

A green economic vision for Europe

Setting the scene

The Green economic vision

The European Greens believe that human activity should take into consideration that we are part of a rich yet finite, interdependent and fragile ecosystem. Within this context we view the economy as a tool, and not an objective in itself. The priority of the economic activity is to meet the basic needs and to contribute to a better quality of life for all, now and in the future.

We can only have a healthy economy when the earth is healthy; environmental and social sustainability are a prerequisite for a green economy. Present generations do not own the earth, but use it and hold it in trust on behalf of future generations. Sustainable development meets the needs of the present generation without compromising the needs of the future generations.

A green economic vision puts social and environmental justice and equity within nations and between nations at the centre. This includes a just use of the earth's resources and reversing the trend of widening the gap between the rich and the poor. We seek to reduce the inequalities in the distribution of power and access to resources. Every person has the right to meet their basic needs: clean air, water, food, soil, shelter, energy, health, freedom. Every human being has a right to solidarity, democracy, self determination, autonomy, responsibility, dignity, self fulfillment. The economy should enhance wellbeing rather and not detract from it.

A green economy is an innovative and creative economy with a central role for investments in sustainable development and green technology. It is an adaptable economy that creates a lot of new opportunities, in particular on the labor market, making it possible for everyone to exploit his or her talents. Key to greening the economy is to make it less intensive in its use of natural resources.

Why We Cannot Stay on the Current Course

The contemporary challenges are unprecedented not only ecologically; the globalisation of markets, of the financial flows and of communication is breaking out beyond the existing structural or institutional boundaries and is causing stress to national economies. On the basis of knowledge, culture and innovation our European industrial societies of the past century turn into a very complex service economy, massively outsourcing the production of its industrial goods, and the related pollution, to countries such as China, India, Brazil and other emerging countries. Besides, more and more aspects of life have been turned into mere commodities.

While the economy acts globally, the various social security systems remain based on national or regional levels. The erosion of tax revenues as a result of harmful tax competition, the practice of corporate tax evasion and existence of tax havens, have led to an unjust tax system and aggravate the financial crisis of the European welfare systems. Mass unemployment, ever increasing health expenditures and demographic change make most of the current social support system based on the taxation of labour, no longer viable in many countries. These developments make it more and more difficult for national governments to maintain, let alone improve, social security systems.

Wealth and poverty accumulate in previously unseen dimensions. The social gap between rich and poor between individuals within societies, between women and men, between regions and countries, between North and South is widening. Today the wealth of the 200 richest people in the world equals the income of the 2 billion poorest people on the planet.

That climate change is becoming more and more of a threat is shown dramatically by a number of irrefutable facts. Competition to exploit non-renewable energy sources is becoming increasingly not only a commercial issue but also a question that goes to the heart of international politics becoming even a threat to international peace. Entire regions, if not countries, are threatened by rising sea levels. The climate crisis is the most visible example of environmental deterioration but the environmental crises also includes the loss of biodiversity, excessive waste, deforestation, chemical contamination, electronic pollution, noise, soil damage and water pollution.

The Stern Review on the costs of Climate Change (2006) has described the challenge very clearly. If we do not make the required investments (1 to 2% of global GDP) to implement the changes that will be required in order to fight climate change, the environmental and economical consequences and costs will be unprecedented and irreversible. If not acted upon now, these costs could ultimately rise up to 20 % of GDP within a few decades.

Current economic growth presents a serious “collateral” effect : the destruction of natural capital. Nevertheless this destruction is identified as a negative external effect but mainstream economists usually fail to incorporate this insight into the policy recommendations they derive from their models or into macro economic arguments they promote. The services delivered by

this “natural capital” benefits enterprises and is far from being reflected in the real cost of the products. The full inclusion of the destruction of natural capital in the calculations would result in a correctly stated GDP growth figure (based on true benefits obtained for society) that would be significantly lower. As the Millennium Ecosystem Assessment delivered in March 2005 by the UN says: “a significant number of countries that present a positive economic growth would in reality show a reduction of their welfare if the degradation of the natural resources would be included in their national accounts”.

At the core of the mainstream economic policy are the aims of ever increasing GDP growth and high mass consumption. The Greens believe that measuring progress by an increasing GDP alone is misleading. For example, the Erika tanker sinking increased GDP due to the salvage of the tanker and cleaning the beaches. Similarly, car accidents, natural hazards, illnesses, all contribute to GDP. On the other hand, some activities such as domestic activities, voluntary, unpaid caring work are not taken into account at all in measuring this index. Already today with a global GDP of around 43 trillion dollars, we are facing a completely unsustainable situation. How can we imagine that with present growth patterns the planet will deal with a level of GDP projected to reach around four times the present level in 2050 (175 trillion dollars in constant terms)? We cannot have unlimited GDP growth in a finite ecosystem.

Many of the issues and challenges mentioned above cannot be solved by market mechanisms alone and sometimes competition has proved to be counterproductive, especially when it comes and public goods such as access to water for instance. Left to themselves markets are ignorant of their environmental and social effects. This neglect results in market failure.

What is a Green economy? Our proposals

A Green Economy is a Diverse Economy

As Greens, our vision of the economy is one of a mixed structure in which three ways to produce goods and services using paid labor must continue to co-exist as each of them creates value : public authorities and public controlled companies; private companies mainly driven by profit; private organizations driven by non profit goals such as associations, cooperatives and mutual companies usually known as the social economy or the not-for-profit sector, which is organized under democratic principles such as "one person, one vote". Each sector has a role to play.

The European economy is already a mixed economy. In some European countries, social economy (or non profit sector) weighs in as much as 10% of GDP and in some others,

public spending matches 50% of GDP or even more. Contrary to believers in the profit-driven economy Greens do not mind a significant public or non-profit sector as long as this diverse economy is an efficient maximizer of quality of life over the long term.

The Greens favor the social economy because of its potential for democratic practices and support its development in the best possible way. For instance, it can provide goods and services on local markets, for activities which require both public and private resources like in the cultural or the health sector, and even provide goods and services that could be alternatively produced by the private or the public sector like local renewable energies.

The public sector is obviously the best way to produce public goods such as the justice system, internal and external security, administration, infrastructure... But some economic activities might also be run by public enterprises if the community considers it as best for all. The Greens do not have an ideological position over the ownership of services and industries and different solutions will be appropriate in the different circumstances of different countries. What we want is equal and affordable access, high quality of service, and the inclusion of the global environmental and social costs. We note that in the field of public utilities, there is no clear cut empirical evidence that private sector fulfills any better than the public sector, in an any more efficient or effective way. We further believe that public services have a particular role to play in providing social cohesion.

In other sectors like education or healthcare, the public sector must remain the major actor because the cold logic of the market tends to exclude the poorest and to build in further inequities. For the rest of the economy which does not provide "public goods" the private sector has proved to be efficient but unable to internalize real social and environmental cost, like climate change. However, we Greens believe that the private sector can also serve as a boost for innovation. As members in several national and state governments throughout Europe, we Greens have proved that getting green and being economically profitable at the same time no longer needs to be a contradiction. Fiscal and other legal instruments such as the feed-in-tariff for renewable energies are but one prominent example of that success story.

It needs to take place within a given framework supervised by law and regulations. However, we Greens believe that the private sector can also serve as a boost for innovation. As members in several national and state governments throughout Europe, we Greens have proved that getting green and being economically profitable at the same time no longer needs to be a contradiction. Fiscal and other legal instruments such as the feed-in-tariff for renewable energies are but one prominent example of that success story.

Appropriate regulation of the international economy is required, this regulation has to be developed to maintain economic freedom and to avoid the international economy being used as a driver for an ever decreasing downwards spiral of lower social and environmental standards and removing any gains already achieved.

Regulating the Economy to make it Responsible

An economy run from the starting point of trying to maximise true wellbeing over the long term would require several over-arching changes in governance and regulation. Governments need to adopt a more active role, based on the recognition that they are the bodies which have the strongest legitimacy, authority and means to truly protect the public good and the rights of future generations. Market mechanisms can only meet those needs to which a monetary value can be attached, and as a result cannot meet all needs of society, including meeting the challenge of climate change. The economy operates in a limited ecosystem. It is the task of sound, democratic and transparent authorities to set those boundaries.

Traditionally power elites are one of the main obstacles to social and environmental justice and at the same time an obstacle to modernizing the economy. Additionally new globalized corporate vested interests are often maintained and protected while governments are undermined by fierce lobbyist activity and the corporate capture of regulation and standards. Market solutions alone are insufficient, because it cannot be assumed that players are either fully informed, or motivated by wider rather than short term interests. It is therefore time that governments and citizens reclaim and exercise their right to regulate and shape the economy.

The governments ought to be stewards, common trustees or allocators of our commons, such as climate, atmosphere, oceans, fresh water, biodiversity, ecosystems, etc. We believe that to prevent those commons from over exploitation and to preserve them for future generations we cannot allow unregulated individual transactions to prevail over them. Adequate regulation is required that may include public ownership of the respective property rights. Governments and global institutions have the duty to insure that life sustaining knowledge and technology is equitably shared between the North and the South for the benefit of the planet.

However, we Greens believe that in order to green the economy, all stakeholders must play their role. The public authorities have to set a new regulatory framework including standards, incentives and taxes. They must promote innovation and increase public awareness... Companies have to create the goods and services that are needed to support sustainable development . Citizens, especially as consumers, have to take up their responsibilities whenever their behavior impacts on the common good such as in making their choices of mobility, in sorting and reducing their waste,... Market competition, while not a goal in itself, can be an instrument to improve the quality of service provision, to guarantee consumer choice, to ensure equitable access to basic goods and to encourage innovation. In order to make their choices, consumers need more information on the social and environmental way the goods and services they consume have been produced.

Fundamental reforms of our economy are essential because even those who would like to make lifestyle changes to reduce their footprint and/or increase their well-being often find it very hard to do because of the way society operates. They are 'trapped in the system'.

Time is of the essence in making these changes, as current patterns of behaviour continue to lock us into consumptive lifestyles whose impacts will be increasingly difficult to mitigate and from which it will be increasingly challenging to disengage (aviation being an obvious example).

Therefore, we Greens propose :

- **Political reforms** aimed at strengthening government's public interest mandate and thus its hand in introducing the necessary regulatory measures : proportional representation, equality of gender representation, public financing of elections, a phase-out of corporate political donations, and tighter restrictions on lobbying and the phenomenon of 'revolving doors' between business and government.
- **Comprehensive, well-designed regulations** for specific processes and products, aimed explicitly at protecting workers, health and the environment from harmful effects of economic activity. These should be based on the precautionary principle.
- **More accurate accounting and liability regimes** to reflect true costs of products and activities. Policies in different fields and by various means must reflect true social, environmental and other costs (for future generations) into prices through the entire production chain. In this way a level playing field is created for sustainable entrepreneurs and competition is not based on harming the environment and society. We think of bans and restrictions of the exploitation of resources and production methods, taxation and the requirement to pay for malignant consequences of economic activity. (see "Taxation and subsidies" section).
- Models of best practice in several countries which have wider social responsibilities such as German workers councils, French employment laws and some Japanese duties of care should be integrated into a corporate standards of operation code for all companies trading within the EU, and the statutory duties of directors of private companies should be expanded. The Scandinavian countries are an example of how agreements can be made between the government, labour unions and employers' organizations about flexibilization of the labour market in combination with adequate social security arrangements and investments in education and innovation. Child labour and poor working conditions must not be tolerated. Ageism and sexism should be outlawed. Charter suspension should be actively used as a penalty for flagrant and persistent public-interest violation by companies.
- We would encourage smaller businesses, start ups which have demonstrated they are the real drivers of innovation and job creation. There should be much more stringent anti-monopoly, oligopoly and cartel laws- so that large corporate partners cease to award huge swathes of work to each other. We must open up procurement to the bidding of smaller companies.

- It is important also to re-create a context of expectation that business has a general duty of care and responsibility towards society and the environment in all its activities. Appropriate reforms to company law are therefore necessary, to redress the balance between corporations' rights (e.g. legal personhood and limited liability) and their responsibilities to the society and environment within which they operate.
- In many cases, deregulation has been harmful. One example is the finance industry, where it is becoming clear that deregulation has again led to a global financial turmoil which affects the real economy. The Greens believe that the public authorities must more effectively regulate the financial markets.
- Measures to encourage and facilitate responsible behaviour by individual consumers should include, at a minimum, restrictions on advertising of unsustainable goods and services (particularly that aimed at children and young people) for example for alcohol, cigarettes, ... Advertising aimed at children and young people should also be regulated to minimise the creation of artificial wants and excessive, unsustainable consumption. At the same time, information on the supply chains of products should be more freely available, for example the source, impacts and distance travelled, to enable individuals to make properly informed purchasing decisions.
- A study will be carried out of the “Community Reinvestment Act of the US Congress” to assess its effectiveness as an instrument of green economics.

Redefining economic growth

We Greens are in favour of qualitative economic growth that leads to a better quality of life and a socially just and environmentally sustainable society.

We recognise that economic growth based on the endless consumption of natural resources is neither possible nor desirable on a finite planet. Therefore economic growth in the green sense means increased economic activity that brings genuine and equitable increases in wellbeing and does not result in the depletion of natural resources. The green alternative is to ensure that economic growth can be decoupled from the exploitation of raw materials and energy increasing added value created through innovation and knowledge and energy-efficiency. The absolute amount of raw materials consumed and the level of emissions and waste must be drastically reduced to a level that the Earth can sustain. We at the same time endorse the principle of moving towards equal per capita rights to resources, and would use frameworks based on that principle to guide our approach to global challenges like climate change. The improvement of the resource productivity alone is not enough, consumption patterns must

reflect the social and environmental challenges we are facing on this planet.

People in the poor and developing countries have an equal right to achieve the highest standards of quality of life. Similarly, we must ensure that in meeting the needs of the present generation we do not compromise the freedom of future generations to make their own economic choices (in deciding what can be produced and how it can be produced and consumed

Because we want to change the meaning of growth, we propose to change the way we measure it. The gross domestic product (GDP) as an indicator must be reviewed in a critical way and must include factors such as the depletion of natural assets, the costs of illness, the impact of social deprivation and the impact of man-made catastrophes.... For Greens, as it only measures economic activity, GDP is merely one of the indicators that needs to be taken into account. It has to be complemented by alternative indicators that measure the wellbeing of society, such as indicators on literacy, life expectancy, gender equality, paid and unpaid work, access to health care, to education, to clean water etc. We would like such indices (UN's Human Development Index, the Index of Sustainable Economic Welfare, the Genuine Progress Indicator, the ecological footprint...) which are already in use to guide policy making.

We Greens believe the EU Stability and Growth Pact should be replaced with one which also takes into account the sustainable development objectives that we want to put at the core of the EU strategy. Concretely speaking, it should include binding targets in terms of greenhouse gas emission reductions, employment rates, child poverty levels and the level of natural capital depletion... At EU and Member State levels, an environmental and social budgeting should be put in place with a sanction mechanism comparable to that of the Stability and Growth Pact.

The European Budget is currently limited to 1% of the GNP. However, it needs a concerted effort to reduce the ecological footprint. This requires public money, guaranteed by the EIB because much of these investments are not profitable in the short run. We Greens favour both an increase and a rebalancing of this budget, in order to give the Union the means to tackle the new challenges it faces.

Monetary policy by the European Central Bank and the Euro-group must be better integrated and coherent with the economic policy in the Union, reflecting the objectives mentioned above.

At present, in more developed countries, it is often concern for their economy's growth and GDP figures which causes governments to shy away from implementing the changes needed to ensure genuinely sustainable development. Explicit recognition that growth in GDP does not automatically mean growth in wellbeing, and that other priorities should be measured and elevated in importance relative to economic objectives, should be a key step to freeing up governments to put in place the measures set out in the section "Regulating the economy to make it responsible

Equity between Genders

All over the world, women earn less than men for equivalent work, they lack access to land and credit, and they do more than their share of child- and elder care, volunteer work, and other unpaid labour. Worldwide, most poor people are women. There is evidence that this gender bias actually suppresses economic activity. We note that the microfinance movement has given millions of women a valuable economic boost.

We have to enforce measures to reach equal access for women to the labour market, to running a business and to all levels of positions. Therefore the Greens strongly advocate a policy specifically aimed at women's participation and success in the economic arena, such as good and affordable child care, generous parental leaves, pregnancy allowances for female entrepreneurs, measures promoting gender balance in all sectors like quotas for women in the boards of corporations. The Greens want gender equality in general and in the labour market in particular (see the Green Employment Policies below).

Equity Between the Generations

Social and environmental justice should be considered not only in terms of solidarity between the people who live today, but also in terms of solidarity between the generations. The European Green Party believes that human beings who are living today have responsibilities towards the next generations. This is a cornerstone of our concept of sustainable development. In this respect, the Greens want to boost innovation and alternative lifestyles in order to prepare a better future for the next generations and to reduce the environmental debt that they will have to bear.

The Greens want to combat the "short-termism" that is prevalent in the decision-making process of both the private and public sectors. The quarterly drive of corporations, the short-term profit drive of pension funds or governments limiting their horizon according to electoral cycles are not conducive to sustainable strategies. We want investments to bring about long-term benefits. We Greens always seek to apply the precautionary principle. We will not support measures which present potential threats to human health or environmental well-being. Neither will we accept delay in implementation of new precautionary measures solely on the ground that scientific studies are not sufficiently numerous. We want forward-looking policies to bring about a stable regulatory, fiscal and

economic environment to foster green innovation and job creation. Moving to “long-termism” is also necessary in order to guarantee the future viability of pension schemes in an ageing society.

Therefore, we Greens propose :

- A large-scale eco-investment plan for the sustainable technologies of the future. Given the size of its economy, the EU has the potential of taking the lead in this transformation. It has to stimulate investment in research, development and entrepreneurship in “eco-prosperous” sectors such as sustainable construction and homes, green industrial chemistry, renewable energy, sustainable agriculture, ecological mobility, e-communication, etc.
- In order to reduce the environmental debt, we propose a compulsory and systematic preliminary sustainability assessment of the environmental and social impact of public decisions; systematic environmental and social standards in public procurement; an ambitious investment plan for housing renovation ; green taxation in the transport sector, etc. ;
- All in relation to pension funds, a huge proportion of them are currently used for speculation and investment in socially irresponsible activities; the Greens want mandatory measures to re-orientate their investments towards sustainable development and socially responsible activities.
- Regarding inheritance and gifts taxes, Greens believe that their main objective must be to reverse and prevent the unfair accumulation of wealth and power. They should be designed to re-distribute wealth and increase equality of opportunity. They should be calculated on a "recipient basis" (i.e. with reference to the circumstances of the person receiving the inheritance rather than the donor). They should also be extended to include gifts made during a donor's lifetime, rather than just those given as inheritances on death.

Equity between Nations

Because of decades of faith, among decision makers, in the self-regulation of markets, and a subsequent lack of effective international economic regulation, globalization has led to a further increasing wealth gap between nations and within nations. This threatens global peace and stability. While some countries have managed to lift many people out of poverty, others, particularly in Africa, plunge ever deeper into it. While economists praise the efficiency effects of economic globalization, reflected in growing global GDP numbers, they fail to mention that it does not produce a healthy social fabric, without which a sustainable

global development is not possible.

In this context, the EU has a paramount role to reintroduce polity into economy. The EU has become the world's biggest economic power. The Euro competes with the US-Dollar as the reserve currency in world trade. Decisions of the European Central Bank, the European Council or the European Commission decide about the livelihoods of millions of people outside the EU. With the Lisbon Treaty of the EU, the European Parliament gains co-decision powers in the EU's trade policy. The EU is today an extremely significant actor, and its economic policy has the responsibility to set the right direction for leading the change away from the current dangerous course of economic globalization.

The European Green Party is guided by the belief of empowerment of people. This means that structures need to exist that allow people to participate in the economy in the way they choose. To achieve such freedom it is necessary to enable local or regional economic policy decision-making, not to replace international structures where they are appropriate, but to provide opportunities for participation, stabilize the economy and make economic processes and their effects more visible and more diverse where this is possible and useful.

The appropriate level and geographical structure of production and trade is a complex issue. Certain products require a global scale to be economically produced, while for others, production is most efficiently undertaken on a more regional or local level. A huge part of global trade is environmentally harmful and does not create true value in any place, because many globally sourced products just reflect differentials of social and environmental dumping practices among countries. Sustainable development requires a drastic reduction that environmentally harmful trade, taking into account the total ecological footprint, which should be reflected in prices. Therefore we need an international regulatory framework that puts into place global standards of sustainable development. These must ensure fair competition through a level playing field for all market participants and this can only be achieved if market players are prevented from exploiting global commons to their individual competitive advantage.

This regulatory framework should respect the principle of common but differentiated responsibilities from the United Nations 1992 Rio Declaration. As industrialized countries bear most of the responsibility for environmental degradation and the depletion of natural resources, they should take on the most stringent commitments, while at the same time assisting developing countries to come into compliance with global standards over time. The EU should maintain the duty-free access it has granted to imports from the 49 least developed nations (Everything but Arms) and step up its assistance, including the transfer of technology, to help them develop their economies in a sustainable way.

Therefore, we Greens propose :

- That international trade rules should allow for the constitution of regional-continental economic areas. They must be changed to facilitate the build-up of

efficient and competitive regional or even local industries by fostering the local sourcing of inputs and allowing greater freedom to local, regional and national governments in the area of public procurement.

- That patents of private firms which are crucial to fight global diseases and climate change should be subject to mandatory licensing taking due account of the costs incurred in their development. This will also help sustainable development technologies and products spreading across the world in a more rapid manner.
- That development policies which link aid to free trade should be replaced with programs aimed at retaining added value locally, by supporting basic infrastructures of education and health, and by preserving policy space for communities to decide themselves about their specific way to sustainable development.
- That donor countries substantially increase their aid flows for programmable multilateral and bilateral aid to at least 0.7% of the GDP, especially for the least developed countries, so that all countries are able to reach the Millennium Development Goals by 2015, in particular the halving of the poverty levels of their populations, primary education for all boys and girls, and universal access to health and clean drinking water. Specifically, all EU-member states must finally live up to their promises and practice what they preach.
- In complementing national and multilateral aid, that a global UN fund should be established to collect revenues from the taxation of global public “bads”, such as cross-border environmental pollution (e.g. a global tax on air tickets), financial speculation (through a Tobin/Spahn-type tax on speculation) as well as from user charges on the exploitation of resources found in international waters.
- The complete cancellation of all public debt of the poorest developing countries.
- That international trade rules, as embodied by a significantly reformed World Trade Organization (WTO), should be made fair and subject to the higher goals of a truly sustainable global development (including social rights, environmental sustainability and consumer protection). Greens therefore support:
 - That International Commodity Agreements which stabilize the prices of the most volatile agricultural export goods, guarantee a fair and stable return especially to small producers, and involve producers and consumers along the entire supply chain.
 - That imports into the EU from countries not having ratified international climate agreements or not abiding by it or which do not implement ILO’s core labor standards should be subject to border tax adjustments in order to restore a level playing field.

- That internationally certified Fair Trade products get a real chance on the EU markets, by mandating public entities to positively discriminate in favour of Fair Trade products in their procurement policies, by exempting such products from tariffs at the EU borders, and by requiring big retailers to offer Fair Trade products in their stores.
- That the WTO becomes more closely bound into a reformed and democratised UN system, in which international equity goals are centered in a UN Economic Security Council. By the same token, that the World Bank and the International Monetary Fund (IMF) be reformed in their decision-making processes to adequately reflect the voices of developing countries and must report to this UN Economic Security Council.

Green employment policies : towards full activity

We Greens believe that an economy can thrive only if it can mobilize the energy and the creativity of the citizens in creating sustainable value, for themselves and the society they participate in. This mobilization cannot be achieved by only letting the market work; it requires active involvement of the public authorities.

Creating value, in the green sense of the word, is not only just about accumulating material richness or the activities of the market : cultural, political, artistic, educational and scientific activities, family care all contribute to common wealth. And not all the activities that support this value creation are necessarily paid; many of them are voluntary and Greens support this; however, they should all be recognized and rewarded by society (having in mind the large gender gap in the distribution of paid and unpaid work as well as in the economic value of different types of work in general). As a consequence, one person's activity can take various shapes over a life time. Currently, the most recognized one is that of paid work in whatever sector of the economy (see above); but to educate oneself, to take care of children or relatives, to give time to the community are also among the ways among others one can choose, at certain times in life, to contribute to the society. We Greens do support the objective of "full employment" for those who seek paid work; but for us, that objective must be expanded to one of "full activity".

Greens acknowledge that people's rights come with responsibilities. This somehow redefines the responsibilities of all the concerned economic actors :

- For the society to create the conditions that enable the development and reward of everyone's full potential in the perspective of "full activity";
- For the employers of all kinds to actually implement these conditions and take advantage of them without fear of discrimination;
- For the individuals to actively take advantage of the opportunities offered and ensure they contribute to the society at large. We however recognize that in our

societies, a growing number of precarious and contract workers do contribute but are excluded from social benefits and rights, especially women. In addition, there are citizens who for one reason or another (illness, addiction, disabled ...) are not able to contribute; they do need and deserve adequate support from the society.

The concept which marries flexibility with security is very green indeed. However, the term “flexicurity” has too often been used as a disguise for unrestrained flexibility and deregulation. While flexibility is important to allow our societies and our economies to respond to the challenges of a changing world, the state has a responsibility to protect people from the impact of economic fluctuations and to guarantee a high level of social standards and working conditions. For Greens, security therefore is no less important than flexibility. For the Greens, a key instrument to guarantee the right balance between these objectives is a strong institutionalized dialogue between the social partners, representing the citizens at work and the employers. This would have a key role to play in shaping the rules and the instruments (contract conditions, wages, benefits...) of the labor market. Greens are against the extension of the Country of Origin principle to social rights (security, health, social protection, wages) in order to prevent social dumping.

Concretely, in the area of the labour market, we Greens propose

- That the legal environment ensures that all recognized types of activity contribute to build-up of a person’s right to social benefits (health, unemployment, pension, parental leave, child care, disability...) and effectively allows for self-determined flexibility from one activity type to another.
- That provisions regarding working time should allow sufficient time for citizens to develop activities outside their job and be organized in order to maximize their impact in terms of job creation. Therefore the Greens support all kinds of collective and/or individual voluntary working time reduction measures, taking into account the developments in the productivity of work, both within and outside the Union. Regarding the gender gap in the distribution of part time work (most of the part time workers are women) Greens support measures encouraging men to reduce working time.
- That the legal environment provides for real incentives to the activity. This means that taxation must be shifted away from labor (see below) to capital and energy taxes so that employers are encouraged to create jobs and to save energy; but also that the combination of unemployment compensation and incentives are such that taking on a worthy job or activity is always financially favourable to the individual. These incentives must be implemented in parallel with an increase in basic allowances in order not to leave behind those who cannot work or cannot find a job on the market.

- That gender equality becomes a reality on the labor market. That concretely means equality, especially in compensation and employee benefits and also in the selection of candidates, in job security. This also entails specific measures e.g. childcare facilities, measures to facilitate returning to work after parental leave and to encourage men to take over family work.
- That concrete measures be taken to promote equal participation of migrants on the labour market.
- That, in order to stimulate entrepreneurship, self-employed people be given the opportunity to participate in social security arrangements (e.g. unemployment, pensions, parental leaves, disability allowance, etc.), based on adequate contributions.
- That education and training be given an increased priority in public policies ensuring everyone gets the opportunity to fully develop his/her abilities. In absolute terms this means increased budgets for education, but also adequate legislation that enables individuals to pursue education throughout their lives (e.g. support to life-long education schemes, flexibility to take sabbaticals during one's career, obligation for employers to provide or allow for paid education, ...)
- That public authorities actively support unemployed people on an individual basis, providing assistance in finding an activity (employment, training, etc) that matches their aspirations and needs and allows them to contribute to creating value for the society. In concrete terms, this means appropriate levels of staff and financial means that enable this individual assistance.
- That a minimum wage be implemented in each country of the European Union, allowing for differences, e.g. on a sector or geographical basis.
- European Work Councils should have extended competences as claimed by the ETUC.
- That labour law enforcement be given an increased priority in order to ensure that black market labor – upon which several sectors have become heavily reliant, e.g. care for the elderly - is effectively combated, focusing on the illegal employers who should be held responsible for the labor rights of their employees. This concretely means that sufficient human and material resources should be allocated in order to ensure effective control.
- We support excluding enterprises from public procurement and from public support in certain cases, e.g. when gender equality or labour law is not respected.

Taxation and subsidies

Green tax and subsidy policies contribute to a socially and environmentally just economy.

Taxation has three main functions in the economy : taxes generate revenues for publicly supplied goods and services, they are a means to redistribute income and wealth among individuals and regions and they are a method to adjust economic activities to stimulate those activities that are beneficial to the common good and reduce undesired effects. Specifically, in fighting climate change, taxes, charges and emission trading are all instruments that can foster an efficient allocation of resources.

Taxes and subsidies must be transparent, equitable and easy to administer. The Green socio-ecological tax reform shifts the balance away from labour and onto the use of finite natural resources and a greater taxation of capital. It is not acceptable that labour as a production factor is taxed higher than capital.

Fighting tax evasion and tax fraud must be given a stronger priority; hence adequate resources must be made available.

Concretely, we Greens propose

- **Eco-taxes and eco-bonuses** : Eco-taxes and eco-bonuses bring about a sustainable economy through the promotion of eco-friendly products and services. Green choices should be financially encouraged instead of penalized. In that respect, CO₂- and energy taxes must be a central element of taxation policy, not just an optional extra to a taxation system that does not currently work in favour of the environment and against climate change.

If energy becomes more costly, saving energy becomes more attractive. Sustainable renewables should be taxed less when compared to taxes on fossil energy.

For instance, the aviation sector should no longer enjoy its fiscal privileges, while other transportation modes like railways are being taxed. In the housing sector socially designed subsidies should encourage energy efficiency.

- **Equitable and progressive income tax** : For Greens, in order to ensure equity, income tax should take into account all sources of income. Income taxation, subject to a minimum threshold, must be progressive to ensure that people contribute according to their ability to pay. Tax reliefs must be socially and environmentally just and encourage sustainable investment.
- **Combating the race to the bottom on corporate taxes** : In order to avoid a ruinous tax competition, Greens are in favour of a common framework for corporate taxes similar to that which exists on value added tax This should include a harmonised tax basis as well as differentiated minimum tax rates (i.e. a relatively

low minimum tax rate for the new member states during the catch-up period and a higher one for the old EU Member States). This should ensure that corporations contribute their fair share of tax revenues across the Union.

- **Property taxes as a fair contribution to tax revenues** : Capital has to contribute a fair share to the overall tax revenue. As unequal distributions of income and capital are rising within the European Union, property taxes play a vital role in reducing these inequalities. This would enable member states to finance goods and services of public interest or to reduce the tax burden on labour. In allocation terms, levying property taxes can even improve efficiency of assets like real estate.
- **Introduction of Tobin/Spahn tax** : Financial speculation represents a great risk of destabilizing the real economy and it widens the gap between rich and poor. A Tobin/Spahn type tax on financial transactions can help to reduce the volatility of the international financial markets. It also produces significant revenues based on transactions mainly occurring in highly developed countries and that should be used to assist international development cooperation.
- A debate on the introduction of a system to manage greenhouse gas emissions. A carbon cap-and-trade system can reduce total CO₂-emissions and put a price on CO₂.

The way forward

The challenges that we face as humanity are immense. Billions of people aspire to reach the most basic living standards : to be able to feed themselves, to have access to clean drinking water, to have a decent shelter, to have access to health care and to basic education, in a peaceful and healthy environment. Even in those parts of the world which have enjoyed, for centuries or only for decades, a faster rate of economic development, responses must be found to important issues : the accelerated degradation of our environment and depletion of the Earth resources, the rising social inequalities, an increasing dependence on drugs, the degradation of the social fabric, all examples that our societies are not in the healthiest of conditions. Last but not least, the challenge of climate change is directly threatening the very survival of human life on the planet.

While we do not underestimate that threat, we Greens also see climate change as an opportunity. Let it be a wake-up call for all of us human beings and a turning point in the history of planet Earth. Time has come to make the economy work for the people – not just for the few, here and now - rather than the other way around. It must become an instrument to successfully meet the challenges mentioned above, and set our societies on the path of a sustainable development.

Turning around our economies will not happen all by itself. It will require the involvement of all players. Governments at all levels, accountable to their citizens, must regain the initiative, defining new rules for the economic playing field, setting targets, providing incentives, investing in key areas such as education and health, but also creating conditions for the creativity and ingenuity of people and enterprises to flourish and thrive. Enterprises of all sizes must also embrace these new challenges and accept the new rules of the game, not just at local but at global level as well. They must recognize that democratic governments are the wardens of the common interest. Then again, governments have to recognize that there is no way we will meet the challenges at hand without thriving and innovating enterprises, operating in open, transparent and fair markets. Cooperatives, associations and non-governmental organizations must somehow be both the pathfinders of our new world and the watchdogs of governments and enterprises alike. Last but not least, it is up to all of us, as citizens, as consumers, as students, as workers (employed or not), as business people to behave in a responsible way. After all, the players mentioned above are first and foremost made up of people; it is people who will make our future possible.

Often we hear that responding to challenges other than short term profit maximisation will simply kill the economy. To that, we respond that by not responding to them, the economy is killing the planet and its inhabitants. History demonstrates that key evolutions such as the emergence of social rights in the industrialized world have not been the nemesis of the economy; on the contrary, they have boosted it to new heights (albeit at the expense of the environment!) We Greens believe that putting our societies on the path to sustainable development will have a similar effect. Already today, we see hundreds of thousands of jobs created in countries that have been at the forefront of the Green economy. In that economy of knowledge and of innovation, Europe has the opportunity to take a leading role. As climate change is not waiting, now is the time to act.