

Progressive answers to the Euro crisis:

Why we need to go further

Track #10: Europa – Ein Fortschritt? / Europe – A Progress?

Alternative: Track #8: Fortschrittliche Wirtschaftspolitik

Following a short Keynesian moment in 2008, the predominant political response to the Euro crisis over the last years has been a neoliberal one. Bank bailouts, austerity, deregulation and internal devaluation have been on the agenda of Europe's political elites since. Social democratic and other progressive leaders, representing only a minority of Europe's policy makers, have backed most of this neoliberal agenda, e.g. the Fiscal pact in 2012.

A few years into the crisis and facing the disastrous social and economic consequences of the EU's response, progressive groups and leaders have started to propose alternatives to the neoliberal mainstream. Examples are the call for growth inducing initiatives in addition to the austerity measures already in place; the demand for a wealth tax or the call for Eurobonds, i.e. an integration of government borrowing within the Euro zone.

In our Policy paper, we first present a quick analysis of the crisis' roots as an analysis frame: economic inequality, the faulty construction of the EU and the Euro zone and deregulated financial markets. Second, we discuss several of the measures proposed by social democratic and other progressive leaders in Europe. We assess how these measures relate to the roots of the crisis and their potential for contributing to economic and political change. We argue that while being a small step in the right direction, measures like Eurobonds, a simple wealth tax or a growth package are nowhere near enough to deal with the systemic crisis at hand. Therefore, we suggest that progressive politicians in Europe should go much further in developing their answers to the Euro crisis. Third, we put up for discussion more radical alternatives: a set of mechanisms for a more fundamental redistribution and ways to change state financing to uncouple the financing of public responsibilities from financial markets and private profits.

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