

Adopted Resolution

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 disaster in Greece, to ensure economic recovery and, to this end, to make Greece’s debt burden sustainable. The new Syriza-led government has a mandate for change. Urgently needed ecological and socially-balanced reforms have to be implemented against influential clientele groups. 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. The public debt sustainability concept needs hence to be reviewed on the basis of a fundamental rights oriented approach. Debt service obligations must not represent an obstacle for the provision of sufficient minimum resources for financing essential services.

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

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. Moreover, all capital owners, including the property owned by the Church, must be taxed appropriately.

A cooperation within the euro-zone countries should be developed in order to collect the product of the

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tax evasion.

Such policy needs 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 the establishment of a Common Consolidated Tax Basis with minimum rates.

Green Recovery Plan for Greece: a properly conceived and designed EU investment plan could provide massive investments 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.

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

The ECB's Quantitative Easing programme could also play a role in reducing capital outflows from Greece and allowing for growth, by ending the current exclusion of Greece. In combination with assistance, the programme should focus on improving public governance via possible capacity transfer through close co-operation with other Member States and international bodies, including measures for tackling tax evasion and tax fraud, establishing competent tax authorities, against corruption, judicial reform, party financing, media freedom, reduced military purchases 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). The creation of a 'national development bank' cleaned of impaired assets and with a healthy balance sheet would be also an asset for triggering the required lending capacity in the real economy.

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'.

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

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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. We criticize the nationalistic rhetoric, which is covered and used by some media outlets around the meetings of the Euro-Group, enforcing anti-european spirits and ideas.

The election of the new Greek government 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 most 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 a number of countries, into depression and very low inflation rates. The idea of shrinking your way into growth is intellectually dishonest, it is not working and it is socially destructive. After all, what we Greens pursue is of course not growth at any cost but sustainable and fair development for improved livelihoods.

We are highly concerned about the slow uptake of the Youth Employment Initiative, therefore, we call on the EU Member States to activate it immediately and effectively.

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.

The EU will not overcome this crisis unless it takes into account not only bureaucratic and financial criteria, but also their social and environmental impact and their long term economic consequences and unless it provides a breathing space for economic recovery and keeps up the goal of achieving sustainable budgets in the long term.

It is time for a sustainable investment program in Europe. We should seize the opportunity of currently low oil prices to invest massively in renewable energies, energy efficiency and new green technologies. For us it is obvious that the EFSI should stimulate European Green New Deal projects. The EFSI 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, clean and affordable energy, R&D, environment, rail infrastructure, high-speed internet 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, instruments to stabilise the economy such as a fiscal capacity for the Economic and Monetary Union and mechanisms to address shocks that affect only parts the the euro area, common eurobonds, a common deposit guarantee scheme, the FTT, the carbon-tax and the “project bonds”. Furthermore, the EU loses one trillion euros every year due to tax avoidance and evasion; money that is urgently needed for investment. In order to avoid excessive deficits, policies cannot only address the expenditures, but must also make a contribution to the improvement of the revenue side. We need a Europe-wide common corporate tax base. In addition, we will continue to combat tax havens, make tax-rulings transparent to the public and introduce country-by-country reporting for cross-border companies.”

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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. The EU needs to re-double the efforts and extend the instruments to fight against tax evasion and tax havens.

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

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.

We will invite all progressive forces who are interested to work together on a common scheme plan for a reorientation of the European Union that would be more democratic, social and ecological and engage into a structural dialogue with all political and civil forces who share the same aims for reorientation of our European future.