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Alain Parguez Emeritus Professor of Economics, University of Franche-Comté, Besançon-France (www.neties.com/parguez) Solution proposed to get out of the crisis.



By decree of the European council wealthiest States whose debt is still rather well rated, create a pool , a special fund managed by the European Investment Bank (EIB), issuing euro-bonds sold to the ECB, technically to the respective central banks at zero or quasi zero rates. Proceeds from euro creation by the ECB will be borrowed at quasi zero rates by Greece, Spain , etc... which could cancel enough share of their debt to reverse private banks expectations.

The success depends on three conditions.

First condition : No more destruction plans imposed on Greece. All existing destruction plans should be stopped.

Second condition : Proceeds of this acquisition of euro bonds should not be included into public debt, borrowing should be purely conventional.

Third condition : what about the future?

The technique is to fail if it only deals with past never to be reimbursed debt. It must free the future, allowing all member States to change the course of their policy and play again their anchor role. It means that the principle of privatisation of public finance should be jettisoned. Euro bonds must be issued by all member States to allow the reconstruction of the Euro-zone economy and society by public investments bypassing the still frightened private banks. The counterpart of these bonds is the accelerated growth of the stock of public capital including of course its crucial component; human capital.

Proceeds will be transferred to all member States and especially to poorest States to reconstruct their real economy devastated by addiction to punitive austerity imposed by France and Germany alike.

Comments:

“Could this solution be accepted? I have to express my strong doubts since it violates the hidden supreme purpose of the "Union". Instead of an hyper-capitalist system which is dying it could achieve a new mode of production what could be deemed social-capitalism. How could this evolution be accepted by Germany and especially by France which are more than ever starting the race to "Austerity" or "Rigor Mortis"?

No shrewd financial innovations can save what cannot be saved because it does not want to be saved.

The dismantling of the State, its privatisation shared by the whole EU rulers is the true cornerstone of the Union. What would banks do with the money created to save them, invest it in private assets never issued for real value generating expenditures. Henceforth, while destroying the real base of the economy and depriving public bonds of any real value, forced "reimbursement" of the debts will generate a new wave of hyper-speculation and capital gains plus dividends to former productive corporations motivating them to abandon without remorse the real economy! As for wished reimbursement before terms decreed by Germany and France for their own debt one can only cry before such a folly of the ruling elite!!! Finally, the loss of value of private assets, the collapse of the "financial markets" will be the twilight of the gods of EU Walhalla”