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## MOTION FOR A RESOLUTION

to wind up the debate on statements by the Council and Commission

pursuant to Rule 103(2) of the Rules of Procedure

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on the input to the Spring 2009 European Council in relation to the Lisbon  
Strategy

**European Parliament resolution on the input to the Spring European Council 2009 in relation to the Lisbon Strategy**

*The European Parliament,*

- having regard to Rule 103(2) of its Rules of Procedure,
- A. whereas the financial crisis already loomed in 2007; whereas, in its resolution on the Lisbon programme one year ago<sup>1</sup>, Parliament already pointed 'to the overriding importance of safeguarding the stability of financial markets', noted 'that the recent subprime crisis shows the need for the European Union to develop oversight measures in order to strengthen the transparency and stability of the financial markets and better protect customers' and requested 'an evaluation of the current systems and instruments of prudential supervision in Europe',
- B. whereas the current economic crisis should provide an opportunity to reassess global economic arrangements and prevalent economic doctrines; whereas, as we address the short-run crisis, we should seize the opportunity for making deeper reforms that enable the world to enter into the twenty-first century with a more equitable and more stable financial system,
- C. whereas, according to Article 100(2) of the consolidated Treaty, a bail-out of an EU Member State in serious financial trouble is an option; notes that this article states that, where a Member State is in difficulties or is seriously threatened with severe difficulties caused by exceptional occurrences beyond its control, the Council, acting by a qualified majority on a proposal from the Commission, may grant, under certain conditions, Community financial assistance to the Member State concerned,
- D. whereas the trillions of dollars that have been mobilised to address current woes represent - if channelled into the right projects - an opportunity that was unthinkable only a year ago,
- E. whereas, the global green New Deal, a concept launched in October 2008 by the United Nations Environment Programme, addresses the current economic malaise and should be the source of inspiration for the EU recovery strategies,
- F. whereas many governments within the EU tend to react in an old-fashioned national logic, which is not an adequate response to the problem from an economic and political point of view,

**The roots of the crisis**

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<sup>1</sup> Resolution of 20 February 2008 on the input for the 2008 Spring Council as regards the Lisbon Strategy (*Texts adopted*, P6\_TA(2008)0057).

1. Points out that the financial crisis must not be seen as a 'natural disaster' or an accident, but is man-made and the result of neoliberal ideology, which believed the market and its big players to be the best regulators;
2. Recalls that, in its resolution on the Lisbon programme one year ago, Parliament already called on the Commission to come forward with 'recommendations on how to improve the stability of the financial system and its ability to provide secure long-term finance for European business';
3. Strongly criticises, therefore, the Commission, and in particular its President, Mr Barroso, and Commissioner McCreevy, for not having properly followed up these concerns and for having pursued their long-standing policy of naive deregulation of and a laissez-faire approach to the sector;
4. Believes that the current crisis is the expression of a triple crisis as regards economic, social, and environmental developments; warns, therefore, against promoting a 'recovery plan', which merely seeks to bring us back to the model which led us to the current situation; warns, therefore, against simply pumping money into the economy and applying a crude demand-management approach, which would risk deepening the environmental and social crisis;
5. Urges the Council to make a serious commitment to the integration of the Lisbon and Gothenburg strategies, as well as the European recovery programme, so that the EU has one overarching approach to the challenges ahead;
6. Believes that the economic stimulus should be far greater, far more coordinated and far better targeted than everything discussed up to now within the EU, making the creation of new financing instruments and procedures necessary, one precondition for success being the immediate stabilisation of the global financial system;

#### **A new financial architecture for the EU and beyond**

7. Notes that, owing to lax antitrust laws, financial institutions have grown to the point where they were simply too large to be allowed to fail and there was practically no alternative but to bail out these institutions with taxpayers' money;
8. Notes that one lesson from the crisis should be to re-orient financial markets towards their role of 'servants' of the 'real economy';
9. Believes that financial regulation, including strict transparency, disclosure and supervision rules, must cover all financial organisations and must be enforced; calls for further legislative proposals and international agreements that are able to tackle excessive risk-taking, leveraging and economic short-termism as basic sources of the crisis; reminds the Commission of its obligation to respond to Parliament's requests concerning the regulation of hedge funds and private equity;
10. Considers that a 'Europeanisation' of the financial supervision structure is an immediate necessity and recommends that the ECB be involved in EU-wide macro-prudential supervision of systemically important financial institutions on the basis of article 105(6)

of the Treaty; urges for serious efforts to be undertaken to reach a swift agreement on a global financial regulator, an institution which could also coordinate regulation of all financial centres, including offshore ones;

11. Recalls that credit rating agencies bear their share of responsibility for the financial crisis; welcomes the European Council's call for the Commission's legislative proposal to tighten up the rules on rating agencies to be speeded up; considers it of the utmost importance, in this connection, to ensure registration of rating agencies and not to allow rating business and other services for a given company to be carried out by the same agency; takes the view that the Commission should propose to establish an EU public and independent credit rating agency in order to improve transparency in this sector;
12. Proposes that the Council swiftly adopt measures to enable financial institutions in countries that refuse to comply with international standards to be barred from dealing with those in well regulated economies and to apply sanctions to all countries and territories which do not cooperate; notes that global financial stability is a public good, and that responsibility for its safeguarding lies with political leaders;
13. Urges, with a view to the upcoming G20 meeting, the progressive setting-up of a multilateral financial supervision and regulation system; asks the Council to defend a common position on the closure of tax havens and strict control of remuneration schemes as priorities to restore financial stability; recalls the need for reform of the governance of the Bretton Woods Institutions in order to modify voting rights and set up a double majority scheme of member states and capital share; ask for the redefinition of the debt sustainability framework of international financial institutions, the setting-up of a multilateral debt work-out mechanism and a responsible lending framework; calls for the strict regulation of over-the-counter derivative transactions; emphasises the need to strengthen and expand prudential rules beyond the Bale II framework in order to increase substantially banks' compulsory reserve requirements and limit securitisation; asks for multilateral stringent disclosure, capital and debt requirements for hedge funds and private equity;
14. Urges the European Council to back, at the G20 meeting, the UNCTAD proposal on the setting-up of a new multilateral regime to stave off currency speculation and provide the policy space for all countries to pursue appropriate expansionary fiscal and monetary policies in order to protect jobs and their domestic economy in the face of a recession or financial crisis;

### **A green new deal**

15. Notes that the credit-fuelled consumption of the world's richest economies has built up massive ecological deficits, which is why we must refrain from a simplistic demand management approach for re-launching the economy;
16. Warns against blindly pumping bail-out billions into old industries and exhausted economic models, which would only mean throwing good money after bad while mortgaging our children's future;

17. Believes that ditching the fight against climate change and putting environmental investments on hold would be a devastating mistake with an immediate and inter-generational impact;
18. Welcomes the broad consensus within and across the European Union that bold political action must be taken to overcome the current economic crisis; believes, however, that measures taken are not commensurate with the challenge, first because they do not focus appropriately on the future needs of our societies, and secondly because they do not provide a 'European' answer; underlines that a coordinated European response is crucial in this context to avoid pursuing national plans with potential conflicts and additional costs;
19. Urges that this crisis be seen as an extra incentive to press ahead with the much needed ecological conversion of industry and urges that the bulk of the public recovery money be channelled into 'green' investments, which will pay off, with less climate change and energy dependency, lower energy bills and environmental degradation, and a better quality of life for the citizens; points out that delaying the necessary action will ultimately lead to greater costs;
20. Notes that most investments in the 'green economy' (energy renovation of buildings, renewable energies, public transport) have the potential to trigger a triple benefit of job creation, climate impact reduction and enhanced energy independence of the EU and give Europe's industry a first-mover advantage over other regions of the world that have yet to seize the initiative and cope with the next industrial revolution, which will be a green revolution;
21. Points to the fact that the Commission estimates the number of people currently employed in the green economy at 3.5 million; points out that, if the definition is taken more broadly and indirect effects are taken into account, around 8 million jobs are already dependent on these industries; with a volume of EUR 120 billion (around 1% of EU 27 GNP), more than 2 million jobs could be created in the sector of renewables, according to a recent study;
22. Emphasises that the building industry is the EU's single largest economic sector, with a workforce of about 26 million direct and indirect jobs, mainly in SMEs; points out that the stimulation of thermo-isolation and renovation of existing building stock could be the key aspect of economic recovery, employment creation and energy saving;
23. Notes that a study by the UK Department of Energy and Climate Change concluded that another 5 000 - 7 000 offshore wind turbines could be built off the coast of the UK within the next ten years, generating an energy equivalent to 25 large coal-fired power stations, cutting total UK carbon dioxide emissions by 14% and creating up to 70 000 jobs in the UK;
24. Notes that between now and 2030 an estimated EUR 1 trillion of investment is needed on the EU's electricity network and generation capacity and EUR 150 billion on gas networks; points out that EU spending on energy projects should focus on those investments that provide the highest added value and cost-effectiveness with a view to

achieving the EU's targets on climate change policies, notably energy savings and energy efficiency projects, as well as investments in renewable energy networks;

25. Believes that a well-targeted EU-wide investment program for sustainability of EUR 500 billion over the next five years (EUR 100 billion/year, which represents around 0.7 % of the EU-27 GDP/year) can create and safeguard 5 million jobs, with half of the jobs being created within the next two years;
26. Notes that the Commission's Economic Recovery Plan concerning energy projects is badly designed because it is allocating state aid almost exclusively to the big energy and telecom oligopolies, thus leaving out important partners for change like SMEs, green-tech companies and EU cities and regions; criticises the fact that the Commission's ERP relies heavily on projects not ready for concrete investment in the coming two years, and has a strong bias towards CCS and energy infrastructure, which will need years for the necessary authorisations, at the expense of a broad range of renewable energy technologies and the building sector, which could be quickly activated in a strategic partnership with EU cities and regions thus having a real short-term impact on employment;
27. Points out that New Deal investment should also aim at efficiency gains and substitution for resources other than oil, some of which are likely to become scarce in the short-to-medium term and will hamper the development of certain sectors, e.g. the information, communication and entertainment industry; notes that according to recent studies, huge efficiency gains can be made on such materials, which would reduce waste, costs and resource dependency;
28. Points out that a Green New Deal should also tackle the social crisis through massive investment in social services, in particular education and health, by massively increasing the number of teachers and improving the physical conditions for learning for our children and students, all of which is an investment that will pay back in the future;
29. Believes that the Lisbon Strategy will not achieve its aims without providing for a strong social dimension to be integrated into the single market; urges the Council to prepare the ground for a policy of convergence of minimum salaries and of social rights in the medium term; believes that a policy of reducing overtime-work can contribute to creating jobs and sharing opportunities more fairly;
30. Calls on the Commission and the Member States to ensure that the European Social Fund focuses on retraining and increased employability as well as social inclusion activities in order to overcome the worst social effects of the crisis; strongly demands that gender equality be mainstreamed in these policies;

### **Financing a green recovery programme**

31. Urges, as a general rule, that financiers be subordinated to their proper role as servants of economic development and well-being, and wishes all public money and public guarantees spent on the recovery programmes to be earmarked for facilitating the

transition to an energy-efficient, renewable-based, nuclear free, socially just and future-aware economic development;

32. Notes that subsidies for private bad banks, or public bad banks to support private banks with toxic assets, means simply transferring taxpayers' money to troubled banks; recommends, instead, whenever necessary, that public support be given through normal equity participation;
33. Notes the importance of the budgetary review planned for 2009, which should include bold proposals for a shift in programming at the time of the mid-term review of the multi-annual programmes to respond to the repercussions of the crisis and take into account the huge challenges posed by climate change;
34. Believes that the EIB, the financial arm of the EU and biggest public lender in the world, has a key role to play in providing capital for the recovery; urges that paid-in capital of the Member States as the EIB's shareholders be significantly increased in order to have a far greater EIB lending capacity, thus constituting a much higher leverage effect on the volume of investments, while at the same time improving sustainability-compliance control over the projects;
35. Believes that the EIB should be allowed, under current circumstances, to use refinancing by the ECB; points to the fact that - assuming a refinancing rate by the ECB of 2% - the EIB could leverage with EUR 5 billion used as interest subsidies, a total of EUR 250 billion interest-free credits to public or private investors for green investment and front-runner technologies, thus helping to mitigate climate change and reducing related costs;
36. Calls for the 2020 Marguerite Fund, which is meant to provide direct equity to infrastructure and energy projects of European interest, to be made operational as soon as possible and proposes to inject money from the European Recovery Plan budget therein for maximum leverage and quick results; calls for a memorandum of understanding between Parliament and the other European institutions to be signed in order to ensure investment in truly sustainable projects;
37. Wishes the Commission to come forward with proposals to enhance EU-wide energy taxation, which would both help reorient production and consumption away from climate-endangering products and services and allow a shift of taxation away from a labour-base towards an energy-base;
38. Urges the Commission to present proposals on the introduction of an EU-wide financial transaction tax that could help finance investment in developing countries in order to overcome the worst consequences of the crisis and keep track towards the achievement of the Millennium Development Goals;
39. Asks for the upgrade of the UN tax committee into an intergovernmental body in order to deal with tax evasion and avoidance; asks for the reform of the governance of the accounting standard setters body (IASB) in order to ensure public accountability, transparency and respect for the precautionary principle;

## **A renewed Lisbon strategy**

40. Points out that the open method of coordination, on which the Lisbon strategy has been based for nine years, has revealed its limitations in the face of new internal and external challenges confronting the European Union;
41. Believes that a new a binding framework for closer economic policy coordination should be agreed upon in the short run by EU leaders and a proper common economic policy of the EU set up in the medium term; asks the Commission for a thorough evaluation of the past nine years of the Lisbon strategy to be presented before the end of 2009; emphasises in this context that it is not at all self-evident how to measure the success of the Lisbon Strategy and which indicators would be appropriate ways to measure 'progress'; recalls that economic growth is not an end in itself and GDP/GNI figures cannot be seen as an appropriate benchmark for welfare;
42. Urges that new indicators to monitor the Lisbon process be added, including quality-of-life indicators; welcomes, in this context, the work undertaken by various Commission Directorates General in developing new qualitative indicators; calls on the Council, the Member States and the Commission to assess their policy measures and national plans also with indicators such as CO<sub>2</sub>-emissions, energy intensity of the economy, risk-of-poverty rate and loss of biodiversity;
43. Calls on the Commission to use such new indicators in upcoming evaluations of the National Recovery Programmes and incorporate them in the Commission's monitoring, thereby creating a more comprehensive and adequate picture of the successes and shortcomings of the Lisbon-Gothenburg Strategy;
44. Calls on the Commission to revise the Lisbon earmarking list, which determines the use of structural funds in Member States and regions, in the light of new indicators and by deleting categories that cause additional damage to the climate;
45. Instructs its President to forward this resolution to the Council, the Commission, the governments and parliaments of the Member States and the candidate countries, the Committee of the Regions and the Economic and Social Committee.