EUROPEANGREENPARTY

EGP 22ND COUNCIL

Draft Resolution

Tabled by the EGP Committee

A New Way for Europe: Sustainability, not Austerity!

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

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

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

A new beginning for Greece

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

A more sustainable debt burden: Greece's debt burden is unsustainable. The two adjustment programs have been based on overoptimistic underlying assumptions regarding growth, with the result that Greece has been stuck in a vicious circle of ever increasing austerity measures in exchange for loans. A country in such a deep crisis cannot be expected to categorically prioritise the repayment of debt over urgent social needs and the provision of basic public services. Greece's primary surplus target of 4.5% of GDP needs to be reduced, starting at 1.5% for 2015 and gradually increasing to 3.5%. There is a need to both extend the maturity of the current loans and reduce the interest rate paid. There should also be the provision to enable the swapping of debt held by public creditors with GDP linked bonds in response to adverse shocks.

Socially fair burden-sharing: a substantial wealth levy needs to be put in place to ensure a socially fair sharing of burden in Greece, with a view to also recovering resources lost through large capital outflows from the richest part of society over the past few years.

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. The ECB's Quantitative Easing programme could also play a role. In combination with assistance, the programme should focus on improving public governance, including measures for tackling tax evasion and tax fraud, judicial reform, party financing, media freedom, as well as measures to tackle the privileges of oligarchs and other protected sectors such as the Church and the ship-owners.

Reducing the burden of bank recapitalisation: significant debt relief could be provided to Greece by means of an ex-post direct re-capitalisation of Greek banks, under the new program, as foreseen by EU governments under the European Stability Mechanism (ESM).

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

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.

A new beginning for Europe

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

Though it is not predictable, whether the Greek government will succeed, whatever happens, their election and the echo that it has received from so many corners of Europe also signals, that time is running out on austerity policies beyond Greece's borders. Even if governments insist that austerity is the only game in town, people will not accept that indefinitely. People in the so-called programme countries - Ireland, Spain, Greece, Portugal, Cyprus – have endured hardships and social injustice far beyond the imagination of many supporters of austerity policies from different political quarters. Austerity has brought high unemployment, particularly severe youth unemployment, more restricted access to health care, more limitations in the provision of compulsory education, decreased wages, decreased unemployment protection, decreased life standards for many pensioners, restrictions in the access to legal aid, shrinking of labour rights and rising SME bankruptcies. But the boost in consumer and investor confidence that austerity was supposed to provide never materialized, and the Eurozone as a whole slid into recession, and then, in numerous countries, into depression and deflation. The idea of shrinking your way into growth is intellectually dishonest, it is not working and it is socially destructive.

European Greens will continue to fight for an end to austerity in and beyond Greece: indeed, austerity is putting at great danger the legitimacy of the European idea, pushing at the same time a tendency to re-nationalise EU policies and de-democratising the decision-making process, excluding the EP and multiplying the inconclusive meetings among member states.
We European Greens argue for a radically different approach - a Green alternative that is based on justice and responsibility, on solidarity and sustainability. We demand a policy, which responds to the interests of

Europe's citizens, rather than punishing them. In doing so we build on the Green New Deal we advocate since 2009. The EU will not overcome this crisis unless it takes into account not only bureaucratic and financial criteria, but also their social impact and long term economic consequences and unless it provides a breathing space for economic recovery.

In this respect, the EFSI, also known as the Juncker investment plan, must be directed towards sustainable investment that focuses on helping to kick-start new economic dynamic particularly in the countries hit most severely by the crisis and towards the production of "public goods", like education, R&D, environment and culture. We believe that the review of the Multiannual Framework foreseen in 2016 can be the occasion to launch a mobilization around the need of overcoming the limits of the EFSI, but also to take up again the initiative around EU own-resources, the FTT, the carbon-tax and the "project bonds". There must also be new European policies to allow industries in the debt-ridden states to have a fair access to finance instead of the current blockage on lending imposed by the banks. 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.

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