



Die SPD-Abgeordneten – Fraktion der Sozialdemokraten im Europäischen Parlament

31 March 2020

S&D German Delegation

Whatever It Takes - Only united and with European Solidarity we will master our challenge!

In a globalised world, we can only master challenges that threaten humanity in its entirety such as COVID-19 as a collective. To this end, we need to mobilise all resources in our societies to save lives, prevent danger and ensure adequate care. This requires consistent national policies, but also efforts at the international level and, in particular, a common European approach that brings all the strengths of our political union to bear.

Thanks to pressure from the SPD, the Federal Government of Germany has adopted an unprecedented package of measures to improve equipment in hospitals, safeguard housing, income and employment for both employees and the self-employed and that keeps companies afloat in these difficult times.

In Europe we stand in solidarity with our neighbours. What is good for Europe is good for Germany. The SPD supports the activation of the general escape clause in the Stability and Growth Pact designed for emergencies by the European Commission, the adjustment of the state aid rules for large-scale liquidity measures and the immediate provision of billions in aid through the EU budget.

The S&D Group in the European Parliament has tabled proposals that lead the way: ranging from the EU-wide procurement and storage of medical goods, housing and income protection, to the critical issue of joint research and development of effective pharmaceuticals and vaccines.

We have to act decisively – also by going beyond these proposals. In order to counteract a dramatic economic downturn, support our health care and social systems and prevent a plunge into mass unemployment, a coordinated approach that overcomes national agendas and selfishness is required.

We welcome the ECB's initiative, which prevents attacks of speculative financial market investors and stabilises interest rates for European government bonds with its Pandemic Emergency Purchase Program (PEPP) worth EUR 750 billion. Speculation that aims to capitalise on acute threats to our societies must be ruled out now and in the future. We support the initiative of the Federal Minister of Finance Olaf Scholz to utilise the already existing European Stability Mechanism ESM in such a way that it immediately provides large amounts of liquidity where and when they are needed. The proposal is meant to avoid that

any country is speculated or discriminated against in the markets and does not require Member States to submit to any inappropriate conditionality other than a commitment to fight the outbreak of COVID-19. Euro countries wishing to make use of this could generate a programme of up to 2% of their total economic output. At the same time, such programmes could be combined with additional support from the ECB (Outright Monetary Transaction, OMT). Based on this model, the ESM would hence make large-scale liquidity support available without any austerity requirements.

The current crisis also carries a dangerous political virus, the virus of renationalisation. The border closures have hampered the free movement of workers and threatened 1.5 million cross-border workers' social rights. Furthermore, they have disrupted the free movement of goods and rendered production processes more difficult. The emerging economic crisis will affect some Member States more negatively than others. That is why we must decisively oppose tendencies towards renationalisation. Instead, we need more European solidarity in crisis management.

While mastering the crisis, we must counter the emergence of new inequalities and the widening of already existing inequalities within and between EU Member States. We will not forget that many of the countries whose infrastructures have suffered from the failed austerity policy in the wake of the financial crisis have been particularly hard hit by the outbreak of COVID-19. Therefore: only enacted solidarity ensures a good life for all in a united Europe based on solidarity. This is the only way to prepare us for the great task of the social and ecological transformation of our economy and society that lies ahead of us and that we will only accomplish together.

That is why we need new community initiatives for a new common European policy.

Adequate health care in an effective public health care system that is accessible to all must become a mutual obligation enshrined in the European Semester.

Our fellow citizens in Europe must not pay for the second crisis they did not cause in a decade. On the contrary: the public sector of our community needs to be strengthened. This applies particularly to municipalities and regions. A society capable of innovation and prepared for crises must invest in its own creative power and enable its citizens to take the initiative through a modern public infrastructure. To achieve this, we need a European framework for action.

We need a functioning Europe-wide network of public development banks that, in cooperation with the EIB, supports small and medium-sized companies and helps prepare them for the tasks of the future. We therefore support the call for a pan-European guarantee fund of EUR 50 billion for SMEs.

We need to introduce new tools for a common sourcing of capital. Jointly issued financial products to promote the social and ecological modernisation of our societies and economies can be developed for instance by the EIB or the ESM. We support this approach. The debate on Eurobonds/Coronabonds must be transformed from an ideological confrontation into a rational discussion about feasibility and the necessary framework.

In addition to an initiative to revive the internal market, we need to consistently develop the European Economic and Monetary Union as well as a European industrial policy. The necessary support for the recovery after the Corona crisis as well as climate protection

efforts require extensive public investments at the various levels of government. A new sovereign debt crisis must be fended off. To this end, we call for a comprehensive European recovery programme that combines economic recovery with the imperative of social and ecological transformation. The politics of sustainability and the European Green Deal are pivotal in this regard and need to be supported by EIB loans and Eurobonds as well as taxation and fiscal policies that are synchronised with the overarching recovery strategy.

To this end, we also want to realign and harmonise tax policies in Europe. Unfair competition undermines the community and jeopardises the legitimacy of new community initiatives.

We ask for a European budget that lives up to the tasks ahead. The current crisis must be a wake-up call that underlines the need for an ambitious Multiannual Financial Framework (MFF) for 2021-2027 that includes own resources to finance European expenditures.

Especially now, the real pillars of the European construction – those who bind our society together with their labour - need our protection across all borders. The introduction of a European unemployment reinsurance system must therefore not be delayed.

From the next EU summit of heads of state and government, we expect decisive action and orientation instead of blockades and mutual blame. We call on the President of the European Commission Ursula von der Leyen to present the cornerstones for a European recovery programme that measures up to the challenges ahead – in terms of both quality and scope - before the next summit.