

What is politically feasible facing societal problems?

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Earlier we heard what is economically necessary to overcome the EU debt crisis. Now I want to concentrate on the question what is political feasible facing societal problems deriving from the EU debt crisis. Naturally speaking as a German I will put a focus on political solutions discussed by German politicians and the German society.

During the next fifteen minutes I will first give a very short introduction into to societal problems deriving from the EU debt crisis and how they are perceived in Germany. Then I want to put a tight focus on the political background in Germany and how this affects the political feasibility of possible solutions. On this basis I will examine the political feasibility of several possible measurements aiming to help the member states and to help the people directly. Finally I will summarize my speech in a short conclusion.

I. Societal problems deriving from the EU debt crisis

First it is to note that during the EU debt crisis the German media prioritized articles concerning budgetary, fiscal and tax politics and policies. Societal themes such as unemployment, retirement, infrastructure or fares within the Member States, especially in Greece, Spain and Portugal, were covered, but not in the same amount. Due to the fact, that we are in Greece I would like to focus especially on issues, which were addressed in Germany concerning the Greece society, also I acknowledge that Spain, Portugal and Ireland were also highly affected. A lot of the addressed problems can be transferred to those EU Countries.

For example, concerning the societal problems in Greece, Germans learned that for many Greek retirement pensions were cancelled or reduced, that unemployment is high, especially the unemployment among young people, and that there currently is a brain drain of Greece's well educated work force to other countries such as Germany.

So to sum this up it can be noted that the social problems, which the society are facing are of high importance because the existence of the inhabitants and the future of the young people is in danger. Problems that may not only affect the country but the whole EU.

II. Political background in Germany

There are several approaches to face these problems. But before we discuss these solutions I want to give you a short introduction to the political situation in Germany. Germany is a multi-party system. The current government is formed by a coalition of the Conservative party, to which our chancellor Merkel belongs to, and the social democratic party. But in the soon upcoming national election in fall 2017 this coalition might waver. During the last couple of years a new populist party, the so-called Alternative for Germany, has emerged. Members of this party criticize strongly the EU and the Euro. Some of their leading politicians

call for Greece's leave from the EU and the Euro treaty. They call for Greece's insolvency and want to deny the Greek people any further financial help. This party has lately been very successful in regional elections. Because of this success politicians of different parties fear that the Alternative for Germany will be elected into the national legislative, if not into the government. Especially for the current ruling Conservative Party the Alternative for Germany forms the biggest challenge. Against this background politicians of all parties, but especially of the current ruling Conservatives, are tentative with further political and financial help to other European states.

III. Political solutions and their feasibility

Keeping this in mind let's address the different approaches to solve the current societal problems deriving from the EU debt crisis. Since this conference takes place in Athens and we are in the wonderful position to discuss all these matters with our Greek colleagues I want to put a focus on the solutions discussed towards the Greek situation. Although there exist very interesting non-political private initiatives to face societal challenges in some Member States, for example the Union of German Greek Associations raises money to directly fund social projects in Greece, in the following I want to concentrate on approaches discussed on the political stage of the EU. Thereby one can differentiate between approaches aiming to help the member states and to help the people directly.

1. Approaches aiming at the national level

Let's begin with the approaches on the national level.

First of all, concerning Greece the question of a so-called 'Grexit' is no taboo anymore. Since this summer the people of Great Britain voted to leave the EU, the possibility of Greece leaving the EU or at least the European Monetary Union treaty is not off-limits any longer.

It must be noted though that the Treaty on European Union in its Article 50 does only know the voluntary exit, not a forced one. Furthermore this Article 50 of the Treaty on European Union deals only with the exit out of the EU, not the sole exit out of the European Monetary Union. Therefore German legal scholars come to the conclusion that a forced exit of Greece will only occur in the event of an international insolvency of the Greek state. So far such insolvency has been prevented due to the EU's financial help.

At the same time most German politicians stopped to mention this exit possibility in public because they are afraid that another leave will open Pandora's box and more and more EU member states will vote to leave the EU. And furthermore in the event of the current refugee flows coming from Syria and the African Continent towards Europe, some are quite glad that Greece can be used as a first bulwark. Actually this situation puts Greece in a new strong bargaining position.

Secondly, concerning Greece as well as all the other EU and Euro members, reforms on the EU and Euro level are discussed. For example there are calls for strengthening the banking union, for introducing new fiscal authorities and last but not least for a coordination of the economic policies of all member states through a new EU economic government. Although these measurements are very

interesting I won't go into any details here since at the moment at least in Germany there won't be any political majority to dispense any more sovereignty towards the EU. The highly politically influential German Federal Council of Economic Experts has even openly shown its disapproval of such dispensing thoughts.

Thirdly, the introduction of so-called Euro-Bonds was heavily discussed. Thereby one must note that there is not one simple definition of the term Euro-Bonds. As a matter of fact several possible form of Euro-Bonds are argued about, in particular classical Euro-Bonds with full joint and several liability of all Member States for the emitted amount, so-called Blue-Bonds and reduced bonds with only partial debt of the Member States.

Until now there do not exist any kind of Euro-Bonds. Neither the European Financial Stability Facility (EFSF) nor the European Stability Mechanism (ESM) nor the European Central Bank's purchase of government bonds may be qualified as Euro-Bonds.

Coming to the concrete question of the legal and political feasibility of so-called Euro-Bonds there arise two problems:

First, there is no explicit legal competence for the EU to issue Euro-Bonds.

Second, even if we interpret the Articles 352, 331 and 136 of the Treaty on the Functioning of the EU extensively to such an extent thus we affirm of such a legal competence, it is controversial if the so-called no-bail-out-rule in Article 125 of the Treaty on the Functioning of the EU forbids the issue of Euro-Bonds.

At least in Germany a majority of legal scholars tend to object Euro-Bonds. Also with regard to the German constitution and in particular the budgetary rights of the German legislative.

On this basis the project "Euro-Bonds" would certainly encounter strong political resistance in Germany.

Last but not least, during the last months German newspapers especially covered the issue of a debt relief or debt restructuring. According to a new study by the European School of Management and Technology in Berlin the lion's share of the financial help to Greece does not help the Greek people, but was used to serve existing debts. That means that old debts are just being replaced by new loans. That is why scientists recommend a further debt relief. The International Monetary Fund even makes a new debt relief for Greece to be a condition for its further help.

But against the background of the current political situation in Germany - as I have laid out before - the ruling conservative party strongly disapproves of a debt relief, at least not before the next national election in fall 2017. For example the German finance minister, Schäuble, stated that a debt cut would only be feasible after the conclusion of the third EU aid package in June 2018. At the same time the involvement of the International Monetary Fund was made a precondition for the German participation. This dilemma won't be solved easily. Most likely Germany won't approve of a debt relief but only of a restructuring of the debt in the way of longer repayment periods with an even lower interest rate.

But anyway all these strategies do not directly help the people in need. Therefore in a next step I would like to focus on approaches aiming to immediately help the people.

2. Approaches aiming to help the people

Concerning the possible approaches to face the societal problems on a more concrete level the president of the EU Parliament, Martin Schulz, called for assistance programs that directly aim to help the people in the countries in crisis.

As a matter of fact EU primary law, consisting of the Treaty on European Union (TEU), the Treaty on the Functioning of the European Union (TFEU) and the Charter of Fundamental Rights (EU Charter), bestows a social mission and mandate on the EU. For example Art. 3 of the Treaty on European Union stipulates the social mission and objectives of the EU to be the promotion of the well-being of its peoples.

For all these social fields, except the combating of social exclusion and the modernization of social protection systems, the EU is granted a law-making competence to adopt directives, but this power is limited in two ways: first the EU operates under the so-called “shared competence” according to Article 4 of the Treaty on the Functioning of the European Union, and second the EU can only establish minimum requirements.

Besides these directives the EU uses soft law measures like policy coordination to enhance social standards in the Member States.

Nevertheless, currently there is no comprehensive and coherent EU social policy. In most social policy areas there is no legal basis for an EU intervention. That is why in March 2016 the European Commission put forward a first, preliminary outline of what should become the European Pillar of Social Rights. It is not for sure that such an European Pillar of Social Rights will be accepted by the Member States as they would have to accept a further loss in their sovereignty. At least in Germany most politicians from the ruling Conservative party reject the forming of a social union. Furthermore, social policies within the Member States differ a lot from each other and it is uncertain if they can agree on a comprehensive social basis. Until then the EU can only assist the Member States with their efforts.

But now let’s look into how at the moment the EU can help to overcome the societal problems deriving from or worsened by the EU debt crisis.

The EU does have financial resources to invest in aid programs. Since 2010 the Directorate-General for European Civil Protection and Humanitarian Aid Operations ensures rapid and effective delivery of EU relief assistance through its two main instruments: humanitarian aid and civil protection. The problem is though that the financial resources for humanitarian aid are bound to be invested in non-EU-member states. Only under urgent and exceptional circumstances the resources may be invested within the EU borders, for example facing the refugee crisis. The financial resources for civil protection on the other

hand may be used within the EU but only to face natural and man-made disasters.

There is further EU funding that can be used to combat societal problems, as for example the European Structural and Investment Fund, the European Social Fund or the European Regional Development Fund. But all this funding is only available through the Member States and regions. The Funds do not fund projects directly from Brussels.

Last but not least in 2010 the European Commission formulated a long-term strategy for the year 2020 to combat economical and social challenges deriving from the financial and economic crisis of the last years. But this strategy as well rather summarizes political ideas and aims than concrete measurements.

For now the EU does not have any means to immediately distribute money or goods to the people in need in the member states affected by the EU debt crisis.

IV. Conclusion

It can be concluded that the different social problems some countries are facing in the aftermath of the EU debt crisis are known and acknowledged by the EU and the Member States. Different approaches are discussed both on a national and more economical basis and on a more social and society related basis. And although some approaches might seem to be economically more appropriate than others these approaches needn't be the ones politically feasible as I've shown in matters of the German reaction towards a debt cut for Greece. In the long run only a combination of different approaches can help to overcome social difficulties deriving from the EU debt crisis.