From GATS to TISA
Some Facts on the Economic Context
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To start with

“There are two ways to be fooled. One is to believe what isn’t true; the other is to refuse to accept what is true.”

- Soren Kierkegaard
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:

<table>
<thead>
<tr>
<th>Financial asset balance EU (€ m)</th>
<th>31000</th>
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<tbody>
<tr>
<td>R of 2%</td>
<td>620</td>
</tr>
<tr>
<td>EU GDP (€ m)</td>
<td>13000</td>
</tr>
<tr>
<td>nominal Y required (%)</td>
<td>4.77</td>
</tr>
<tr>
<td>inflation target</td>
<td>1.9</td>
</tr>
<tr>
<td>real Y required (%)</td>
<td>2.87</td>
</tr>
</tbody>
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- 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

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.

Data: European Commission (2014a)
Savings and Investment in an export-led economy 2000-2014

Source: Ameco, own calculations
Euro Area in balance sheet recession (R. Koo)

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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 Rₚ 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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