

Open letter from Italian businesses to Presidents Barroso and Van Rompuy

The European summit at the end of this month provides an excellent opportunity to send citizens and markets a strong and clear message from the leaders of European politics at every level.

Today, Europe is the victim of a fresh outbreak of strong financial tensions, while also facing a significant economic slowdown. This crisis has already afflicted our continent for the past four years.

Unemployment levels in certain areas of the Union and among certain categories, especially the young, are incompatible with continued, stable social cohesion.

The business world is heavily penalised. Operators suffer from the tensions in the financial markets and the weakness of demand.

This said, the temptation to blame the situation solely on macroeconomic factors should be avoided.

The current crisis is undoubtedly self inflicted, in part, due to a lack of courage and forward vision. The spirit and drive that led to the Monetary Union now appear to be lacking. We should remember that this Union was supposed to be, and is, the start of much broader integration and not the end of a process.

The common project launched after the Second World War has brought advantages for all, not least an extended period of peace. Markets have expanded, economies have grown with vigour and collective well-being has improved, while prices have remained broadly stable and interest rates low.

The same drive that led to the reunification of those divided also allowed those in temporary difficulty, faced with the healing of ancient wounds, to take the necessary time to solve their problems.

Today, this sense of community appears to have been lost and Europe looks increasingly like a collection of countries, each having to rely solely upon its own resources. Joint efforts contributing to the common good need time to bear fruit, but are left to the mercy of markets dominated by purely speculative intentions.

There is no alternative to the Euro or to Europe. Even those who today, wrongly, believe themselves immune may discover, to their dismay, the terrible and far-reaching consequences of a further weakening of the European Union.

Paradoxically, indicators for the European Union as a whole clearly place it among the world's most well-found areas. But, for quite some time, this solidity has not been accompanied by a vision of community. The consequences are visible for all to see.

Dangerous nationalistic sentiment is re-emerging, despite the many dramatic effects experienced periodically in Europe's past.

We must therefore turn back from the brink and relaunch with vigour the European spirit.

This means, first of all, that each country must take all necessary action to set its public borrowing on a credible and sustainable trajectory.

Work at Community level must not only check such efforts, but manage them too, following the necessary further devolution of national responsibilities.

Rigorous measures addressing the public accounts, greater recourse to fiscal leverage and approval of the necessary structural reforms, covering liberalisation, privatisation and the labour market, all need time for their positive effects to benefit the economies of each and every country.

During this period, objectively necessary, all possible measures must be adopted to safeguard and stabilise public borrowing throughout Europe. If not, recovery times may very well be extended, with inevitable and serious consequences from a social and political standpoint.

Accordingly, acting within its mandate and the responsibilities entrusted to it, the ECB must continue to ensure an adequate flow of liquidity to the economy, while maintaining intact the mechanism for the transmission of monetary policy. Such action should also include further intervention in the secondary market for government bonds, where the pricing for certain countries has lost all connection with reality and the true strength of the issuers concerned.

Any additional delay will contribute to the further deepening of the impending social crisis, with perverse consequences in terms of the political extremism that is already emerging as a result.

We need an immediate pact to stimulate growth, sustained by all necessary tools including, above all, the issue of project bonds.

Additionally, the adoption of a European pact on banking and a European system of deposit guarantees cannot be delayed any further.

We also need Community guarantees for a certain percentage of outstanding public debt. These would protect efforts to restore the equilibrium of public accounts from rises in the related refinancing rates, in part caused by the economic adversity deriving from the required austerity measures.

The European regulatory framework must be completed as soon as possible. We need measures to suitably regulate and monitor the shadow banking system, enhance the transparency of derivatives traded over the counter in order to reduce the related systemic risk, and eliminate the pro-cyclical effects of various regulatory requirements, not least certain accounting rules and the automatic application of agency ratings.

If it fails to shake off these troubles, Europe will lose both itself and its citizens, placing the peace and prosperity of the entire world at risk once again.

Standing united, all Italian businesses call strongly on governments not to miss the appointment fixed for 28 and 29 June, adopting the measures needed for Europe to become a true federation of States and restoring the spirit of reconstruction that swept aside the ruins of the Second World War.

The time for decisions has come. Immediate action is needed to assure a future of peace, well-being and growth throughout Europe.