

A Future for Europe after the Euro

Helga Zepp-LaRouche: We will have now one more speaker, Mr. Zanni from the European Parliament from Italy, and then we will have a video message after that, and then we will take some time for discussion.

Rep. Marco Zanni: Thank you again to the Schiller Institute for this invitation and for having organized, once again, such a very interesting conference. The speeches of the people that spoke before me confirms that there is a worldwide com-



Rep. Marco Zanni

munit, not just in Europe, in Africa, and in China, that is thinking about a better future for our people in the world.

Today I will talk about the future of Europe, because it's clear that something is not functioning well in this continent, and it's clear that what is happening is not only at a political level. We are meeting in Germany, and the debate about a future government of this country is the sign that something is going wrong. But also, we must also consider the situation that



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Greek pensioners protest in Athens, Greece, on Oct. 6, 2017 against the planned new round of cuts to their income under the third Greek bailout program.

we are living in at a microeconomic level, and the fact that the European Union is not able to address and to solve the three main challenges and problems that European citizens are living through today. The first one, the most debated, is clearly the economic and financial crisis that is still alive in our continent; the second is the problem of internal security and all the problems related to terrorism; and the third one is the problem related to the management of migration flows, that are affecting a lot of countries, and especially my country, Italy, because of our geographical position as the bridge of the European continent and in the Mediterranean area.

It's pretty clear that we have to challenge the rhetoric, that there is no alternative to the European Union, with which the European establishment has campaigned in the last twenty years, that the European Union is a political infrastructure that should remain, and continue in the future. This super-state, this institutional framework for Europe is not able to solve problems, is not able to create better conditions for Europeans, and is not able to fulfill the promises that European politicians made, especially after the end of the Cold War at the end of the 1980s.

So it's time, today, for a new European political class to think about what could be an alternative project for Europe that could challenge the actual framework of the European Union. As I said, we are challenging—and I, personally, as a representative of the European and Italian people in the European Parliament—are trying to challenge this TINA (There Is No Alternative)

rhetoric. Because we need an alternative institutional framework for the European people.

Let me clarify one very important thing: The European elites are trying to use the term “European Union” term as something that is close, or is comparable to Europe. I would like to stress the fact that in my opinion, the European Union and Europe are two very different concepts. Europe is a geographical, historical concept that includes a lot of countries. The European Union is a political infrastructure, a political framework, that was founded in 1957, so it's here, but it has been present only for a short time period, compared to the history of Europe, and it includes only twenty-eight countries—a huge part of the countries in Europe—but they are not the total-

ity of the countries and people living today in Europe.

Today, as I say, the European Union is not only failing in addressing problems of the people on this continent, but the policies and the political framework of the European Union are also making these problems worse. The policies and rules that we are applying and which were built into the European Union in the last twenty years, are creating divergencies and asymmetries, not only between countries, between the countries participating in the Union and in the Eurozone, but also between people inside the same country. Germany is one of the best examples of what is happening at the country level with this European Union framework.

The poor people, or let's say, the majority of people, are negatively affected by the rules agreed to at the European Union level, and the elite are strengthening their powers to shape European legislation to protect their interests. This situation is causing suffering not only in the so-called PIGS, the Southern European countries of Portugal, Italy, Greece, and Spain, but as I said, also in the core European countries, such as Germany, the Netherlands, and the Scandinavian countries. And the political situation of those countries is the proof of this situation.

The Failure of the EU

In the last election German voters decided not to support the more traditional parties, the Social Democrats and the Christian Democrats of Mrs. Merkel; they decided to support so-called populist, euro-skeptic par-



Homeless person in Hamburg, Germany.

ties, right-wing and left-wing parties. The strong support that the AfD (*Alternativ für Deutschland*) and also the liberals, the FDP (Free Democratic Party) received in the last German election is also a sign that, people and voters of the country that received the biggest benefits from European rules and the Eurozone framework, now are challenging the future of this project, because this project, the Eurozone and the European Union rules, are negatively affecting their lives. The economic situation of people living in the former East Germany is really bad. Unemployment is very high, people are living on money transfers from the central state and richer regions, and the situation is very bad. It is comparable to the situation in other member-states, such as Italy.

In Italy, we are still coping with a lot of problems in terms of youth unemployment. The youth unemployment rate in Italy is close to 40%, an unacceptable rate. Total unemployment is stabilizing, but only at close to 11-12%, another unacceptable level. A macroeconomic labor market indicator that the ECB is using to assess the situation in the labor market of the Eurozone countries shows that the rate in Italy is the highest in the European Union. It's close to 30%; that means that we have 40% of our working population under stress. And the policies of the European Union and the Eurozone are not only not addressing this problem, but are instead strengthening differences and asymmetries inside the countries.

Another problem that we are facing is the problem

related to our financial system and to our banking system. There is a huge debate inside the European Union, as to what should be the future of our financial institutions. After the big financial crisis in 2008 and after the sovereign crisis that affected the Eurozone in 2010, the European institutions decided to set up a very comprehensive set of new rules, trying to regulate the banking industry in the Eurozone. This huge amount of rules, this new framework, was called the Banking Union. This was based on three pillars: The first one is common supervision of the biggest financial institutions in the European Union; the second pillar is the Single Resolution Mechanism, the so-called bail-in rule. This is a unique mechanism at the European level that would intervene to resolve bank-

ing crises should one of those big institutions get into trouble; and the third pillar, which is not agreed upon—we are working on it—is the common deposit insurance for all the Banking Union countries.

It's clear that this new framework is not functioning well. The biggest mistake of this framework was to try to create regulations that would cope with the consequences of a financial and banking crisis without doing anything to try to set up instruments and tools to avoid the *causes* of a financial crisis. This new framework of rules created more instability in the financial sector inside the Eurozone, because now, not only taxpayers, as happened in the past, have to, so to speak, participate in the bail-out of a big financial institution, but also savers and common people who invested their savings in financial products—in bank bonds, in deposits, or in other very simple financial instruments—have also had to participate in the bail-in of bank institutions. The European politicians, in 2012, when the Banking Union was agreed to, promised that with the Banking Union, no more would taxpayers' money would be used to save big financial institutions. What happened in reality? We now have three years of experience with more than 10 banks that have been “resolved” according to the new Banking Union framework. What happened was that not only did taxpayers have to participate in the resolution of banks, but also common people and savers who were misled with financial products, had to participate in this.

In Italy, in 2017, we had two very big financial prob-

lems related to our banking system. One was the suddenly famous resolution and saving of the *Banca de Monte dei Paschi di Siena*, which was one of the world's first banks, founded at the end of the 15th Century and operating in Italy and all over Europe since that time. The other one was the resolution of two regional banks, which were very important, because they were located in one of the most industrialized and developed regions of Italy, Veneto. I'm referring to the resolution of *Banca Popolare di Vicenza* and *Veneto Bank*, two Venetian banks that were resolved in April 2017.

The cost of the resolution of these two banks was very high. More than EU20 billion of taxpayers' money have been used to save these two banks, and more than EU15 billion in shareholders' value, in bondholders' value, have been used to save these banks. It's clear that this framework cannot be efficient in making our financial system more resilient, more effective in supporting the real economy, more effective in supporting public infrastructure investment, more supportive in assuring strong support for European citizens in pursuing their entrepreneurial activities, and so on.

An Alternative is Required

It's clear that we need a different framework.

The big question that we are working on, and that is very important for the future of Europe, is this: Is the European Union the best institutional framework that we can create or that we can have in Europe, in order to address these very important problems that European citizens are facing today? Looking at what happened in the last twenty years. According to my experience in the European institution in the last four years, my reply would be: "No. Clearly, no."

Why? Because the European Union today, and the rules that we agreed to at the European Union level, are impeding member states and governments in addressing properly the problems that European people are subjected to.

What can we do to challenge the European Union's "There Is No Alternative" rhetoric, that European institutions and European leaders are using today to justify their failure and to go on with this failing project? We have to create a new institutional framework that will start from the core of the European democracy, that is, member states. We have to give back to member states powers in order to shape the right mix of policies to cope with the crisis today. That means, give back to member states the power to set up their monetary poli-

cies; the power to set up the right mix of fiscal policies that they want. It's clear that a "one size fits all" approach cannot work, and is not working! A single monetary policy for 19 different countries that are facing 19 different economic cycles cannot work! Today, Germany probably would need a less accommodative monetary policy; Germany would need to have interest rates rising; Germany will need the end of quantitative easing. But it's clear that Italy and other countries need the continuation and increase of competitiveness and more of an accommodative monetary policy.

The fact that we agreed—and I'm going to conclude with this point—that we agreed on a public balanced budget rule, is impeding European countries and governments from dedicating appropriate resources for infrastructure investment, and that is not happening only in Italy, but also in Germany. Public investments in infrastructure in Germany are a bit low! They are not recovering after the financial crisis.

So, it is clear that we have to create a new framework of rules in Europe, in order to challenge this European Union framework that is failing to address European countries' policies. We have to create another Europe that will be the bridge between the Asian countries, the developing countries, the new world powers that are approaching the elite, and the United States. That's a role that Europe can do, but with the EU's current policy, with these provocations that the European Union is bringing face-to-face with Russia, with this new Common Defense Project provocatively putting of a lot of military forces at the border with Russia, the future of Europe and the European countries will be really, really tough.

We have to regain our sovereignty. We have to return power to member states, not only in terms of fiscal policy and monetary policy, but also in terms of diplomacy; and we have to coordinate all European sovereign countries in order to create more positive political scenarios for Europe, and for our historical partners outside Europe—Russia, Turkey, Iran, China, African countries, Egypt, and a lot of developing countries. It will be very important to create and set up a cooperative "win-win" approach that could benefit not only the Italians, not only Europeans, but people worldwide, in order to ease conditions, and to create development and opportunities for people in the continent of Africa, in order to stop these migration flows that are affecting the European Union.

Thank you very much for your time.