Taming finance and re-politicising money creation

What is the situation? Causes of the so-called "public debt crisis":

The banking crisis of 2008 / 2009 was the moment when the flawed design of the Eurozone and its consequences became fully apparent. The **"public debt crisis"** that drove **austerity programs** was a direct result of transferring banking losses to the weakest taxpayers, which caused a social crisis in many European countries. These private, bank-generated debts drive the dynamics of public debt. Countries with a high level of debt are then unfavourably assessed within the international financial markets which leads to lower investment in those countries and as a result, a decrease in social benefits and a rise in unemployment.

In order to prevent a repeat of these problems and to increase investment in the real economy, borrowing activities of the banks must be limited and financial markets much more strongly regulated.

DiEM25 therefore proposes the following:

A social financial system with a set of basic policies that encourages sustainable banking:

A. Two simple rules for immediate regulation of banks and financial institutions:

1. Minimum **equity ratios** for Europe's banks of no less than 15% of assets.
2. No bank's **assets** should exceed 20% of the national income of the country in which this bank is domiciled.

B. Furthermore, DiEM25 proposes the following banking regulations:

1. Management of non-performing loans and framework for the restructuring and the resolution of banks. At the same time, loss of deposits must be avoided
   [see Infosheet (8/9): *The Eurozone must be fixed before it destroys Europe*]
2. Stronger risk regulations
3. Macroeconomic focus on supervisory legislation
4. Promoting new financial services, e.g. crowdfunding, blockchain, FinTech
5. Public digital payments platform
   [see Infosheet (3/9): *The Public Digital Payments Platform*]

C. Democratic control and management of banks:

In order to increase the level of investment, control and management of banks must be democratised: greater involvement of local, regional and national representatives in management of banks is needed. In this way it can be ensured that banks are acting in the interest of the general population.

D. Pan-European coordination of monetary, fiscal and social policies:

Europe's central banks, governments and the European Commission must coordinate fiscal, monetary and social policies so as to massively improve social and economic outcomes across Europe!