

Europe: economic recovery by social stability

The financial shock that erupted in August 2007 – as the overheated US subprime mortgage market was derailed by the bursting of the housing-bubble – has spread quickly and unpredictably towards the stock-markets in Europe and Asia. It caused severe damages at the core of the worldwide financial system, and an outrageous loss of capital at a number of large US and European banks. All these international economic and political institutions have totally failed in their capacity to act as early warning systems which shook the confidence by the citizens in the USA and in Europe to the ground. The main burden of responsibility lies on US supervisory and regulatory authorities, but that is a cold comfort for those, loosing their pensions and savings on equity and debt security funds. Thus, we are missing a clear signal for taking over the responsibility from those, still gambling with the markets extremely fragility, but neglecting every personal liability. Even former outperformers like the Baltic States are seriously suffering under the conditions of rapidly cooling-down economies, the duplicating unemployment rates and the rising of living costs in general. Those are the risks we are confronted within the European family and its social cohesion.

Nearly every European country, both in Western and Eastern Europe, was forced to apply a series of unpopular measures – individual and pre-decided on European level – to salvage their banking institutions and to avoid a collapse of their national financial systems. These includes injections of fresh money for the quick recapitalisation of troubled banks, interest rate cuts, guaranteed interbank loans, partial or full nationalisations and increases of bank deposit guarantees in attempt to assuage consumer's fears. This was necessary because of the fact that the banks became reluctant to lend money to each other as the widespread dispersion of credit and liquidity risk and their uncleared impacts. Thus, credit conditions are expected to remain tight also for the upcoming quarters. As a matter of fact this rips into the existence especially of those SME with a small leverage, causing new damages and uncertainties to the market and peril thousands of jobs.

The European Union offers 480 million citizens a perspective worth living. The freedoms of the internal market contributed decisively to making Europe today an example of political stability, minimum social standards and economic prosperity. The EU building rests on solid foundations which are guaranteed by the constitutional order in each individual member state. Since its completion the internal market has rendered unused innovation potential useful and contributed decisively to making the quality of work in Europe not cheaper, but better. This must not be put at risk! Because of the tilt of the European banks and the capital shortage on the market, the European Central Bank has been under permanent scrutiny from the very first sign of the crisis on. If we want to keep our equitable cooperation based on the solidarity between people and the integrity and reliability of the Euro, we have to strengthen it for our own sake. It is therefore important that the possibilities of the EU as a legitimate framework for mastering the current economic crisis are being used!

For us political responsibility means that the sense of personal responsibility, respect for others and the demand for a sustainable form of economy complement one another. The experiences of the 20th century have taught us that a democracy without supporting solid values cannot endure. We therefore criticize any form of short-term bonus payments to board members. If there are insurance policies for misconduct of managers, then these must also be able to access their personal assets. Who loses sight of moderation and the middle of the road must not be rehabilitated at the expense of the tax payer.

We admonish the European governments not to bury the future of future generations under incalculable participation risks and debts. Otherwise they endanger the inner cohesion of our societies of which we are rightly proud. The ones to suffer are above all older people, young people, handicapped, socially excluded and long-term unemployed persons, who will be hit first by belt-tightening and the postponement of promotion measures. Who is in favour of saving big industries and freely supports major enterprises which are under threat because of risky takeovers, must also do something for the small and medium-sized companies.

We advocate an European social area. The project Europe will only be successful if those responsible also become aware of the social dimensions of their actions and decisions. The globalization and the financial crisis show once more that the EU is the appropriate instrument for achieving an international regulation framework for the Social Market Economy. A policy of solidarity is not made possible and realized through financial transfers only. Human compassion, charity and solidarity cannot be bought. They are priceless and cannot be enforced by law or ordinance, but have to be practiced.

We accept that Europe cannot guarantee its citizens equal results, but it can strive for equal opportunities to give as many people as possible access to the resources, conditions and skills which they need. Thus, we are missing a signal that the unification process really understands the social Europe as an advantage of location and for the interests of

the citizens. The human being must be able to freely develop within its own limits and those of society. Everyone will evaluate quality of life for himself; it is highly individual and complex. It is the goal of the European social area to guarantee this. We therefore demand:

- More understanding for the concerns and fears of the citizens who are now being confronted with necessary reforms of enormous dimensions. The goal of developing Europe into one of the most competitive and dynamic economic areas in the world is not a threat but a promise made to the individual social security.
- That only those companies are given help who are really affected by the crisis and not those who want to compensate years of mismanagement through government aid. The rights of the social partners are also being considered when the state intervenes to rescue a company.
- That the European instruments for safeguarding employment are applied quickly and above all in an unbureaucratic manner, so that they are at the direct disposal of the workers concerned.
- More respect from society for the family which is being affected directly by the current crisis and which can then perhaps fulfill its task only partly or not at all. We consider it as the place of socialization, of the development of one's personality, of the promotion of acting responsibly and of imparting values and principles, and therefore it needs utmost protection.
- More understanding for the international framework. The degreasing number of exports to the world market endangers not only jobs in Germany. We are witnessing such a situation not only in the industrial world but also in the development countries, which are much more affected by the crisis. Thus, it is absolutely necessary to rebuild the international financial architecture with transparency and responsibility as cornerstones.
- That resurgence of protectionist and anti-European feelings and measures at national and European level are not acceptable and compatible with the ideas of free trade.
- That the debts of the states might endanger the Western democracies by drying-out the social budgets for the necessary savings in the national budgets. Future generations have to pay back what we need right now to keep our economies on the run. We always have to be aware of the basic principles of a social market economy with the cornerstones efficient market economy, social justice, personal freedom, mentoring of social responsibility, economic competence and international and intercultural dialog. The Socialists' attitude of "free spending" will trap us on a one-way street, leading to protectionism and competition between the Europeans. More political leadership and coordination at EU level is required today. Our economic and social well-being and security depend on it.