



## Clear Signal for a Change of Policy

The German trade union unanimously argue for a definite change of policy in Europe: We need a clear signal to make public budgets in Europe effective and democracy capable of acting. Together the unions within the German Trade Union Federation (DGB) developed a strategy to lead Europe out of the crisis. We focus on prosperity for all, we want growth and redistribution. The policy of Chancellor Angela Merkel and the French President Nicolas Sarkozy will lead Europe into a financial and economic disaster. A big part of Germany's wealth consists of other countries' debts. This is why Germany not only has a share of the responsibility for the reasons, but also a basic responsibility for the solution of the monetary and financial crisis.

The four suggestions of the DGB:

Speculation against states must stop. The European Central Bank (ECB) provides the EFSF (European Financial Stability Facility) with the necessary means in order to buy state bonds at favorable conditions. Thus, the ECB indirectly vouches for the liabilities of European states on the capital markets and so facilitates lower interest rates for all states. The burden of public budgets drops noticeably.

Europe's public budgets must be efficient so that governments are able to take action and actually shape economic and social conditions. Instead of reducing taxes and thus causing additional debts, increased taxes will be

imposed on high incomes and assets. In this way those who caused the currency and financial crisis and who previously benefitted from low tax rates, will be involved in coping with the crisis and its consequences.

Europe's states have to be led out of the crisis and their economic foundations have to be safeguarded in a sustained manner. This requires a long-term future program which includes investments in sustainable industries and services. Moreover, expenditures in education facilities and their quality must increase considerably all over Europe. Not only Germany's investments in education are below OECD average. Greece, for instance, with a rate of 3.5% of its gross domestic product (GDP), reaches the level of a developing country, and the economy is shrinking continuously.

Capital levies on the large personal assets of a small minority will be used for funding. This will drain the breeding ground for speculation. Finally we need an effective regulation of the financial markets. So-called "system-relevant banks", i.e. banks which are so big, that their failing has to be avoided by the state at any price, should be smashed. Financial products require strict regulation and control.

The crisis is not just an economic threat: Europe's splitting would challenge the long-standing self-conception of a peaceful merging process. Because of that the German government's policy of patronizing others and claiming the German way to be the right thing, is disastrous. It destroys the perspective for a social and democratic Europe, which has to be at the very core of our joint policy.

