



EUROPE'S EMERGENCY RESPONSE PLAN MUST PROTECT LIVES, JOBS AND INCOMES

GUE/NGL ECON MEPs' Coronavirus Action Plan

We face an unprecedented, global public health emergency. We need an unprecedented response. **The top priority has to be protecting life.**

In a growing number of EU member states, healthcare systems are reaching their limits and healthcare personnel are becoming increasingly vulnerable to the coronavirus.

The European United Left/Nordic Green Left (GUE/NGL) is calling for a massive, coordinated European Emergency Response Plan, whatever the cost.

So far, the EU institutions have enacted three key measures in response to the emergency:

- The European Central Bank (ECB) announced a package on March 12 aimed at ensuring ongoing liquidity to the banking and financial sector.

- The Commission announced the mobilisation of existing EU funds under its Coronavirus Response Investment Initiative. This makes €37 billion in cohesion funds available to member states, consisting of €8 billion from unspent pre-funding under cohesion policy to be used as national contributions complemented by €29 billion from the European Structural and Investment Funds, and gives access to €28 billion of unallocated structural funds, including national co-financing.
- The ECB announced a €750 billion Pandemic Emergency Purchasing Programme on March 18 to step up its purchases of sovereign and corporate debt. The sovereign debt purchases will continue to be allocated using the 'capital key' of the national central banks.

We welcome these measures, but they are nowhere near sufficient to deal with the scale of this crisis. Member states need to invest massively in the response to the epidemic, and they must be supported unconditionally by the full power of the ECB.

EU EMERGENCY RESPONSE PLAN

The Left is calling for an EU-wide economic Emergency Response Plan based on the following principles:

Protect lives, whatever the cost

- Immediate, massive public spending to bolster healthcare systems that are unprepared for this situation and which have, in many countries, been ravaged by a decade of EU-imposed austerity. Crucially, this means not only treatment, but active testing and tracing. All EU institutions and funds must be directed towards this effort.
- Investment to ensure that the safety of frontline healthcare workers is protected, and that every precautionary measure is also taken for essential workers in other sectors such as working in supermarkets, pharmacies, food preparation and delivery, medical manufacturing, police, firefighters, security forces etc, and for workers who are not permitted to work from home.

State control of key sectors for an effective response

- States must be prepared to take radical measures in vital sectors to respond to the public health emergency, including nationalising sectors if deemed necessary, to direct the response effort. This includes private healthcare facilities; producers of protective equipment, respirators and ventilators; food production and distribution; postal services; and medical research and development.

Protect jobs, incomes and social security

- The economic crisis caused by the coronavirus cannot be an excuse for employers and companies to reduce salaries, lay off employees and further damage labour rights. Social dialogue between member states and the social partners must be respected fully regarding collective bargaining, existing agreements and workplace health and safety issues.
- Employers, the state and the EU must ensure that workers in all other sectors work from home, or stay at home for social distancing purposes; that all workers are paid in full whether they are at home for social distancing or for illness. They should pay particular attention to workers in precarious and gig jobs, to ensure that they are guaranteed a sufficient income for the duration of this emergency so they are not forced to work.
- Jobs should be protected by state intervention. In order to avoid mass redundancies and widespread bankruptcy of businesses forced to close for the duration of the crisis, the state should act to provide the necessary

means for companies to survive and to continue paying their employees, as proposed by Emmanuel Saez and Gabriel Zucman. The Danish agreement reached between the government and social partners is a useful model to ensure that no one is fired. These measures are preferable to the current widespread strategy that only ensures bank liquidity and loans to businesses that they will not be able to repay.

- Financial assistance must urgently be provided to welfare recipients, households living in poverty, and the most vulnerable in order for them to be able to purchase enough food and essentials for the duration of self-isolation periods. Housing/family/social allowances must be raised.
- Emergency cash payments should be made to all EU citizens in the immediate future to ensure everyone has access to the basic necessities of life during this crisis, without bureaucratic delays.

Protect housing and access to vital services for those without incomes

Banks have already drawn down more than 100 billion euros from the ECB package to ensure ongoing liquidity and the ability to roll over their customers' debt.

In the case that full incomes for all workers and the unemployed are not protected by the measures above, we need to ensure that access to housing and basic services are protected for all. This means:

- Mortgage payments must be suspended for the duration of the crisis, and evictions prohibited. Substantial financial assistance should be provided for rental payment.
- Vital household utilities including electricity, gas, water, phone and broadband must remain connected and payments waived or deferred.
- Household debt repayments should be suspended for the duration of the crisis.

Leave nobody behind

- The EU and member states must ensure that nobody is left behind. Specific measures must be taken to protect the lives, health and social security of homeless people, asylum seekers, prisoners and other persons who do not have a place of their own to effectively carry out social distancing. Solidarity must be the basis of our actions in the EU, and must extend to other nations facing this crisis also.
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Prevent new sovereign debt and financial crises

The ECB's claim that it was "not here to close spreads" on March 12 caused a spike in Italian bond yields and prompted fears of a repeat of the sovereign debt crisis. Since then, government bonds have been sold off around the world, and peripheral Eurozone state bond yields have spiked further. The ECB's Pandemic Emergency Purchasing Programme announced on March 18 was a step forward but is not enough to counteract this threat.

- The EU institutions, particularly the ECB, need to act urgently to prevent new financial and sovereign debt

crises developing. The ECB must commit to acting as the lender of last resort for member states, not only for the banks. Its sovereign bond-buying programmes must be unconditional, unlimited and based on the spending needs of member states.

- Providing liquidity to banks and financial markets is not efficient to support the real economy and could cause new financial bubbles; SMEs must be directly supported.
- Financial markets should be more strictly regulated to prevent speculative attacks.

OUR 10-POINT ACTION PLAN:

These demands outline only the bare minimum to ensure that our healthcare systems have a chance of responding to this emergency effectively, and that people are incentivised to remain at home without being penalised or left in need.

Yet they require fundamental changes in the political approach, rules and practices of the EU institutions.

We need to mobilise a major EU-wide fiscal response based on solidarity, where funds flow to the states, communities and individuals in urgent need.

We demand an EU Emergency Response Plan that takes the following actions:

01 Suspend the Stability & Growth Pact

Immediately suspend the debt and deficit rules in the Stability and Growth Pact and Macroeconomic Imbalance Procedure, in order for governments to be able to spend (including borrowing) the amount required to meet this challenge. Suspending the fiscal adjustment recommended and allowing extra spending only to targeted sectors as proposed by the Commission is not enough and will likely reduce the speed of spending by EU governments.

02 Suspend EU state aid rules

Immediately suspend EU state aid rules in order to allow governments to support, or nationalise if deemed necessary, vital sectors such as healthcare, research and development, production of medical equipment etc.

03 Immediate enhancement, mobilisation, and redirection of funds

To boost the fiscal effort, member states must have immediate access to the EU's structural funds, including the European Solidarity Fund, to respond to the crisis. The existing EU Budget must be enhanced and redirect further funds into cohesion funding that can be drawn down by member states, on the basis of need.

04 Unconditional payment to all EU citizens by the ECB

The ECB should make an unconditional payment of at least €2000 to every EU citizen to ensure that each person can meet their basic needs while engaged in social distancing or quarantine. This should be repeated monthly while social distancing is required. For high-income or high-wealth individuals, these funds can be later transferred to state budgets through the taxation system.

05 Reform ECB 'capital key' to be based on member states' funding needs

The ECB's public sector securities purchases - of member states' sovereign debt - is determined by its self-imposed capital key, which calculates the size of member states' shares according to the size of national populations and economies. By extension the capital key also determines how much the ECB spends on government bonds, and where. The ECB must commit to making unlimited, unconditional purchases of sovereign debt, based on the healthcare and social needs of member states, instead of its capital key. This is the only way to ensure that member states can continue to spend, and to close the rising spreads on sovereign bond yields. This is crucial to prevent a repeat of the sovereign debt crisis.

06 Any ESM loans must be made through new mechanism, interest-free and unconditional

The direct use of sovereign bond-buying by the ECB is preferable to the deployment of the European Stability Mechanism (ESM). The existing ESM credit lines to member states come with enshrined conditionality – austerity – à la the Troika bailouts and Memoranda. If the €500 billion ESM is to be used in this crisis, a new mechanism must be created that will permit unconditional, zero-interest credit lines to be provided to member states in need of funding.

07 Repurpose ECB corporate sector purchasing programme to favour SMEs

Providing liquidity to banks and financial markets is not an efficient way to support the real economy and has contributed to new asset bubbles. The ECB should repurpose its quantitative easing policies, in particular its corporate sector purchasing programme, to significantly increase its direct support to SMEs, conditional on the business's commitment to the protection of employment, rights and income.

08 Assistance for SMEs from the European Investment Bank

The EIB must be used to its maximum potential to provide funds to micro and small businesses, conditional on the business's commitment to the protection of employment, rights and income.

09 Ban short-selling and speculative attacks

During this period of extreme volatility in financial markets, short-selling should be prohibited. Specific goods or sectors that are crucial to answer the crisis and/or that are already affected by the economic downturn should be protected from speculative attacks. The European Securities and Markets Authority should set guidelines and work with national competent authorities to reduce these risks to financial stability. Member states should shut down stock markets when high volatility thresholds have been met.

10 End EU sanctions that harm affected countries

The coronavirus is a pandemic. A health crisis in one country impacts on the rest of the world. The EU must immediately lift sanctions on third countries affected by the coronavirus crisis, which directly or indirectly limit access to medical and humanitarian goods, thereby collectively punishing civilians and exacerbating the pandemic, and push internationally for other countries to do the same.

The Left will stand beside workers, the unemployed, nurses and doctors, and vulnerable communities to fight for an effective and just response to this public health catastrophe.

As we eventually recover from this situation in future months, we have to turn our focus to bringing an end to the economic system that prioritises growth and the financial benefits of a tiny elite at the expense of the rest of our society and our planet.

Signed by:

José Gusmão
Martin Schirdewan
Manon Aubry
Dimitrios Papadimoulis
Chris MacManus