



Another Road for Europe Appeal for the European Elections May 2014

On the eve of the European elections in May 2014 Europe is experiencing continuing austerity and economic stagnation together with rising inequality and a growing divide between the countries of the centre and the periphery. Democracy is being undermined at the national level, and has not been developed at the European level. Power is concentrated in the hands of unaccountable technocratic institutions and of the strongest states. At the same time, waves of populism are sweeping Europe, with the growth of dangerous nationalist movements in some countries. This is not the Europe that was imagined decades ago as a space of economic and political integration free from war. This is not the Europe that promised economic and social progress, the extension of democracy and welfare rights. A radical change is needed. The European elections of May 2014 are an important opportunity to reject the neoliberal impasse of Europe and populist temptations, and to affirm that Another Road for Europe is possible.

The **European Progressive Economists Network** (Euro-pen), which brings together economists and civil society groups, calls on European citizens and political forces to engage in a Europe-wide debate on alternatives. We propose five directions of radical change for European policies. These ideas should be at the centre of the election campaign and of the activities of the new European Parliament and European Commission.

1. **End austerity.** EU restrictive fiscal policies have to be reversed; in particular the Fiscal Compact and the Stability and Growth Pact must be abandoned. Budget rules have to be changed and the target of “structural balance” for public budgets should be replaced by a coordinated economic strategy that allows Member states to follow the fiscal policy required to recover from the crisis. Without a strong stimulation of demand there is no way out of the current stagnation. Public investments for an ecological transition should play a major role, financed at the European level by a major programme of lending by the European Investment Bank. A Europe-wide public investment plan is necessary to reconstruct economic activities which are sustainable and capable of providing good jobs. These actions should be at the core of a new industrial policy for Europe, oriented towards the aim of a long term social and ecological transformation of the economic model with a fundamental reduction in the consumption of non-renewable energy.

2. **Control finance.** Facing deflation – and the vicious circle of restrictive policies, depression and downward wage competition – the eurozone’s monetary policy has to drastically change, allowing inflation to return to at least 2%. The European Central Bank must provide liquidity for expansionary policies and act as a lender of last resort in the government bond markets. The public debt problem has to be solved with a common responsibility of the eurozone and with debt restructuring. Eurobonds should be introduced not just to refinance public debt, but to fund the ecological conversion of Europe’s economy. A radical downsizing of the financial sector is needed, with a financial transaction tax, the elimination of speculative finance and the control of capital movements. The emerging rules on the Banking Union do not address the fundamental flaws and fragility of the financial system; stricter regulations should ban the more speculative and risky financial activities, and a strict division should be introduced between commercial and investment

banks. Offshore financial centres and tax havens in the EU need to be eliminated through tax harmonisation and tighter financial regulation.

3. Expand jobs, reverse economic divergence. The unemployment level in the EU has reached record highs. It is a source of economic weakness and social disintegration; providing new jobs in socially and environmentally sustainable economic activities should become a major policy priority. Within the eurozone, the large current account imbalances should be reduced by also obliging surplus countries to adjust. The pressure to reduce wages and workers' rights should stop; competitiveness should not rely on lower wages but on higher productivity and investment. Minimum wages at the European level – adjusted for countries' per capita GDP – should be introduced.

4. Reduce inequality. Inequality has reached record levels and prevents a return to equitable growth. Europe's social model should be defended and extended with policies of redistribution, social protection and welfare based on Europe-wide solidarity. In order to reduce inequality and defend the welfare state deep changes in tax systems are needed, with a tax harmonization in Europe that prevents companies from escaping the taxation of profits, and with a shift in taxation from labour to wealth and non-renewable resources.

5. Expand democracy. Economic policy decisions should be subject to democratic control. We need to stop bankers, technocrats and business lobbies from determining decisions that affect us all. Democracy should be extended, with greater Parliamentary control and citizen participation at a national and European level. As a response to the crisis, the scope for public action should be expanded in economic activities – including finance, productive reconstruction and public services. The current negotiations on the Transatlantic Trade and Investment Partnership (TTIP) envisage a major reduction of democratic processes, policy space and public regulation; stopping the TTIP should be a major policy priority for the new Parliament.

We ask citizens to support this vision of Another Road for Europe and to vote for candidates and political forces who are committed to promoting it. The emergence of a progressive coalition in the new European Parliament will be crucial in order to end the failed policies associated with the “grand coalition” between the centre-right and centre-left which has been ruling most of Europe.

Europe can survive only if another road is taken. Europe has to mean social justice, environmental responsibility, democracy and peace. This other Europe is possible; the choice is in our hands.

European Progressive Economists Network (Euro-pen)

Member organisations include: EuroMemo Group, the Economistes Atterrés (France), Sbilanciamoci! (Italy), the Transnational Institute (the Netherlands), EconoNuestra (Spain), Econosphères (Belgium), Beigewum (Austria), Transform! Europe, Critical Political Economy Research Network

For more information, visit www.euro-pen.org or write to info@euro-pen.org.

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