

From words to action

A 12-month action plan to set Europe on a sustainable path

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Introduction

Ever since the financial crisis started, the European Council has convened “decisive” summits. While no one can reasonably argue that those failed to deliver any substantial results, one cannot fail to observe they could not prevent the crisis morphing into a combination of economic, social and political downward spiral, all the more so since the speed of financial markets is not compatible with the decision pace of democratic societies.

After declaring in February that *the worst part of the crisis has been overcome*¹, President Van Rompuy stressed in March that Europe had *reached a turning point*². Apparently, it was not for the better.

On June 28-29, the European Council met again. Some important steps towards a banking union have been taken, but indispensable decisions for comprehensive solutions have once again been delayed.

We European Greens urge the heads of State and Governments to acknowledge four crucial facts that they have so far elected to ignore, i.e.

- Unsustainable public finances or lack of competitiveness, while being aggravating factors, are not the main causes of the crisis we’re in: at the heart of the problem lies the global increasing inequality of incomes and wealth in the last decades going hand in hand with an over-leveraged and over-extended financial sector benefiting from implicit and explicit public guarantees.
- Any crisis response should make a U-turn away from our current economic model running on financial, social and ecological debts. In the past decades our economic growth was fuelled by unsustainable consumption patterns based on untenable debt levels. This is no sustainable pathway. We are getting close to an ecological debt crisis due to the burden we put on the environment. The wasteful way we use our resources is furthermore one of the hidden causes behind the recent worldwide economic turmoil. After hundred years of declining resource prices we are now faced with prices that are skyrocketing. All the more reason to move away from the careless way we have used and produced our energy and resources.
- The total private debt burden across Europe has reached such dimensions that it is unlikely to become sustainable without some form of restructuring. In any case a number of financial institutions will need to be restructured or in some cases wound up in an orderly way;
- No monetary union is sustainable without a strong, fiscal and political union; coordination cannot be an effective substitute to integration.

Building-up on the twelve Green proposals for a socially just and environmentally sustainable solution to the crisis as adopted in the 'Paris declaration' by the European Greens in November 2011, we detail here a set of 39 concrete policy measures that should be adopted over the next 12 Months. Nearly all of them are feasible within the current Treaties; what they require is a clear vision and a political will, that is: leadership.

1 Speech at the Humboldt University, Berlin on 6 Feb 2012

2 Speech at the European Parliament, Strasbourg on 14 Mar 2012

Emergency stabilisation measures

Measure	Rationale	In charge	Decision date	Effective by
Put in place ESM	Have instrument for protecting sovereigns & major financial institutions at risk	MS Parliaments		31 Jul 2012
Provide ESM with banking license	Give ESM access to ECB liquidity and act as lender-of-last-resort for sovereigns	EU Council	9 Jul 2012	1 Sep 2012
Allow ESM to recapitalise financial institutions and increase its ceiling	Enable orderly restructuring or rescue of institutions at risk	EU Council	29 Jun 2012	1 Jul 2013
Communitarise the ESM through a TFEU revision	Strengthen the EU institutional framework and improve democratic control	EU Council	18 Okt 2012	1 Jul 2015

Longer-term measures enabling a fiscal union

Measure	Rationale	In charge (D=decision, E=execution)	Decision date	Effective by
Complement the existing economic governance regulations by adopting the 2-pack as agreed by the European Parliament	Provide legal basis for enhanced monitoring of budgetary policy of euro area Member States and MS and for intervention in countries at risk	EU Council EU Parliament	15 Jul 2012	1 Dec 2012
Decide the establishment of a debt redemption fund	Insulate the issue of outstanding debt from that of current management of public finances	EU Council	18 Oct 2012	1 Jul 2013
Establish a roadmap towards the establishment of Euro-bonds including intermediate steps and conditionalities	Mutualisation of public debt in order to provide liquidity and sustainable interest rates	EU Commission	18 Oct 2012	1 Jan 2013/ 29 Jun 2012

Allow the use of the qualified majority rule for fiscal issues by using Article 48.7 of the Treaty on European Union	This Article opens the way for a simplified reform of the Treaty and states that the Heads of State and Government can unanimously decide to submit most of sensitive issues to the QMV instead of unanimity. This move would make the decision making more efficient and faster when it comes to taxation especially.	EU Council	18 Oct 2012	1 Jan 2013
Establish a financial transaction tax as per Commission proposal	Provide additional financial resource to EU and national budgets and curb harmful transactions	EU Council or enhanced cooperation	10 Jul 2012	01 Jan 2013
Reinforce the democratic legitimacy and ownership of EU or euro area economic policy <i>inter alia</i> by extending co-decision and reinforcing democratic checks and balances including: <ul style="list-style-type: none"> • Launching a Convention for the future of Europe • a reinforcement of EP power on the EU Semester, Growth and Stability Pact and Excessive Imbalance Procedure 	A Fiscal Union requires as a necessary counterpart the strengthening of more democratic EU institutions	EU Council or enhanced cooperation A Convention	18 Oct 2012	01 Jul 2015
Adopt Common Consolidated Corporate Tax Base as per Commission proposal amended by European Parliament (mandatory regime for non-SMEs)	Pre-condition for harmonisation of corporate taxation	EU Council	10 Jul 2012	01 Jan 2013
Establish roadmap towards the full harmonisation of corporate taxation	Provide additional resources through curbing tax avoidance due to tax competition (Target rate: 25%)	D: EU Council or enhanced cooperation E: EU Commission	10 Jul 2012	01 Jan 2018
Adopt the savings tax directive including mandatory automatic exchange of information between MS	Curb tax evasion and fraud	EU Council	10 Jul 2012	01 Jan 2013

Initiate collective negotiations with Switzerland in order to obtain automatic exchange of information between CH and MS	Curb tax evasion and fraud	EU Commission	10 Jul 2012	01 Jul 2013
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Measures aimed at stabilising the financial sector

Measure	Rationale	In charge	Decision date	Effective by
Complete the roadmap to a banking Union which shall include <i>inter alia</i> : <ul style="list-style-type: none"> • Develop together with the EP direct European supervision of banking institutions with democratic accountability • an EU (or at least euro area) deposit guarantee scheme • an EU (or at least euro area) banking resolution fund 	Provide the common required tools for a resilient EU banking sector	Council and EP	15 Jul 2012	01 Jan 2013
Adoption of CRD4/CRR1 as voted by EU Parliament, imposing higher capital ratios, binding liquidity and leverage ratios, tighter rules on remunerations; higher ratios for SIFIs	Make banks safer	EU Council EU Parliament	15 Jul 2012	01 Jan 2013 + staged implementation
Adopt a regulation for the separation of bank activities	Make banks safer	EU Council EU Parliament	15 Jul 2013	01 Jan 2015 + staged implementation
Impose carbon stress tests to financial institutions	Make banks safer given that climate risk ought to be considered as systemic risk	EU Commission to make proposal	2013	

Mandate public pension funds and incentivise private pension funds to allocate a proportion of their portfolio to green investments and companies	To support financially the transition to a low-carbon, high renewables, resource-efficient and climate-resilient economy while avoiding jeopardising households' savings	EU Commission to make proposal	2013	
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Measures aimed at stimulating the economy

Measure	Rationale	In charge	Decision date	Effective by
Raise CO ₂ targets to -30% by 2020 and set aside CO ₂ allowances from the auctioning regulation of EU's Emission Trading System.	Address the issues that are currently depressing the carbon price such as the massive over-allocation of pollution permits out of the Emission Trading System (ETS) that will also raise extra revenues for governments. Moving to a 30% cut could create up to six million jobs. The resulting higher CO ₂ price will furthermore increase the MS' auctioning revenues substantially, as much as €200bn by 2020.	EU Commission to table proposal		01 Jan 2013
Increase capital of EIB by a further €5 bn, with the exclusive aim to reach EU's 2020 targets	Increased capital allows to provide for increased loans for green investments in the real economy and increase democratic control.	EU Council EU HoS to take decision	18 Oct 2012	

Better use of non-spent structural funds by giving more priority to: - Youth unemployment - Innovative SMEs - Energy efficiency - Renewables and modernisation of electricity grids Ring-fencing of at least 20% of EU Structural funds for energy efficiency, renewables and modernisation of electricity				
Launch project bonds to leverage investments in sustainable energy and transport infrastructure, especially in countries like Greece and Spain	Encourage sustainable investments in the EU to meet our agreed 2020 energy and climate goals. As a priority, project bonds should be broadened from infrastructure only to supporting the development of renewable energy and energy efficiency in MS like Greece and Spain (like Helios).	Commission to table proposal		
Adopt the Energy Efficiency Directive including setting national Binding resource energy efficiency rules saving targets	Create 2 million green jobs expected by 2020, most of them in the hard hit construction sector. Lessen the heavy dependence on energy imports (up to 200 billion euros per year by meeting its 20% energy saving target by 2020).	EU Council EU Parliament Done	29 Jun 12	01 Jan 2013
Adopt resource use indicators (i.e. the land, water, carbon and material footprint) and related reduction targets, while safeguarding that energy savings from eco-design decisions are not slowed down.	Using resources smarter and more efficient will give a boost to our economies and can create up to 3 million jobs. Every percentage point reduction in resource use could lead up to 100,000 to 200,000 new jobs.	EU Commission to make a proposal	2013	
Integrate product and waste policies to ensure smart design of products and avoid waste.	Promote recycling and energy savings by reframing the Ecodesign directive.	EU Commission to make proposals	2013	

Simplify and consolidate the Community anti-fraud legislation and strengthen cooperation between the Commission and the Member State	Address the weaknesses of the current VAT system for which the estimated annual cost is around 80 to 100 billion euro by improving cross-border prosecution of intra-community VAT fraud and increasing accountability and risk awareness in this area	EU Commission to make proposals	2013	
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Setting the prices right to kick-start the economy

Measure	Rationale	In charge	Decision date	Effective by
EU's fiscal recovery away from taxing labour and towards taxing pollution and the wasteful use of resources. As a start, Member States should adopt the revision of the Energy Taxation Directive	Reconcile both aims of overcoming our debt crisis and protecting the environment. Revenues from carbon and energy taxes could cut Spain's budget deficit by fifteen percent a year by the end of this decade for example.	EU Council	this year	2013
Elimination of environmentally harmful subsidies: <ul style="list-style-type: none"> – at the EU level: by addressing this issue in the multi-annual financial framework (MFF) and by abolishing subsidies to coal power plants; – at the national level: by reporting progress in the National Reform Programmes and monitoring them (with EU recommendation) 	Consistency with the objective of sustainable development enshrined in the Treaty.	EU MS Commission	2014	asap

Substantially green Europe's Common Agricultural Policies	Restore healthy and robust European ecosystems, that are resilient to climate change, are vital for our for long term food security and the provision of public goods by supporting agro-ecological innovations, putting carbon in the soil (humus), improving nutrient and water retention, closing the nutrient cycle and recycling energy. Make local economies and communities more vibrant and resilient.	EU Council EU Parliament	01 Jun 2013	01 Jan 2014
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Towards a more democratic and socially balanced economic governance

Measure	Rationale	In charge	Decision date	Effective by
Codify the Annual Growth Survey and the process leading to the adoption of the Country-Specific Recommendations	Increase accountability by granting co-decision right in drafting the priorities contained in the AGS and specifying that the CSR will be defined according to the commitments taken by the Member States and the progress since then and towards their national objectives. Draft CSR will be discussed in the national Parliaments and representative and legitimate stakeholders. MS will follow the "comply or explain" rule regarding the CSR.	EU Commission EU Council EU Parliament	18-10-2012	2013
Agree on procedures that allow for true parliamentary debate and civil society and social partner involvement in drafting and concluding National Reform Programmes	Strengthen democratic legitimacy at national level of the EU policy guidance in the European Semester	EU Council National Parliaments, Governments, Civil society & social partners	Autumn 2012	01-01-2013

Put budgetary discipline and EU2020 objectives on an equal footing when applying the rules of the Stability and Growth Pact	Put in place the conditions for a balanced and sustainable economy. This may imply postponing the deadlines to respect the Excessive Deficit Procedure	EU Commission EU Council	18-07-2012	01/01/2013
Revise the scoreboard on macro-economic imbalances to include new indicators in it including income inequalities, employment rate in full time equivalent, people at risk of poverty and social exclusion; treat all indicators equally and respect, where appropriate, symmetric thresholds (unit labour cost, current account, credit to private sector...)	Rebalance the macroeconomic imbalances procedure to ensure a fair burden sharing between/within Member States.	EU Commission EU Council	Autumn 2012	Alert Mechanism Report 2013
Accompany the Annual Growth Survey with a social impact assessment and implement it again in relation with the macro adjustment programme that applies to MS that received financial assistance	Implement Article 9 of the Treaty on the Functioning of the EU, the so-called social horizontal clause.	Troika Commission/ECB/ IMF EU Parliament	18-06-2012	01/01/2013
Adopt a national job plan with sectoral measures for job creation in particular in green sector, ICT sector and care sector. Ensure job quality.	Follow up on the commitment to submit national job plans. Implement the measures proposed in the Commission staff working papers accompanying the April jobs package to create millions of jobs and give the priority to these measures deemed to be positive for the young people.	Member States	Autumn 2012	Autumn 2012
Implement the youth guarantee with the help of mobilising unused structural funds	Combat the extremely high levels of youth unemployment	EU Commission Member States	Autumn 2012	Autumn 2012

Adopt a community framework for Services of General Interest	Ensure that the SGI that are affected by cuts in Member States budget will be able to function so as to achieve their mission and continue to play their crucial part in promoting solidarity, social inclusion and long term outlook.	EU Commission to make proposals	2013	
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Constitutional initiative

Measure	Rationale	In charge	Decision date	Effective by
Convene a convention	Modifying the EU Treaty so as to allow <ul style="list-style-type: none"> - Euro-bonds - Greater responsibility and accountability of EU Commission in economic governance - Co-decision and QMV on taxation 	EU Council or EU Parliament	18 Oct 2012	01 Jan 2013