DGB

# From GATS to TISA

## Some Facts on the Economic Context

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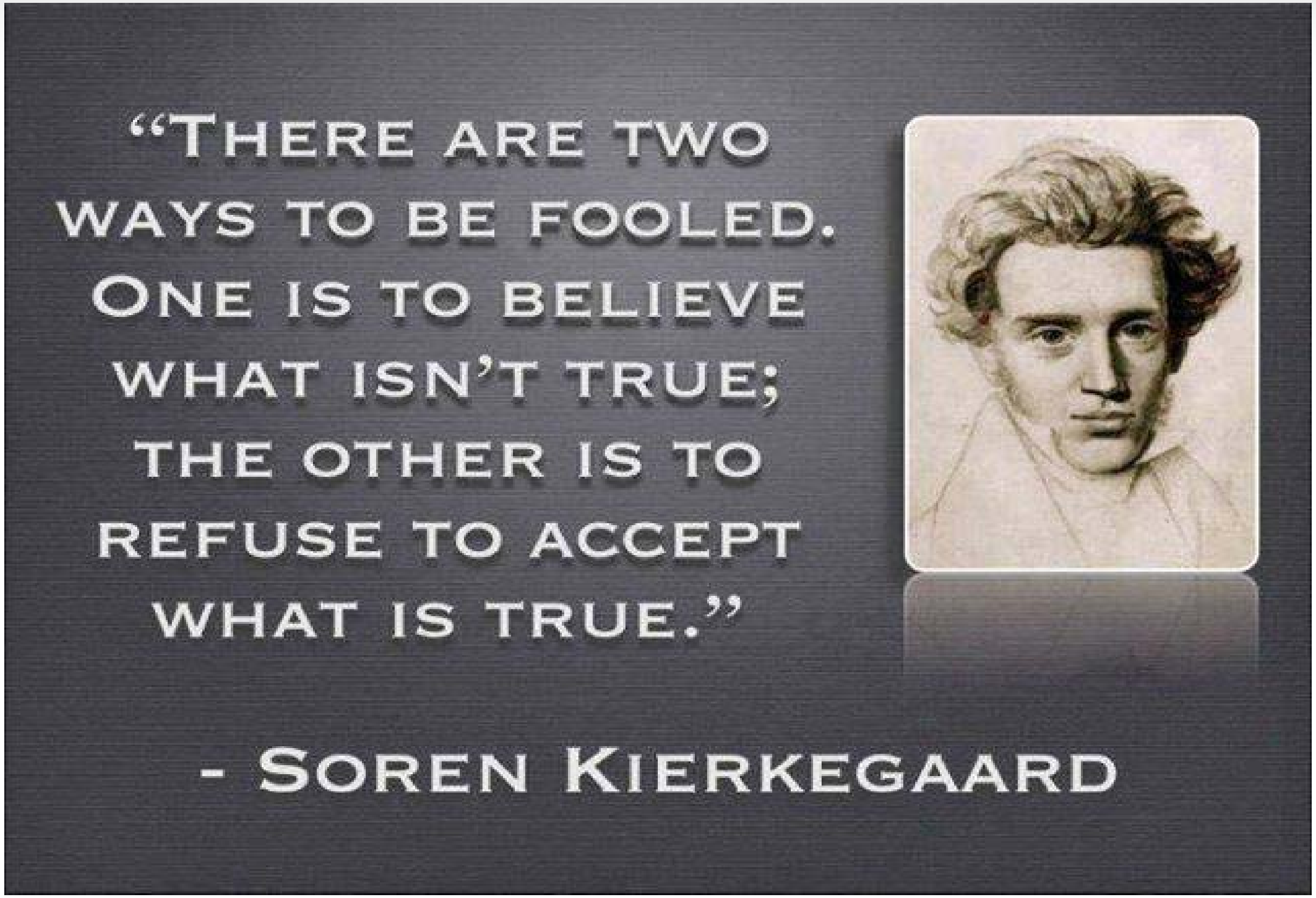
# To start with



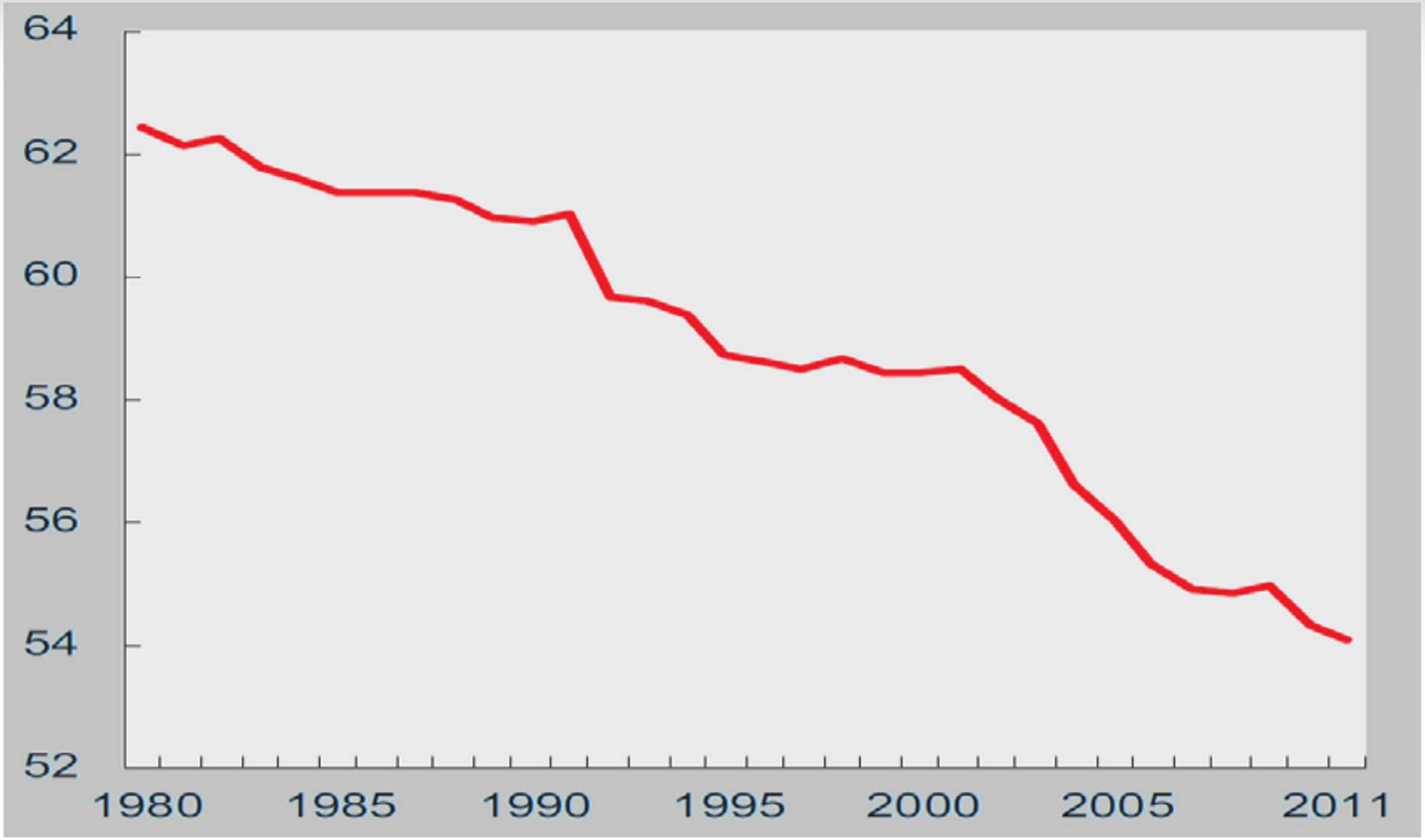
# Inequality requires regulatory capacity in secondary distribution

- Accounting equivalents: Income disparity in stocks (wealth, financial assets) and flows (wages, primary income): $R > Y_{nom}$ lead to falling wage shares:

| | |
|---|---|
| **Financial asset balance EU (€ m)** | **31000** |
| **R of 2%** | **620** |
| **EU GDP (€ m)** | **13000** |
| **nominal Y required (%)** | **4,77** |
| **inflation target** | **1,9** |
| **real Y required (%)** | **2,87** |

- Trade unions: value of labour as benchmark for fair globalisation – only the rich and affluent can afford a weak state !

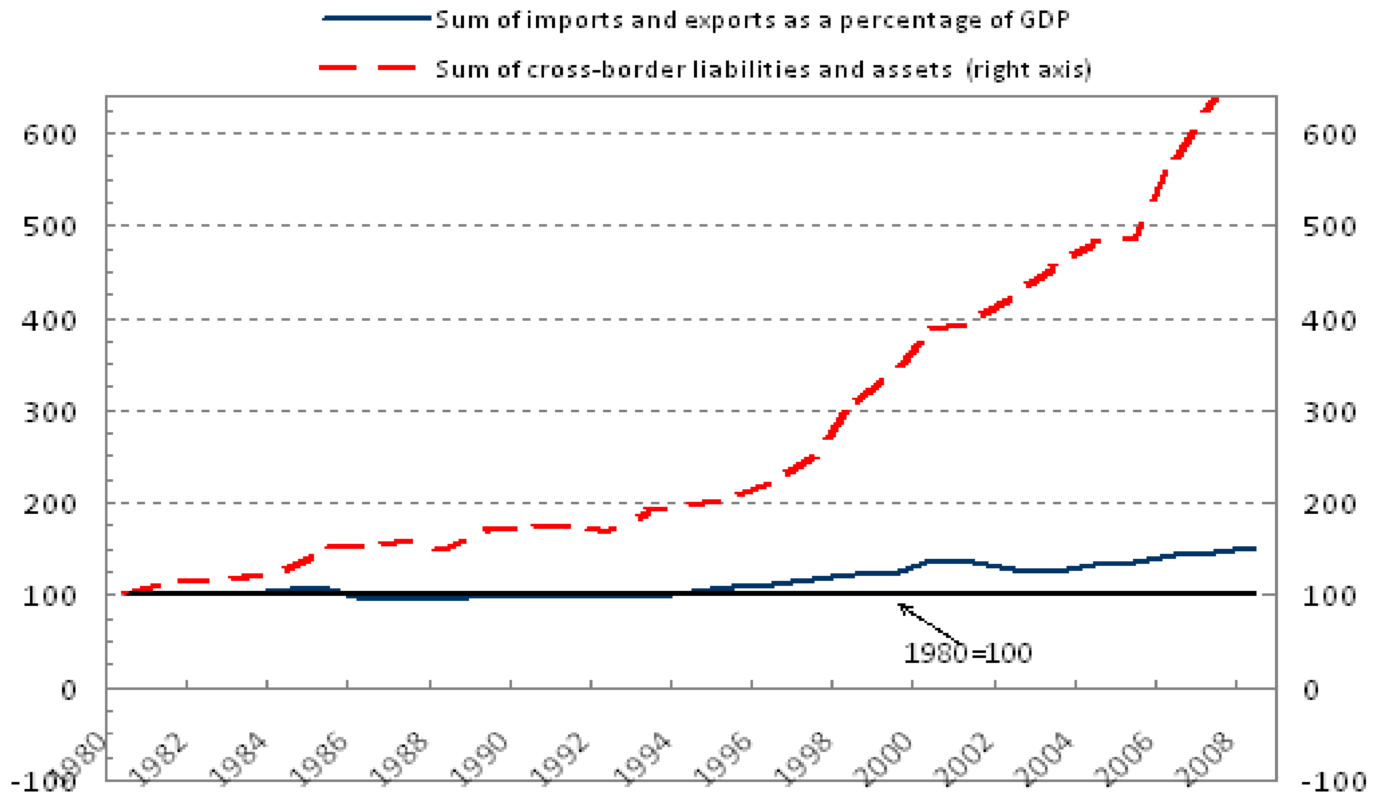
# Wage share relative to global GDP




UNCTAD Trade and Development Report 2013

# Cross-border market integration

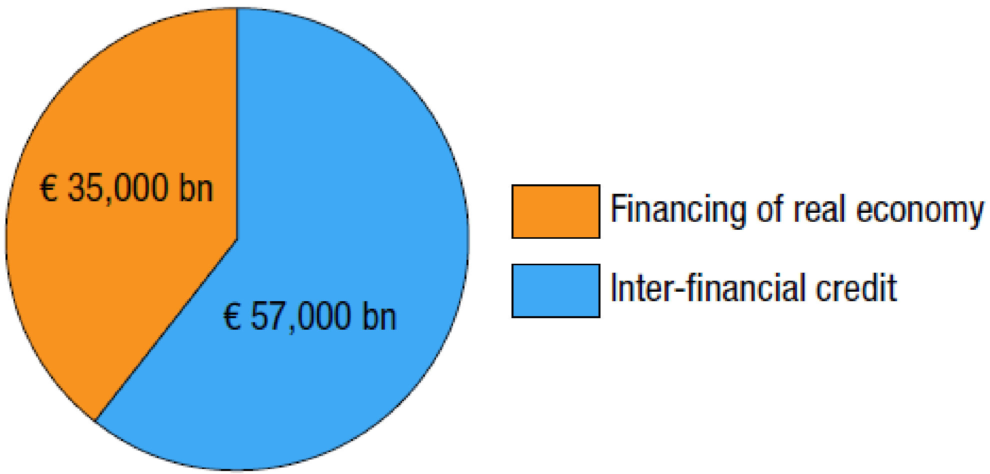
- Trade and financial market integration, OECD average, 1980-2008 (1980=100)




- Trade Integration is the sum of imports and exports in % GDP. Financial market integration is the sum of *cross-border* liabilities and assets in % GDP.

# Financial vs. Real Economy EA

**Size of inter-financial credit in relation to the financing used by the real economy**

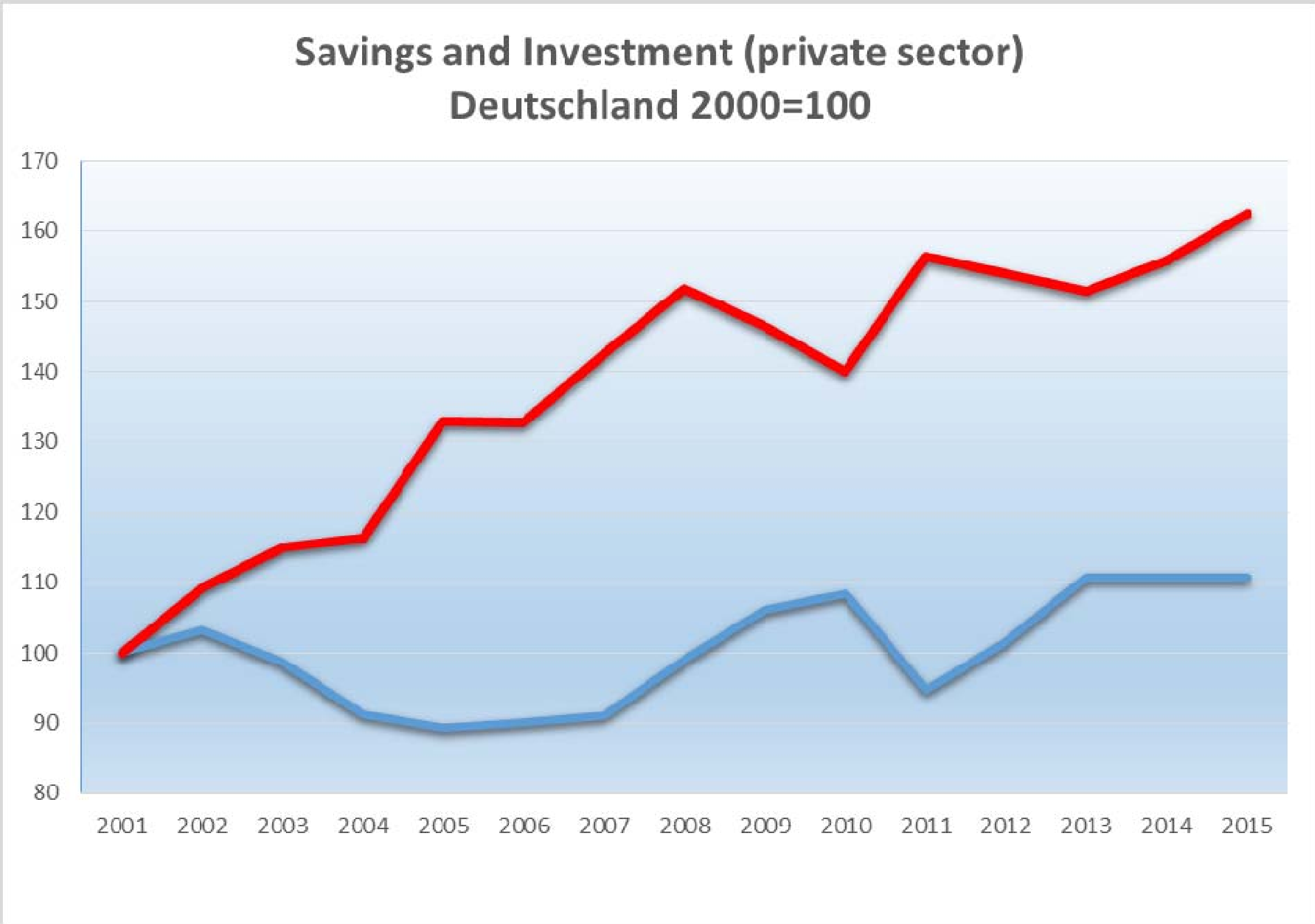



Data : European Commission (2014a)

The size of inter-financial credit amounts to € 57,000bn **(6.5x Euro area GDP)**, almost twice the financing used by the real economy (€35,000bn).

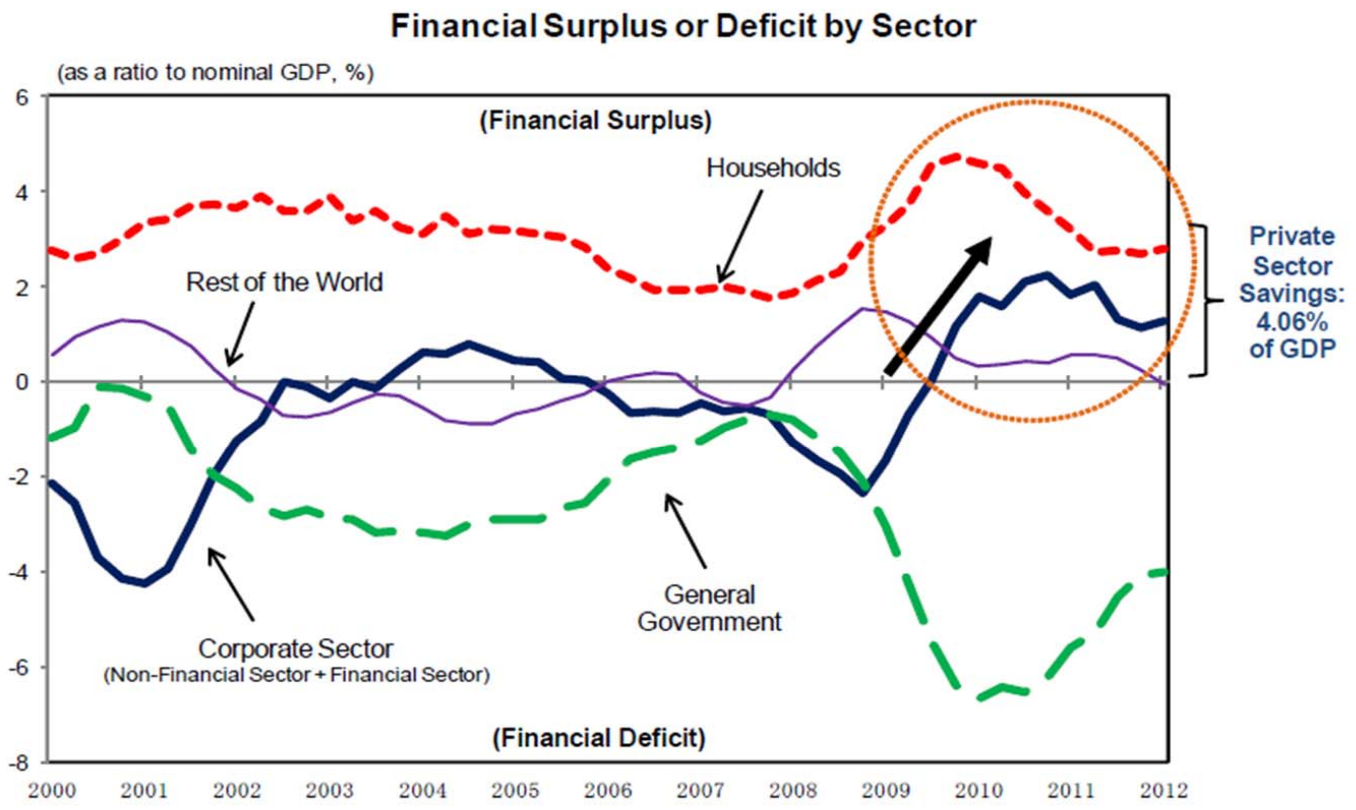
If the external sector and the governments are also taken into consideration, the financial sector provides less than 30% of its resources to the real economy and more than 70% circulated within such an "extended" financial sector.[9]

# Savings and Investment in an export-led economy 2000-2014




Source: Ameco, own calculations

# Euro Area in balance sheet recession (R. Koo)




Note: All entries are four-quarter moving averages. For the latest figures, four-quarter averages ending with 1Q/'12 are used.
Source: ECB

# Excess liquidity

(1) Traditional method: physical destruction of capital stock through war (out of fashion in Europe)

(2) Privatisation of common public goods (but increasing resistance in civil society)

(3) Debt financed bubbles (but negative externalities still fresh in memory)

(4) 'Financial repression': (a) high PIT's, sovereign bonds R<p tax deductible – (b) conservative US economists in favour of wealth levy of 3-4%

(5) Public Equity: Investment and Reconstruction Programme (Marshall Plan)

# Thank you for the attention !

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