

Make money on value, not on health

Appeal for extraordinary macroeconomic measures to tackle the COVID-19 emergency

We appeal to European Institutions and governments with a sense of urgency, our population is suffocating from the Corona COVID-19 virus, physically and economically. Nobody should have to choose between protecting themselves and their loved ones, or keeping their job and income, potentially putting themselves and others at risk.

We need to act and to act bold. We fear that the tools and funds put now on the table by governments and European Union institutions will not be enough. The full use of the flexibility of the Stability and Growth Pact will be like drops in the ocean, if not accompanied by additional measures. The emergency clause of the Fiscal Compact must be activated.

We urge all financial institutions not to profit from this unprecedented health emergency and prevent an economic shock. Therefore, **we recommend the rapid implementation of the following measures:**

- **Suspending stock exchanges immediately:** after the unprecedented falls in stock markets all around the world, companies and workers will inevitably suffer and struggle to access credit.
- **Decreasing the European Central Bank marginal lending facility rate to zero percent or less** (presently at 0,25%), decreasing the interest rate on the main refinancing operations rate below the current zero percent, and decreasing even further into negative territory the deposit facility (presently at -0,5%) to allow and incentivise banks to maintain economic activity.
- Make the European Central Bank ready to do “whatever it takes” as the former Governor used to do, meaning ready to **reload the ‘bazookas’ of the Outright Monetary Transactions and Quantitative Easing**. As a complement, the European Central Bank capital key could be temporarily put aside for financial stability purposes, some Member States will be more in need than others.
- **Prevent financial institutions from making loans at positive interest rates to both European Member States and small and medium sized businesses.** Small and medium size enterprises are going to either stockpile, or stop their activities, and see their activities locked down if no additional support is provided. We ask all financial institutions, not only national promotional banks and the European Investment Bank, but also private banks, to be prevented from making interest on loans, to enable businesses to navigate until the end of the crisis. If this cannot be achieved by incentives, governments must act by decree or/and ensure a guarantee at national level, to be backed at the EU level.
- **The European Stability Mechanism must play a role in this regard,** and we urge governments to make sure it can raise money at zero or negative interest rate and lend money to Member States, with the measures described above. Member States could moreover use the precautionary credit lines available under the European Stability Mechanism treaty, but without any conditionality.
- Additionally, **the option of helicopter money from the European Central Bank should be seriously considered,** to bypass a broken banking transmission mechanism, if needed, as a way to cope with the decrease in economic activity, support workers’ income and prevent deflation.
- **Special measures should be taken for regulating price movements on vital products and housing,** any abuses in this emergency should be severely condemned.

We must make sure that the emergency measures that should be put in place now, will be followed by more structural and sound measures to promote investment and sustainable economic development. **We must take advantage of the current Review of the Economic Governance in the European Union recently launched by the European Commission:** a complete revision of the European fiscal framework is absolutely needed, on sound economic principles.

Public services and public service workers are doing an incredible job in protecting and caring for the population during this unprecedented crisis, and now is the time to ensure that they can be financed sustainably in the future by clamping down on tax avoidance and evasion. Congratulations are welcomed, financing is needed.

Clearly, more than ever, fiscal transfers between Member States by one means or another, and a European central fiscal capacity issuing a safe asset, are required at this time, but it seems that such goals are not yet achievable.

Ultimately, this is about democratic control of our financial system and taking the necessary measures to save people's livelihoods and economic activity. Acting fast and acting together is the only effective answer to a crisis that affects us all.

We must act together if we do not want all this to degenerate into petty and divisive nationalism. We must act together because we face the same threat, and the virus that does not stop at borders. Let's act in solidarity, for the freedom of the people, and our common goods. Together we are stronger.