial benefits and thereby neglect the necessary reduction of public debts. As well as restructuring the economic and social systems. This will promote private financial speculation - a spiral that will lead continuously downwards- in the end for all EU member countries.

Comprehensive and sustainable strategy is needed

Therefore workers and citizens in the EU member countries are sitting in the same boat. They have to strive together for efficient and sustainable mutual politics getting out of the grip of mounting public debt, corrupt political and economic elites as well as the the black mailing of banks and speculators. This would at least mean to create efficient strategies and institutions for the real application of socially balanced taxing systems as well as reducing the exaggerating privileges in the public sector.

This has to be accompanied by a European strategy to build efficient and sustainable institutions, procedures and strategies for coordination of financial and economic policies. There is no alternative for an European Fund for Currency Stabilization as well as an independent body to shed light and coordinate the budget politics of member countries. Indebted Euro countries, which have to be financially supported by the EU have to accept European controls on their financial policies.

This would also imply a much more speedy and efficient coordination of social policies in the member countries. Even if it would take a long time for financial, economic and social harmonization, an efficient coordination politics implies that member states are developing in a similar direction - so that at least they are not going in different and even opposite directions. Necessary is also the prohibition of perverse forms of speculation - for instance by speculating on the financial deterioration of whole states. Overdue is also the introduction of a financial transaction tax not only on the European but also worldwide level in order to reduce profits by speculation.

Coordination of social and labor market policies

Also Social and Labor Market Policies would have to be included in the EU Coordination. Unfortunately the proposals in the "Euro-Plus Pact" go into the wrong direction. The adjustment of collective bargaining and labor law will destruct working and living conditions of the large majority of the workers. The EU Commission hat already issued concrete

proposals, in particular: increasing flexibility in working conditions, reducing job protection, wage indexation and labor market policies, deregulation of collective bargaining agreements.

Wage policy should be centralized at the European level. Even for workers in the Federal Republic the wages and working conditions will then deteriorate. The "deregulation" of collective agreements and the transfer of labor market policies to the enterprise level will increase the dependence of workers at the mercy of employers. The "explosion" of temporary work and 400-euro jobs, and the low-wage sectors in Germany would advance even more quickly and be transferred to other European countries.

The main purpose of this Economic Pact Plus will be to recover with the help of the export model of Germany. The domestic economy is weakened at the expense of the majority of the population. Consequences will be a redistribution of wealth in favor of corporate profits at the expense of wages, social infrastructure and social benefits - as has been the case in Germany since many years.

The adjustment of pension policy to the demographic development will result in more capital oriented pension schemes at the expense of the legal solidaristic "pay as you go" old age retirement system. Consequences will be a further reduction of retirement payments and a huge increase of poverty for pensioners in the decades to come. The Chancellor Angela Merkel would find it easier to introduce the increase of retirement age from 65 to 67 from 2012 till 2029, which is rejected by an overwhelming majority of the German population.

Also Nicolas Sarkozy could enforce his intention to increase the traditional low retirement age in France in the Public Service, which so far failed due to the impressive protests of the people in France.

Not the dismantling of European social and collective agreement policy is required. On the contrary, these standards have to be promoted: first and foremost this means the development of a sufficient protection against dumping of wages, working and social conditions. The commitment of EU member countries on minimum wage floors is essential. Almost all euro countries have uniform minimum wages for years now. In the economically comparable countries with Germany, these are now over € 9 an hour. The Federal Republic is a notably grim exception due to the refusal of the CDU / CSU and FDP to introduce legal minimum wages for the whole economy.

For Greek as well as German and the other European workers and citizens it is time to change the course of the financial, economic and social policy. Civil disobedience is urgently required by trade unions and civil society.