

Draft Resolution

1 Tabled by the EGP Committee

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3 **A New Way for Europe: Sustainability, not Austerity!**

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5 Ending the destructive policy of austerity and implementing a future strategy which is innovative and
6 sustainable instead, putting the people and not the markets first, that was the call which European Greens
7 agreed to at the Madrid Council meeting of the European Green Party, in May 2013. Our statement said:
8 "Greens want to end poverty, reduce unemployment, strengthen European solidarity and put
9 sustainability at the core of a new economic dynamic!"

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11 In our Common Manifesto for the 2014 European elections we reiterated this stance. While the election
12 results of May 2014, however, did not allow to build a new majority in the European Parliament that
13 would be ready to break with the prevailing austerity policies, the outcome of the Greek national election,
14 that resulted in a new Syriza-ANEL government, has put the struggle over austerity back to where it
15 belongs – to the top of Europe's agenda.

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17 The EGP and the Green Group in the European Parliament vowed before the Greek election to support
18 change in Greece that would be defined by three priorities: To end austerity. To alleviate the country's
19 debt burden. To promote reform particularly towards a Green transition of the economy. As Greece
20 voted for change, we congratulate the Greek Greens to the new responsibility that they now have as a
21 part of the governing coalition with a Member of Parliament and the position of the Minister for
22 Environment, and are willing to support them fully in realizing these priorities.

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24 **A new beginning for Greece**

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26 The European Greens urge Eurozone governments, the European institutions and Greece to work
27 towards a solution to address the **social and humanitarian disaster** in Greece, to ensure
28 economic recovery and, to this end, to make Greece's debt burden sustainable. We believe this includes
29 the following elements:

30
31 *A more sustainable debt burden:* Greece's debt burden is unsustainable. The two adjustment programs have
32 been based on overoptimistic underlying assumptions regarding growth, with the result that Greece has
33 been stuck in a vicious circle of ever increasing austerity measures in exchange for loans. A country in
34 such a deep crisis cannot be expected to categorically prioritise the repayment of debt over urgent social
35 needs and the provision of basic public services.

36
37 Greece's primary surplus target of 4.5% of GDP needs to be reduced, in accordance with the
38 recovery of economic activity in Greece. There is a need to both extend the maturity of the
39 current loans and reduce the interest rate paid.

40
41 *Socially fair burden-sharing:* a substantial wealth levy needs to be put in place to ensure a socially fair sharing
42 of burden in Greece, with a view to also recovering resources lost through large capital outflows from
43 the richest part of society over the past few years. A cooperation within the euro-zone countries
44 should be developed in order to collect the product of the tax evasion.

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46
47 Such policy needs the active support of both the Commission and the other

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62 Member States and in particular the adoption of an ambitious EU legislative
 63 package aiming at reinforcing substantially at the EU level the fight against
 64 tax avoidance and tax evasion, the fight against aggressive tax planning and
 65 the establishment of a Common Consolidated Tax Basis with minimum rates.

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67 Green Recovery Plan for Greece: a properly conceived and designed EU investment plan could provide
 68 **massive investments** in Greece over the next three years without adding public debt to the Greek
 69 public sector. Such stimulus is required on top of the debt relief measures so as to allow the Greek
 70 economy to start a recovery on a Green and sustainable basis.

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73 Additional financing: The restructuring of Greece's financial obligations for
 74 2020 should not let the debt continue to grow. We therefore propose that
 75 under a third Credit program the European Stability Mechanism (ESM) takes
 76 over the payment obligations of Greece until 2020. So the obligations towards
 77 the ESM will replace the debts towards the IMF and ECB for Greece. By this
 78 Greece is temporarily relieved of repayment and interest payments and the
 79 nominal amount of Greek debt does not grow. In addition, the EFSF and bilateral creditors must not rule out conditioned
 80 debt service relief, because it may be necessary in order to secure the
 81 economic recovery and the success of reform efforts. The idea of Government
 82 bonds, of which the interest payments depend on the real economic output, is
 83 going in the right direction. In times of unforeseen shocks this can lead to
 84 more flexibility in the state budget. The majority of shares held by public
 85 creditors of Greek debt should be indexed accordingly.

Ann Verheyen 16/5/2015 14:37
Moved up [2]: Such policy need the active support of both the Commission and the other Member States and in particular the adoption of an ambitious EU legislative package aiming at reinforcing substantially at the EU level the fight against tax avoidance and tax evasion, the fight against aggressive tax planning and h establishment of a Common Consolidated Tax Basis with minimum rates. .

88 The ECB's Quantitative Easing programme could also play a role in reducing
 89 capital outflows from Greece and allowing for growth, by ending the current exclusion of Greece.
 90 In combination with assistance, the programme should focus on improving public governance, including
 91 measures for tackling tax evasion and tax fraud, judicial reform, party financing, media freedom, as well as
 92 measures to tackle the privileges of oligarchs and other protected sectors such as the Church and the
 93 ship-owners.

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Deleted: *Third assistance programme:* a third assistance programme will also be required covering the roll-over of debt coming to maturity (around €55bn in total by 2020). The programme could be financed by funding already foreseen for 2015 and 2016 in the second programme, combined with the purchase of additional GDP-indexed bonds by the ESM, an additional precautionary credit line under the ESM and market financing

95 Reducing the burden of bank recapitalisation: significant debt relief could be provided to Greece by means of
 96 an ex-post direct re-capitalisation of Greek banks, under the new program, as foreseen by EU
 97 governments under the European Stability Mechanism (ESM). The creation of a 'national
 98 development bank' cleaned of impaired assets and with a healthy balance
 99 sheet would be also an asset for triggering the required lending capacity in
 100 the real economy.

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102 Economic governance and the role of the Troika: the new program must be defined and negotiated
 103 overcoming the Troika framework under the provisions of the EU's economic governance rules ("two
 104 pack"), which include a debt audit obligation, and hence within the normal legislative procedure, so as to
 105 ensure full control of the European Court of Justice. The ECB should play a non-negotiating role of 'silent
 106 observer'.

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139 **A new beginning for Europe**

140 Austerity as the dominating dogma of EU policy makers in the European crisis has deepened this crisis in
141 social and economic terms, and has also gravely weakened and undermined democracy: indeed, the
142 alienation of public opinion towards the EU is growing because of its consistent inability to produce
143 sustainable and progressive solutions to the crisis and to the daily showing of the divisions of its members.
144 This is why turning away from austerity and creating a Green alternative is not just an issue in Greece, but
145 a necessity throughout Europe. This turn towards a better, greener future will not come without a fight.
146 The negotiations between the new Greek government and the Euro-Group have demonstrated that
147 ideologues of austerity and the interests for which they stand do not cede ground easily and are able to
148 use the fears and uncertainties of the people to try to convince them that solidarity is not viable.

149 | [The election of the new Green government](#) and the echo that it has received from so many corners of
150 Europe also signals, that time is running out on austerity policies beyond Greece's borders. Even if [most](#)
151 governments insist that austerity is the only game in town, people will not accept that indefinitely. People
152 in the so-called programme countries - Ireland, Spain, Greece, Portugal, Cyprus – have endured hardships
153 and social injustice far beyond the imagination of many supporters of austerity policies from different
154 political quarters. Austerity has brought high unemployment, particularly severe youth unemployment,
155 more restricted access to health care, more limitations in the provision of compulsory education,
156 decreased wages, decreased unemployment protection, decreased life standards for many pensioners,
157 restrictions in the access to legal aid, shrinking of labour rights and rising SME bankruptcies. But the boost
158 in consumer and investor confidence that austerity was supposed to provide never materialized, and the
159 Eurozone as a whole slid into recession, and then, in [number of](#) countries, into depression and deflation
160 [and very low inflation rates](#). The idea of shrinking your way into growth is intellectually dishonest,
161 it is not working and it is socially destructive. [What we Greens pursue is of course not](#)
162 [growth at any cost but sustainable and fair development for improved](#)
163 [livelihoods](#).

164
165 [We are highly concerned about the slow uptake of the Youth Employment Initiative, therefore,](#)
166 [we call on the EU Member States to activate it immediately and effectively](#).

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168 European Greens will continue to fight for an end to austerity in and beyond Greece: indeed, austerity is
169 putting at great danger the legitimacy of the European idea, pushing at the same time a tendency to re-
170 nationalise EU policies and de-democratising the decision-making process, excluding the EP and
171 multiplying the inconclusive meetings among member states.

172
173 [The EU will not overcome this crisis unless it takes into account not only](#)
174 [bureaucratic and financial criteria, but also their social and environmental](#)
175 [impact and their long term economic consequences and unless it provides a breathing space for](#)
176 [economic recovery](#).

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178 In this respect, the EFSI, also known as the Juncker investment plan, must be directed towards sustainable
179 investment that focuses on helping to kick-start new economic dynamic particularly in the countries hit
180 most severely by the crisis and towards the production of “public goods”, like education, R&D,
181 environment and culture. We believe that the review of the Multiannual Framework foreseen in 2016 can

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Deleted: Green Recovery Plan for Greece: a properly conceived and designed EU investment plan could provide €30bn of investment stimulus in Greece over the next three years without adding public debt to the Greek public sector. Such stimulus is required on top of the debt relief measures so as to allow the Greek economy to start a recovery on a Green and sustainable basis.

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Deleted: implement the Youth Employment Initiative and to come to the aid of the young unemployed as soon as possible. .

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Moved up [1]: After all, what we Greens pursue is of course not growth at any costs but sustainable and fair development for improved livelihoods. .

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235 be the occasion to launch a mobilization around the need of overcoming the limits of the EFSI, but also to
236 take up again the initiative around EU own-resources, the FTT, the carbon-tax and the “project bonds”.

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238 There must also be new European policies to allow industries in the debt-ridden states to have a fair
239 access to finance instead of the current blockage on lending imposed by the banks The EU needs to re-
240 double the efforts and extend the instruments to fight against tax evasion and tax havens.

241
242 We Greens insist that no compulsory request should be made to Greece by
243 the Eurogroup without taking into account social and environmental impacts
244 of the reforms and the time needed for Greece to reform the country in a
245 fairer way.

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247 We Greens reiterate our commitment for a democratic reform of the EU, assuring a shared sovereignty
248 in policies with a European dimension and deepening its integration in an efficient and transparent system,
249 notably as far as the issues of economic governance, taxation, budgetary and social affairs are concerned.

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251 We will invite all progressive forces who are interested to work together on a
252 common scheme plan for a reorientation of the European Union that would be
253 more democratic, social and ecological and engage into a structural dialogue
254 with all political and civil forces who share the same aims for reorientation of
255 our European future.
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Deleted: . We insist that new efforts must be made to come up with a sovereign bankruptcy mechanism instead of relying on the dogma of the fiscal compact to rein in public expenditure regardless of the consequences. The EU needs to re-double the efforts and extend the instruments to fight against tax evasion and tax havens. (if committee decide to take out their own text)