



EUROPE CAN BE DIFFERENT

This is a vital time for the future of the European Union and the U.K.'s relationship with it. At this year's European parliamentary elections (22 May in the UK) it is vital that progressives offer hope for a genuine alternative based on the principles of environmentalism and social justice. This draft paper sets out some policy ideas, with the aim of influencing discussions – within, across, and outside parties - in the run-up to the election.

Contents

HOW CAN WE HAVE AN ECONOMIC RECOVERY THAT
WILL LAST WITHOUT DESTROYING THE PLANET?

WHERE WILL THE MONEY COME FROM?

WHAT CAN WE LEARN FROM?

WHAT SORT OF EUROPE DO WE WANT?

WHAT'S THE POINT?

This is a vital time for the future of the European Union and the U.K.'s relationship with it. At this year's European parliamentary elections (22 May in the UK) it is vital that progressives offer hope for a genuine alternative based on the principles of environmentalism and social justice. This draft paper sets out some policy ideas, with the aim of influencing discussions – within, across, and outside parties - in the run-up to the election.

The context is challenging. At present there are two key features which at first sight might seem to point in opposite directions:

Most of Europe is in the grip of austerity policies and the continuing impacts of the 2008 financial crisis. The way out of this appears to be policies to stimulate economic growth.

The climate is worsening, ecosystems are deteriorating, and pressures on resources are increasing. The way out of this appears to be through calling a halt to economic growth.

A business as usual economic model implies that either unemployment rises and living standards decline – or the planet continues to move along its increasingly disastrous path. Neither approach looks attractive.

We need policies for a European recovery that can last – sustainable economically and environmentally.

And in the politics of the European debate, we also have an unattractive dilemma – on the one hand, UKIP and most of the Tory Party wanting to retreat to an old-fashioned little Englandism, whilst the defenders of European co-operation often just appear to want to uncritically rubber-stamp whatever the EU currently happens to be doing.

We need a way out of that political dilemma too. Along with fighting the most immediate battles concerning the EU, we also need to promote a vision and set of policies for the future of Europe, enabling us to tackle its key problems.

HOW CAN WE HAVE AN ECONOMIC RECOVERY THAT WILL LAST WITHOUT DESTROYING THE PLANET?

GREEN INVESTMENT FOR SUSTAINABLE RECOVERY

We need to create green jobs, cut carbon emissions, and reduce the throughput of raw materials, through a major programme of investment in:

- **Insulation of existing and new housing.** Whilst sustainable building standards and financial incentives have been shown to improve new housing standards there is a huge job to be done in order to insulate Europe's existing draughty homes. Britain's faltering 'Green Deal' has demonstrated the need for widespread public investment (rather than private opt-in schemes) to achieve results on the scale necessary in terms of employment, skills and energy efficiency.
- **Offshore wind, solar, and other renewable sources of energy.** Different countries are best suited to exploiting different technologies, but the overall direction should be clear, a rapid

and consistent decarbonisation of energy supply. The 2030 framework for climate and energy policies also needs to be sufficiently ambitious to leverage investment from the private sector and to move ahead with a supergrid for renewables.

- **Investment in public transport.** Investment in proven and efficient forms of public transport such as better commuter train and rural bus services is vital for rapid decarbonisation of the transport sector. Whilst improving vehicle and fuel technology to reduce the negative environmental effects of private travel is important, the social, employment and environmental benefits of public transport are proven and could be rolled out on a large scale immediately.

- **Nature conservation and maintaining green spaces.** Nature's overall contribution to our society and economy is incalculable, but investment in maintaining green spaces clearly includes health, leisure, water supply and ecological benefits.

- **Water.** Water scarcity will be exacerbated by climate change and should be addressed by improving investment in supply, drainage and efficiency in use.

WHERE WILL THE MONEY COME FROM?

MOBILISING FINANCE FOR THE TRANSITION

It is estimated that the cost of meeting the E.U. 2020 carbon targets is at least €2.5 trillion of investment in low carbon sectors.¹ The ongoing cost of decarbonisation beyond 2020 will be equally significant, as will investment in other sectors such as those outlined above. Financing the low carbon transition is therefore significant challenge. Some ideas for financing include:

- **Green QE.** Central Banks in Europe could finance much of this investment through a programme of Green Quantitative Easing. The Bank of England has already been carrying out a policy of Quantitative Easing, which creates additional reserves to put into the financial markets. Green QE would provide a stimulus targeted at investment in the green economy, creating jobs rather than keeping stock markets pumped up.
- **Taxation.** Economic transition would also be helped by a switch from taxes on employment, such as employers' national insurance contributions and income taxes on the lower paid, to taxing speculative financial transactions, inefficient resource use, damaging environmental impacts and misleading advertising. Tax havens should be clamped down on, with sanctions being applied to them where necessary. EU governments should co-operate against tax avoidance by multinationals and aim to harmonise corporation tax as a way to prevent the race to the bottom. Revenue should be shifted away from subsidising environmentally damaging agricultural and fossil fuel subsidies. One tax proposal in particular that deserves serious exploration is an EU-wide carbon tax.

It is worth bearing in mind that in the longer term these investments will pay for themselves in reduced costs of imported fuel, reduced instances of climate change related disasters and reduced spending on social security and social problems associated with long-term unemployment.

WHAT CAN WE LEARN FROM?

The EU should expand programmes such as Pioneers into Practiceⁱⁱ that promote and share best practice initiatives and innovation between local councils, research institutes, and non-profits. Learning from best practice like some of the examples outlined below is key:

Energy Production – Germany's 'Energiewende' provides a framework for success for moving from high carbon centralised energy to low carbon decentralised energy production. Although fossil fuels currently still dominate, Germany has a reliable energy grid and wind and solar are growing rapidly and citizens are now in the process of taking over control of the grid from energy companies.ⁱⁱⁱ Other countries such as Portugal are rapidly decarbonising their energy sector: in early 2013 Portugal was getting 70% of their electricity from renewable sources.

The shift to decentralised renewables also has the potential to spread and bring greater democracy to the ownership of energy production, a shift that appeals to businesses, environmentalists and community activists alike.

Manufacturing – There are numerous examples of manufacturing processes becoming more sustainable across Europe. B&Q, the British DIY home improvement retailer, aims to recycle 98% of its waste by 2023 and Caterpillar has grown its remanufacturing activities to encompass nine locations around the world, employing over 3600 people in a business model with an emphasis on component recovery. Key to embedding 'closed loop manufacturing' is tighter regulation, cross sector collaboration and design innovation. The Trentino Innovation Hub in Italy is an example of a thriving hub for green innovation and collaboration.

Cities & Towns – European cities are showing impressive ambition to become more sustainable. For example, Amsterdam has a target of cutting 40% of CO₂ by 2025. Eco-neighbourhoods like Vauban near Freiburg in Germany are an example of genuinely green living with ultra-efficient housing, walkable communities, combined heat and power systems and good public transport. Their success is generating a wave of cities and communities throughout Europe that are aiming to replicate it in locally appropriate ways. Key to their continued success is financial support from the EU 2014-2020 funds.

Transport

The next generation of high speed trains in France will use a third less energy and carry more passengers. Gothenburg is due to introduce an all-electric fleet of buses in 2015. Some more elementary but successful examples of greening transport and making cities more walkable are emerging in the UK. The introduction of separate cycle lanes such as those in Brighton or building mixed-used bridges such as the Manchester Road Bridge in Bradford have been understated but important successes.

Housing

The passivhaus building standard is the gold standard of ultra-efficient homes. The cost isn't prohibitive and one estimate is that they cost just 7% more to build than traditional specifications and the extra costs are easily recouped over time.^{iv} One was recently built in Oldham, England for a reasonable £95,000.^v

WHAT SORT OF EUROPE DO WE WANT?

Supporters of European co-operation should not get stuck in feeling they have to defend all the existing policies of the EU and its institutions. We need a much more positive vision for Europe, tackling key current problems.

- **CHANGE THE BANKING SYSTEM.** Banking laws and regulations should be reformed so that banks serve local and regional economies, rather than speculation in the international financial sector. Private sector banks should be split between retail and investment banks and none should be “too big to fail”. Control of the European Central Bank should be democratised, through a committee of European Parliament members replacing unaccountable bankers. Large public banks and funds, such as the EBRD and IMF, should ensure that their investment decisions meet strong sustainability standards, ruling out new investment in fossil fuels.
- **RAISE COMPANY STANDARDS.** Laws should require companies to report on social and environmental factors, not just financial performance. We need to reform the EU Emissions Trading System so it penalises companies with high carbon emissions (and later replace it with a straightforward carbon tax). Short-termism should be discouraged by restricting company voting rights to those who hold shares for a minimum of one year. Changes to company law are needed, so that achieving returns to shareholders becomes simply one of a number of different objectives companies may set. Public sector procurement should also be used as a lever to achieve more responsible business performance.
- **EXPAND THE SOCIAL ENTERPRISE SECTOR.** The rules and dynamics of the economy are biased in favour of the major shareholders and senior managers in large private sector companies. Governments should use planning, taxation, advice, and company law, to help to develop co-operatives and other social enterprises, and local small businesses.
- **SHIFT THE CULTURE.** Long-termism should be incentivised in both the private sector and financial markets. At the same time, political reforms should be introduced to improve strategic thinking in government and establish watchdogs with the responsibility of speaking up for the interests of future generations. There should be stricter controls on misleading and exploitative advertising and improved provision of information for potential customers. Fair and reliable provision of social security should replace any stigmatisation of people who are currently claimants. There should be a shift in the amount of attention and priority given to different indicators, with more attention paid to indicators of wellbeing and sustainability, and less to GDP figures, which are often highly misleading.
- **BOOST TRADE UNIONS.** Many employees are subject to bullying and authoritarian management, poor working conditions, and exploitative (or missing) contracts – and increasingly so in a time of recession. Trade unions provide an important line of defence, as well as a source of positive ideas which are often based on much more practical knowledge than management’s ideas are. Employment law should be amended to increase trade union power and influence, and collective bargaining structures between unions and employers should be restored. This should be reinforced through a minimum wage floor across Europe, set at a particular percentage of national median income. There should also be a general ban (with some exceptions) on zero-hours contracts.
- **TACKLE THE UNEMPLOYMENT CRISIS.** The crisis of unemployment in Europe will only partly be solved through increasing the level of demand in the economy and investing to create jobs.

The “free movement of labour” has often served capital better than it has served labour and in times and places of particularly high unemployment, there should be appropriate Labour market regulations. We aim for a position where migration isn't the only option for citizens desperate for employment because this can drain the skills potential of the country they leave and cause concerns amongst the vulnerable sections of the population of the country they move to. At the same time, the decline in profitability of “unskilled” manual labour in Europe is generating a need for much more active creation of decent jobs by local government. Governments should also make it easier for those who wish to reduce their working hours, for example by legislating against discrimination against part-timers, which would enable many people to gain work-life balance whilst at the same time creating new employment.

- **MAKE THE SINGLE CURRENCY WORK.** The operation of the Euro so far has not worked well for the people of Europe, and in some member states has led to disillusionment with the whole European project. In order to work well, the European Central Bank should have the deflationary bias removed from its remit and become democratically accountable to MEPs; there needs to be provision for member states which wish to do so to withdraw from the currency in an orderly and negotiated, rather than chaotic way. Countries needing financial support should not have austerity policies imposed on them in return for that support, which should be viewed as an essential part of building the cohesion necessary for the single currency to work.
- **REFORM THE SINGLE MARKET.** The ‘free movement’ principle in the Treaty of Rome should not be carried to extremes. A Europe-wide Financial Transactions Tax would be an important and very necessary brake on extreme free movement of capital. ‘State aid’ rules should be amended in order to allow member states to promote transition to a green economy, including greater emphasis on renewable energy. Public sector awarding of contracts should be allowed to include the desire to boost local economies as a criterion. Priority should be given to building the resilience of national, regional, and local economies.
- **SENSIBLE INFRASTRUCTURE DECISIONS.** We must resist any attempt to take decisions on major infrastructure out of democratic control (e.g. as proposed by the Armitage Review in the UK). There should be scepticism and scrutiny towards expensive major project proposals – with far greater support for smaller projects which can meet local needs and spend money carefully.
- **CHANGE EUROPE'S ROLE INTERNATIONALLY.** The EU often plays a positive role internationally, especially on environmental issues. It is important to build on this through developing a new approach both to trade and military intervention. Militarily, Europe needs to assert more strongly its independence from the USA and its commitment to case-by-case consideration of situations, rejecting any blanket idea of a ‘North Atlantic alliance’.
- **TAKE A NEW APPROACH TO TRADE.** The record of the US in its negotiations with other governments on the proposed Trans-Pacific Partnership (TPP), together with the record of the European Commission in giving privileged access to business lobbyists in the negotiation process for the proposed Transatlantic Trade & Investment Partnership (TTIP), ring many alarm bells about the prospects for the TTIP talks and any agreement that may come out of them. The EU should defend its environmental, public health, cultural, labour and other standards and not bargain them away for the benefit of business interests. The free market origins of EU thinking enshrined in the Treaty of Rome, which established the EU in the 1950s, still remain influential in keeping many politicians and civil servants stuck within the dogma of ‘free trade’.

- REDUCE EU SECRECY & IMPROVE EU DEMOCRACY. Proceedings of EU Council of Ministers meetings should become open to public and parliamentary scrutiny. Information about the activities of lobbyists should also be published, including any payments to MEPs and any meetings with senior Commission officials. TTIP proposals should be made public.

WHAT'S THE POINT?

This is a vital time for the future of the European Union and the U.K.'s relationship with it. The aim of this short document is to present some ideas that can begin to add up to coherent alternative that can be pursued collaboratively by people in different left, green, and regionalist political parties, as well as activists, trade unionists and others outside of party politics. The benefits of these ideas include:

- A view of the future of Europe which enables us to be pro-European whilst critical of many aspects of the current EU, and at the same time critical of those aspects without having to be anti-European. This gives us a 'third space' separate from the politics of both UKIP/Cameron/Le Pen and simply backing the EU as it stands.
- A greater sense of security and safety regarding the sustainability of the economy, the environment, the future of employment, pensions, social security benefits, and international relations.
- Policies to create employment and reduce unemployment, which would completely change the prospects for millions of people across Europe.
- A path for coming out of recession and austerity without going straight into unsustainable forms of economic growth.
- Practical policies which move on from the failure of market economics, which has been demonstrated very clearly in recent years by the disastrous combination of financial and ecological crises.
- A fundamental shift away from the dogmas of free trade, free markets, and international competitiveness at all costs – switching emphasis towards supporting the building of greater resilience for local, regional, and national economies.

ⁱ E3G, Europe must complete its low carbon transition, November 2011

[http://www.e3g.org/docs/E3G Europe must complete its low carbon transition.pdf](http://www.e3g.org/docs/E3G_Europe_must_complete_its_low_carbon_transition.pdf)

ⁱⁱ See <http://communitypip.org/> for more information

ⁱⁱⁱ Chris Nelder, Myth-busting Germany's energy transition, <http://www.smartplanet.com/blog/take/myth-busting-germanys-energy-transition/1275>

^{iv} Heather Rogers, Real Green Living, December 2010, <http://www.redpepper.org.uk/real-green-living/>

^v John Vidal, Actively cutting energy bills in Oldham – welcome to the 'Passivhauses', 1 November <http://www.theguardian.com/environment/2013/nov/01/cutting-energy-bills-oldham-passivhaus>